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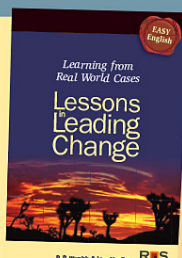
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NON-PROFIT EXCELLENCE

**Jens Mueller
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Although the standard economic model does not apply well to the distinctive non-market situation of NPOs (Helmig, Jegers, Lapsley; 2004)¹, non-profit organisations of all sizes are now held accountable to perform similar to for-profit entities, in their quest to become and remain sustainable. Recruiting staff that can competently perform the ideological missions of an NPO and also can manage a diverse organisation; creating a solid financial balance sheet to not be dependent on sporadic and unpredictable sponsor funding; performing to agreed outcome expectations; and reporting transparently to its stakeholders are challenging objectives. Since NPOs generally do not 'horde' income and thus in many cases are dependent on ongoing and uncertain support from their communities, their management works in a more stressful and challenging environment than many of their for-profit colleagues do. To that extent, the management tasks in non-profit entities are usually under-estimated by its stakeholders, and current and future staff. Our objective with this book of many short cases from around the world is to offer support to NPO staff through examples of challenges and solutions in similar organisations, from which learnings will be applicable and helpful. Our cases are easy to read and to understand and cover a large range of sectors, sizes and geographies. The challenges for the organisations in our cases are real, and thus the solutions are practical, relevant and proven in those unique settings.

In **Chapter 1**, we present six cases with an emphasis on effective networking and collaborations where NPOs engage actively outside their own entity to harvest support from external stakeholders and communities. It is in this section that a case is made against isolationism which many NPOs practice out of fear, to lose their identity or uniqueness. We argue that organisations with a large network of stakeholders are in a better position to survive and flourish in an uncertain funding environment.

¹ Helmig, Jegers, Lapsley: *Challenges in Managing Nonprofit Organizations: A Research Overview. International Journal of Voluntary and Nonprofit Organizations*, Vol. 15, No. 2, p. 101-116, June 2004

In **Chapter 2**, we highlight successful non-profit activities in the community and social setting where aspirations are often part of diffuse and non-transparent outcome promises to funders. From physician recruitment to child health care, from catholic relief services to a national movement, these cases describe the complexity of dealing with activities that touch many stakeholders in the surrounding or even national communities.

In **Chapter 3**, we offer specific management tools suitable for non-profit organisations which have proven themselves to be particularly successful. Specific leadership and organisational skills are discussed, including performance management, project monitoring, collaboration strategies, vision statement development and brand management. An example of the use of social media makes this especially timely for NPOs.

In **Chapter 4**, NPOs with a large public footprint discuss opportunities to create national impact in sectors such as health, social services, education and culture. In these cases, organisations compete on a national scale for support and funding and must deliver outstanding results to satisfy the needs of large groups of constituents.

We hope that these cases begin a fruitful dialogue to improve performance and outlook for non-profit organisations with the constant refreshing of ideas so necessary for staff engagement and funding. Especially in times of economic distress in many countries, non-profit organisations' funding is cut first by donors and governments who focus their available spending on core activities. His increased competition for contestable funding of NPO activities requires organisations to be at the top of their game to attract widespread support from their communities. We salute you as managers, staff and funders of non-profit organisations worldwide, for the incredible contribution you make to the lives of so many.

Jens Mueller, Rhonda Franklin and Don Warrick

BIOGRAPHY *Jens Mueller*



Jens Mueller is Associate Professor for Entrepreneurship and Strategy at the Waikato Management School in Hamilton, New Zealand, a Triple Crown accredited business school. Based on his research work and more than 20 years of Chair/CEO experience in global industries, Jens assists leaders of many organizations worldwide to create effective strategies for sustainable growth. Jens sits on boards of companies of all sizes and teaches MBA courses at several prestigious universities internationally. He is a prolific author and a very engaging presenter, frequently invited to work with the leadership teams of government departments, non-profit entities and commercial enterprises. His details are at www.muellerjens.com

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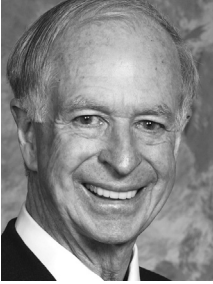
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Social Entrepreneurship: A Conscious Business Approach For Sustainable Development

Dr. Jyoti Gogia

Abstract: Social Entrepreneurs are not just business people, instead they are the ones that have a keen insight to understand the disparity and gap between man and his community, and try to find an innovative way of bridging this gap, thereby benefiting the society and individuals. They are driven by their unwavering passion and comprehensive vision with which they visualize how the world should be. Thus, social entrepreneurship distinctively combines social aim with entrepreneurial approach.

The paper highlights, Social Entrepreneurship as a conscious business approach with a global vision. Social Entrepreneurs stimulate the global vision with values and sustainable business practices to bring prosperity with purpose. They use their business not only to create financial support for themselves; but they also have a unique quality to pay-it-forward and know that if the world is to change, it is up to them to lead the way.

The paper also contributes to our understanding of whether, and if so, then how education can help to promote social entrepreneurship. The paper analyses the existing models of entrepreneurship available in the academia and suggests an academic process to generate Social Entrepreneurs to provide better organizational and sustainable base to social enterprises.

Key Words: Social Entrepreneurship, Conscious Business, Sustainable Development, Business Academia

Introduction

Today millions of youth chase their dreams in the rapidly growing economy; and at the same time, millions more continue to struggle in poverty, illiteracy and unhealthy environment. The forecasted failure to reach the Millennium Development Goals (MDGs) by 2015 paints a depressing picture for the people who live in conditions below the

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lower boundaries. Global inequality is linked to extensive social and economic problems, all of which create huge costs to our society, both in economic terms and in terms of the quality of life of the citizens and their well-being. Despite enormous efforts, the trend towards greater inequality has continued and it is therefore almost certain that this process is also giving rise to overall poorer health, lower educational performance, greater criminality and anti-social behaviour. Thus, the search for a formula for sustainable global economic growth continues in joint efforts among governments, and non-government organizations.

Various NGOs (Non Government Organizations), NPOs (Non Profit Organizations) and charitable societies are working in the direction to attain sustainable development, but some NGOs and NPOs have shut down their operations due to lack of continuous flow of funds. Operating NPOs on a long term basis, primarily depending on the charitable sources is quite challenging and may not be sustainable. Thus, the term social service oriented sectors to bring sustainable development does not mean NGOs, NPOs or charitable organizations, but the term means for-profit organizations that provide services to the society, attempt to solve community problems and improve the social conditions of the mass and provide a way for social and financial inclusion of the marginalized people.

Social Entrepreneurship – a drive for social missions that combine business principles and motivations – are emerging as promising approaches to international development (Suresh Babu and Per Pinstруп-Andersen). It is an exciting process by which passionate and ambitious individuals build or transform a business to provide innovative solutions to social problems. Yet the current academic literature does not provide a sufficient link between social entrepreneurship and sustainable development but we all know that social enterprises share a commitment to foster a social mission with economic development. Thus, its importance cannot be overstated since “economic progress without social development is not sustainable and social development without economic progress is not feasible.” (Gershon, D., 2006)

Social Entrepreneurship As A Transformative Tool

The increasing population and the limited welfare facilities from the state have made the lives of the people vulnerable, at the global framework. This situation has attributed to the existing disparities among rich and poor. As more people come and join the pool of poor, the state doesn't have

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any role to offer except ignore the poor or to depend on charities in order to entertain them.

MDGs, meant to address variety of issues ranging from extreme poverty to environmental sustainability have been offering handful of help to the most deprived sections to combat their exclusion, which shows that the governments, that are the traditional sources of public goods, are increasingly unable to meet the needs of the poor, and the equity gap continues to increase in industrialized and emerging markets. Use of innovative technologies is given utmost priority in order to acquire resources to tackle the aimed issues under MDGs approach, but the efforts are not up to the mark.

Many of the problems in the world remain unsolved because we continue to interpret a one-dimensional human being to play the role of an entrepreneur. We distinct him from other dimensions of life such as religious, emotional, social, environmental and ethical dimensions. What is needed is a better approach to help the poor that involves partnering with them to innovate and achieve sustainable win-win scenarios in areas where the poor are actively engaged. At the same time, the companies are required to provide products and services that are profitable to them. A well rounded holistic approach has to be adopted to take care of the entire issue, right from its point of origin to its point of culmination (Ahaskar Pandey et. al, 2008).

Some of the revolutionary individuals across the globe, commonly known as Social Entrepreneurs, have been using their entrepreneurial capabilities in order to strengthen the poor and neglected sector of the society. While the concept of social entrepreneurship is relatively new, there are initiatives that employ entrepreneurial capacities to solve social problems (Sarah H. Alvord, L. David Brown, and Christine W. Letts), but this sector is progressively more important because it creates social and economic values by starting a virtuous cycle through investment in social capital and promoting equity in society. Many people became very optimistic about the future of the world's development depending on the social entrepreneurs; some refer to it as the way of how to eliminate poverty and unemployment (Jürgen Nagler, 2007). Social entrepreneurs have big ideals and tackle those issues they find important with dedication and determination and most of all they are innovative, using an out-of-the-box thinking to create new ideas for a wide ranging social change. Rather than changing one thing at a time, they change entire systems, spread the solution far and wide and even persuade whole societies to leap forward and create actionable change.

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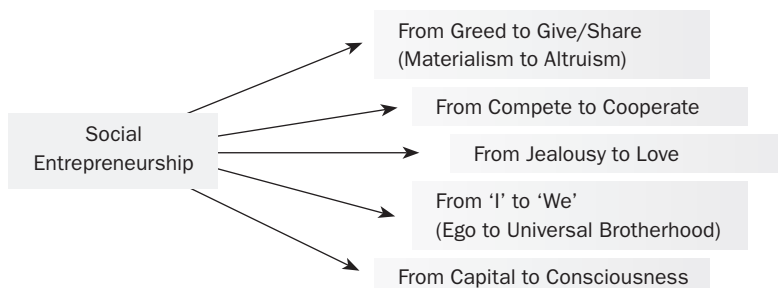
Social Entrepreneurship help people for their economic, political, cultural and social transformation basically (Sarah H. Alvord, L. David Brown, and Christine W. Letts). Social entrepreneurs are innovative people who are delivering change at the root of the problem, a change that transforms unfair equilibrium into better and sustainable balances. Social entrepreneurs help reduce concerns over intergenerational equity by creating a planet where we don't pass ecological or social debt on to our children (Sally Osberg, 2009)

Social Entrepreneurship: A Conscious Business Approach

The development linked with profit only; is unconscious. It is the ways to see the business through the eyes of win/lose. The less conscious people have more scarcity consciousness. The more conscious we become, the more we see through the eyes of win/win, abundance and both. Because of its addiction to expansion, unconscious approach to business is inherently not sustainable; as it is based on competition and self-interest. Conscious approach to business is based on the triple bottom line, which recognizes financial, social and environmental accountability.

Where several years ago, the scarce commodity was money, today the scarce commodity is meaning. But conscious business can't be forced; it requires deep change; which invariably causes fear. It requires courage, consciousness, wisdom and love. These are the great strengths, as also significant challenges for one to implement. Unconscious for-profit companies focus just on money. Unconscious non-profit companies focus just on meaning. Conscious organizations embrace the deep change required to focus simultaneously on both. Social Entrepreneurship is a positive step in this direction. The expression can be contrasted to the concept of "selfish entrepreneurship," in which people seek advantages only for themselves and often at any cost. On the other hand, the expression can also be contrasted to "unconscious entrepreneurship," in which a non-sustainable way of life is produced—a destructive way of living that generates imbalances of all kinds (Oscar Motomura).

SOCIAL ENTREPRENEURSHIP: A CONSOIOUS BUSINESS APPROACH



Entrepreneurs are under control of mind's attributes- Greed, Attachment, Egoism and Jealousy. Entrepreneurial process is not only a process of pursuing material needs, but also demonstrating the value and meaning of self-existence through activities. Their real satisfaction can be achieved only when they get dignity, accomplishment as well as material reward. Social entrepreneurs are consciously far from these, where capital and wealth is not for meeting material desires or seek fame, and instead it is a process for fulfilling the mission of benefiting mankind, and eventually achieving ego's widespread concern and selfless help to human.

Social Entrepreneurship and Business Sustainability

The question seeking attention of many is, whether social entrepreneurship on its own sustainable enough to accomplish sustainable development? Bangladesh Rural Advancement Committee (BRAC), The Grameen Bank, The Green Belt Movement, The Highlander Research and Education Center (HREC), Plan Puebla, The Self- Employed Women's Association (SEWA) and Six-S are few examples of social entrepreneurship, widely recognized as successful (Sarah H. Alvord, L. David Brown, and Christine W. Letts) and sustainable business practices.

In the non-profit world "*sustainability*" can be achieved through a combination of philanthropy, government subsidy and earned income. "*Self-sufficiency*", sustainability in true sense, can be achieved only by relying completely on earned income, and is the ultimate goal of the most ambitious social entrepreneurs. Such model offers possibility that after a period of incentives and encouragement, it would be possible to be sustainable by itself.

The difference between a business entrepreneur and a social entrepreneur is that though both are geared towards making profit, a business entrepreneur measures performance in profit and return while a social entrepreneur focuses more on creating social capital. Some, for example, have focused on social entrepreneurship as combining commercial enterprises with social impacts. In this perspective, entrepreneurs have used business skills and knowledge to create enterprises that accomplish social purposes, in addition to being commercially viable (Emerson & Twersky, 1996). In Social Enterprises, by contrast, social value creation appears to be the primary objective, while economic value creation is often a secondary concern that allows the organization to achieve sustainability and self-sufficiency. Social entrepreneurship offers insights that may stimulate ideas for more socially acceptable and sustainable business strategies and organizational forms.

According to social entrepreneur and Forbes contributor, Naveen Jain, success is not measured by how much money we have in the bank, but rather how many people's lives we have impacted through it. Success is experienced when we do things which have never been done before, and an entrepreneur is not necessarily a person who starts a company, but someone who solves a problem. Innovative ideas of individuals with investments from public, private and civil society organizations, social entrepreneurs can solve the complex global problems and can provide the way to reach a world of peace and abundance. We, therefore, conclude that social entrepreneurship is sustainable if one has a good business plan; which efficiently balances both aspects- social and economic.

Integrating Prosperity with Purpose for Sustainable Development

Economists all over the world talk of development in terms of wealth, infrastructure, comforts, conveniences, technology, and resources possessed. But are these factors really denoting development in true sense? Is it not the purpose of development to create an environment for people to enjoy long, healthy and creative lives? The truth is too often forgotten in the pursuit of material wealth.

The Easterlin paradox suggests that there is no link between levels of economic growth and happiness of members of a society. Once basic needs that can be bought with money are met, increasing levels of wealth do not add anymore to the overall level of happiness. The contrast between the material success and social failure of many rich countries is an important signpost. If we are to gain further improvement in the real quality of life,

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we need to shift attention from material standards and economic growth to ways of improving psychological and social wellbeing of whole societies (Wilkinson R & Pickett K, 2010). The problem is not our desire for money or our needs for survival and success; it is greed which stimulates us to perform unethically, unsociably, and uneconomically.

Reducing inequality is the best way of improving the quality of the social environment, and so the real quality of life (Wilkinson R & Pickett K, 2010). Social and economic progress is inextricably intertwined. Charity and aid can improve the quality of life and also the chances to live the poor by subsidizing interventions to improve education, provide health care, increase access to clean water, reduce conflict, and distribute food. But none of these interventions will alleviate poverty in a sustained way without increased economic participation and empowerment for the poor (Dees, Greg 2009a). Social Enterprises are able to leverage relatively small investments in sustainable activity resourced in large parts for poor and marginalized groups (Sarah H. Alvord, L. David Brown, and Christine W. Letts). Now the world is changing and with it; the business must be for profit and profit must be for purpose. Because it contributes directly to internationally recognized Sustainable Development (SD) goals, social entrepreneurship may also encourage established corporations to take on greater social responsibility (Christian Seelosa, Johanna Mairb, 2005)

BUSINESS ACADEMIA AND SOCIAL ENTREPRENEURSHIP

We have numbers of B-Schools with relatively few social entrepreneurs. The high public profile of certain very successful social entrepreneurs, who did not go to university, has given rise to the image that going to university does not make people more entrepreneurial to achieve their social goal. This strong understanding does not come about through a degree or diploma in social entrepreneurship; instead, they succeed because of their deep understanding of a social issue and of the needs of their beneficiaries. There is not enough academic research out there right now but there needs to be more in order to advance the credibility of social entrepreneurship as an academic field.

The current economic and financial crises are making it clear to many that are required to find new and better ways of doing business. Business schools are questioning their fundamental assumptions. The question before academia is not only “how can we make individuals and organizations

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embrace conscious business?” but also “how can we empower the legions who already want to do so?

Purposeful education enhances students’ entrepreneurial efficacy through providing them attitudes, knowledge and skills to cope with the complexities embedded in entrepreneurial tasks such as opportunity seeking, resource assembling, and leading the business to success (Wilson, Kickul & Marlino, 2007). Teachers can draw out the potential of students to be social entrepreneurs and most human beings have that potential if they want to exercise it (Dees, Greg 2009b); though courage cannot be taught, for instance, they can inspire potential social entrepreneurs to act with courage. What attract students are the motivation, innovation and the willingness to look across sector boundaries for creative solutions. We need to give our students meaning and a direction, beyond having fun money and material in hands. The inner world creates the outer world, thus we can hope that enhanced inner development, will lead to more human development.

Academic Process to Generate Social Entrepreneurs



Social Entrepreneurship is a combination of mindsets, knowledge and skills. If the university students with high entrepreneurial potentials get proper training and positive educational environment, they will have the best prospects to become “real” entrepreneurs. Academia should create awareness regarding economic, social and environmental problems among the students. They should be encouraged to draft their own vision and mission, and be inspired to look around the society and its need and how they can provide solution to the problems. Education can increase

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students' awareness of the importance of social entrepreneurship and the contribution it can make to communities, society and the economy. Innovations become a fundamental mechanism in favoring a change of attitude towards the figure of the social entrepreneur, accepting a business failure and reinforcing it with a legitimate, feasible and positive option. Social Entrepreneurial skills include recognizing opportunities, creating and applying needed new concepts, and performing feasibility assessments. The transfer of these skills increases an individual's chance to move towards social entrepreneurial success. Education must enable students to experience the world of an innovator and social entrepreneur, through creating their own product or services and social business plan. For all this, academia must incorporate holistic approach to its existing materialistic approach.

Conclusion

“Let us choose to unite the power of markets with the authority of universal ideals. Let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations.” **Kofi Annan**, former UN Secretary-General

Lasting change doesn't happen because of a great idea, or an inspiring leader. It doesn't even happen because of how hard people work for it. Lasting change happens when strong alliances unite to build networks to sustain change (Sally Osberg, 2009). Change is desirable, if it is sustainable, if it creates a new, positive equilibrium that becomes self-perpetuating. Change that solves the root of the problem, rather than its symptoms, is a credible change.

Our future depends on socially, economically and environmentally conscious entrepreneurs that earn a living doing something we believe in with a purpose. We have a choice that either we accept the status quo of an entrepreneurial system, devoted to the worship of money and the pursuit of individual greed or we can create a new system devoted to the service of life. More than an individual choice, it is a choice we must make as a society, a community, a collective body. To generate such kind of conscious entrepreneurs, our academia can play an important role to develop conscious approach. It needs to shift the students' focus from money-maximization to a profession with a purpose that also provides them the meaningful work to make a difference in this world.

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To sum up, social enterprises should be seen as a positive force, and as change agents providing leading-edge innovation to unmet social needs. Social entrepreneurship is not a panacea because it works within the overall social and economic framework, but as it starts from the grassroots level it is often overlooked and deserves much more attention from academic theorists as well as policy makers. This is especially important in developing countries and welfare states facing increasing financial, social and environmental stress. To the despair in the world, social entrepreneurs are optimistically foreseen to bring in joy of equality, love, better standards of living and thus a sustainable future.

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Discussion Questions

1. What process do you think academia must adopt to generate social entrepreneurs? Frame a conscious business system model.
2. How would you, as a social entrepreneur, balance financial and social goals for sustainable development?
3. “Economic progress and social development are not contradictory but complimentary to each other”. Comment
4. What are the opportunities and threats for a social entrepreneur?
5. There is an emerging need of paradigm shift from materialism to altruism in order to achieve sustainable development. Do you agree with this statement?

BIOGRAPHY

Dr. Jyoti Gogia Assistant Professor, Department of Economics, Dayalbagh Educational Institute; holds a doctorate degree in Economics, and had also been awarded Director's Medal in B.A. (Hons.) in Economics. Her commanding fields in Economics include Microeconomics, International Trade and Welfare Economics. Her profound fervor for Economics has been leading her to associate this subject with other areas, thereby widening the scope of study and achievements in the same which have been published in reputed Journals, Edited Books and Magazines. The thrust areas that have been covered in the publications include Gender Discrimination & Women Empowerment, Conscious Business and Economic Systems, Sustainable Development, Environmental Issues, Ethical and Social Entrepreneurship, and many more. Her in progress research focuses on leadership, ethics, and consciousness among business students.



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CHAPTER ONE

1

One Heart Many Lives – One Heart affects many lives

Marama Parore, Karen Jacobs & Roy Hoerara

PHARMAC – The New Zealand Pharmaceutical Management Agency

Tamati Davis is a big man – but he used to be even bigger. By 2006 Tamati, in his mid-30s, had reached 230 kilograms. Once an active young man, Tamati's lifestyle had become increasingly sedentary, and his diet consisted largely of meat pies, 2 litre bottles of soft drink, and packets of chips. Tamati knew things weren't good – his family would tell him that when he slept, they thought he sounded like he was drowning. He needed a wake-up call, and got it when he had to be taken to hospital with breathing problems in 2006. Unable to weigh him at the ward, Tamati had to be taken to the hospital kitchens and put on a super-heavy machine.

Tamati's case is extreme, but not unusual. As a Maori man living in New Zealand's provinces, Tamati already had a greater-than-average chance of dying younger than his non-Maori peers. A report compiled by the Northland DHB (District Health Board) showed that Maori men died on average up to 14 years earlier than their European New Zealander counterparts. Making up around 15% of the New Zealand population, this rate of early (and largely preventable) death impacts on New Zealand's overall mortality rates.

As a result of his hospital visit, Tamati got into a healthy exercise programme and was soon introduced to the One Heart Many Lives programme in Hawke's Bay. PHARMAC had developed One Heart Many Lives in response to an analysis it had completed in 2002, showing the prescribing rate for cholesterol-lowering statins was lower in some New Zealand regions than in others. It's gone on to touch many lives.

Foundation of One Heart Many Lives

While PHARMAC's primary role is to manage the Government's expenditure on subsidies for pharmaceuticals used in the community, and on the procurement of pharmaceuticals provided to patients for use

while in hospital, it also has a statutory role to promote the responsible use of medicines [ref NZPHD Act 2000]. Recently this role has been more clearly defined as promoting the optimal use of medicines, ensuring medicines aren't underused, overused or misused. In the case of One Heart Many Lives, the aim is to promote increased use of statins among high-risk populations, such as Maori and Pacific Island men.

As a core Government agency, PHARMAC is committed to upholding the articles and principles of the Treaty of Waitangi, and recognising the special relationship of partnership between Māori and the Crown.

PHARMAC also has its own internal strategy, Te Whaioranga, that aims to ensure the agency is responsive to the particular characteristics, special needs and cultural values of Māori communities. Under its Decision Criteria, PHARMAC is required to consider the impact of its decisions specifically on Maori and Pacific people.

One Heart Many Lives – The Drivers

The two key drivers of the One Heart Many Lives programme were evidence showing statins uptake was lower in some communities than in others; and that Maori and Pacific mortality rates from heart disease were higher than the NZ average.

The kaupapa (philosophy) of One Heart Many Lives is to increase the survival rate of Maori and Pacific Island men. These men die in their 30's, 40's and 50's leaving behind young families and affecting whole communities. When people are affected by heart disease this has wide-reaching consequences for friends and whānau. The philosophy of the programme is that one heart affects many lives.

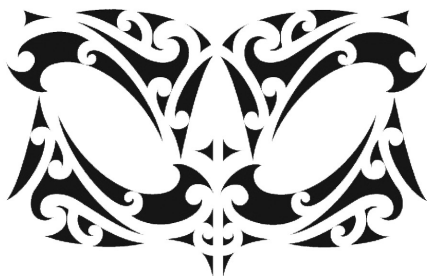
Cultural Features and Imagery

The One Heart Many Lives programme draws on powerful cultural iconography to connect with the target audience. The *tohu* (symbol) expresses the intent of the programme. The overall shape of the *tohu* is a symbolic comparison to the circulation of the blood through the veins and arteries around the *tinana* (body). This is used as a metaphor for a health heart.

The *koru*, or red heart shaped as a *koru*, represents the *ngakau*, emphasising sentiment, vitality and centeredness, however, it is at the *putahi o te Manawa* (the aorta) that the *tohu* gets its bearing and prominence. Against a black backdrop representing the uncertain nature of life, the focus on cardiovascular disease describes this as a silent killer, particularly amongst *tāne Māori*.

At the centre is an expression of warmth and empathy depicting knowledge, nurturing, learning and expresses the mauri (life force) found in all aspects of life.

The inclusive nature of the red koru represents the direction of any journey. It curves upwards, reaching for the stars and navigating the path. The bottom points of the curves refer to the beginning and a possible starting point.



Tohu



Koru

The One Heart Many Lives Team

PHARMAC has a dedicated team promoting the optimal use of medicines and working to improve Māori health. The Māori Health team focuses on improving Māori health outcomes and contributing to decreasing disparities of access to medicines.

Key personnel:

- Karen Jacobs, the National Programme Manager, brings huge energy and expertise in social marketing, social media, community development and relationship management.
- Roy Hoerara is a tāne Maori in his mid forties with wisdom belying his age. He is a fluent native speaker of te reo Māori and takes a lead role in maintaining cultural authenticity and cultural leadership in the programme.
- Marama Parore as the General Manager of the team is the Kaitiaki (guardian) of the One Heart Many Lives kaupapa.

Te Wero – the challenge

The focus of the programme is to engage with both the health sector and Māori and Pacific communities. For the latter group the programme objectives are:

- To increase awareness of cardiovascular risk and how that risk can be reduced;
- To promote increased consultation between people with high cardiovascular risk and medical professionals;
- To promote healthy lifestyle as part of managing overall healthcare;
- To increase the level of understanding of the need for long-term usage of cholesterol lowering medication (ie: statins), for those at highest risk for whom lifestyle measures alone are not sufficient;
- To promote the use of cost-effective and appropriate pharmaceutical interventions.

The challenge is working with key stakeholders within the health sector as well as the social sector. In a health sector that labels our target audience as “hard to reach”, “non compliant” and “uninterested in their personal health outcomes”¹ a large part of this challenge was to re-orientate that thinking to “the health sector is hard to use” and does not meet the needs of tāne Maori/Pacific. Challenging this thinking and labeling has resulted in some change in service development and delivery,.

Another challenge/opportunity is the size of the core team, with only 2 FTEs in this team, creative solutions and developing strong partnerships with organisations working in this field have been critical – we call it “the power of joined up thinking and joined up working”, otherwise known as kotahitanga.

Evolution of the programme

One Heart Many Lives originally ran as a pilot programme in Porirua and Gisborne, called *Take Control of your Cholesterol*. PHARMAC commissioned an advertising company to develop the brand and an advertising campaign. The campaign resulted in an increased awareness of heart disease in these regions and an increase in prescribing of statins medication. However, the advertising tactics were broad-brush and not focused on specific communities, and PHARMAC wasn't convinced about sustainable behavioural change within a culturally authentic context.

The programme evolved through the use of Social Marketing, Community Development, and Health Education including Health Literacy techniques and, more latterly, the use of social media. But just as important to the future success of the programme was a combination of activities by agencies all focused on heart health. PHARMAC took a lead role in bringing some

1 NZMJ 13 December 2002, Vol 115 No 1167 URL: <http://www.nzma.org.nz/journal/115-1167/272/>

of these components together, which helped lay the groundwork for the campaign that would follow in ensuing years.

With an initial focus on key stakeholders in the health sector, PHARMAC convened a series of national and regional hui (conferences) to raise awareness and develop local solutions. In addition, the NZ Cardiovascular Guidelines were completed and launched in 2003, and these provided an opportunity for improving clinical practice in primary care.

A number of electronic support tools for General Practitioners were developed by software vendors, enabling a systematic process for conducting cardiovascular risk assessments. The Best Practice Advocacy Centre (bpacnz)² - an organisation commissioned by PHARMAC to provide high quality clinical information to General Practitioners and Primary Care - developed content for the journals, and training sessions for primary care with a focus on prescribers and online quizzes. Concurrently, the New Zealand Heart Foundation was commissioned by PHARMAC to develop and deliver a Primary Care nurse training programme “*Change of Heart*”. This programme has to date trained more than 2,500 nurses from a wide range of providers in primary care and community based services.

With the appropriate tools, systems and quality education in place, PHARMAC’s team was able to shift focus back to tāne Maori and Pacific and their whānau. The team used the approach of “where do these men eat, live, shop, work and play” and who do they do it with? This approach resulted in the One Heart Many Lives team working extensively in communities, with local workplaces, tertiary institutions, prisons and existing community celebrations and events. Taking health services to the people, the team (with the trained nurses) conduct cardiovascular risk assessments (heart checks) in the community; to date over 1400 men have had their heart checked at community events such as Porirua’s Creekfest, the Pasifika festival in Auckland, and the Te Matatini national kapa haka festival. Results have shown sustainable lifestyle change, impacts on whole whānau, an increase in the use of NRT (nicotine replacement therapy) and a greater than average increase in the rate of statins prescribing. A number of these men have subsequently become heart heroes as the programme continues to delve deeper into the communities where these men live and work.

A number of tools, tactics and resources have been developed such as culturally authentic television commercials, a soft reggae One Heart Many Lives song, and numerous local men telling their story on video. www.oneheartmany lives.co.nz

2 www.bpac.org.nz

One particular resource created for ANZAC day in 2009, has resonated strongly in Maori communities in particular. Recognising the ongoing sense of loss from World War II and the 28 Maori Battalion, imagery and music were used:



Members of the Māori Battalion performing a haka for the King of Greece at Helwan, Egypt. The party was drawn from members of the Battalion who fought in Greece.

A call to action

*Today a new enemy
is among us.*

It has no face, it speaks no language, and it is silent.

Heart disease is quietly and surely killing our men. We must fight this new enemy.

We must repeat what the 28 Maori Battalion men did, and say - yes we can, yes we will fight this enemy, and yes we will act now.

Where to from here?

PHARMAC is an evidence-based decision-making organisation. This enables the One Heart Many Lives team to constantly look for solutions that are sustainable, value for money, are of high quality but are underpinned by cultural knowledge and authenticity. In the future there will be an increased focus on tāne Pacific. The four strategic approaches we are currently using will continue with an eye on sustainability and quality.

For Tamati Davis, his journey as part of the One Heart Many Lives kaupapa has been life-changing – not just for him but, in the true spirit of the programme, for those around him as well. Tamati's story has been integral to the development of the programme, and has become an inspiration to others. As one of the original 'heart heroes', Tamati's story is living proof that one heart does indeed affect many lives.

Last words

Be bold, brave and humble

Have Passion

Integrity and authenticity are critical - Don't overcook it!

Try things - Don't over analyse

Expect nay-sayers

Team approach – work with your target group throughout the process

A constrained budget unleashes creativity

Form relationships with other agencies

Do it anyway

Last word from Tamati

“I said to myself, man just do it”

Discussion

-
1. How does the programme's culturally relevant approach assist its effectiveness?
 2. What might be the key barriers to success for this type of programme?
 3. How do health professionals' perceptions of patients' attitudes toward treatment affect health outcomes?
 4. What key elements of the programme might be most helpful to assist patients from other cultures?

BIOGRAPHY



Roy Hoerara Roy is the Director of his own consultancy company Tū Māia Limited as is based in Wellington. Roy has an extensive background in the public sector in particular the Māori Affairs portfolio. In terms of working within the health sector Roy has provided advice to the Ministry of Health, Te Puni Kōkiri and the Pharmaceutical Management Agency (PHARMAC). Roy is working his way through a Masterate in Public Health leading to a Doctoral thesis in Cardiovascular Disease. Married with four children Roy enjoys playing rugby for the famous Mixed Veges and loves Peanut Slabs.

Roy Hoerara

Ngāti Porou, Ngāti Kahungunu ki Wairarapa



Marama Parore Marama leads PHARMAC's Access and Optimal Use team and the Maori Responsiveness Strategy implementation work. With a background in community nursing, teaching, training and management, Marama has worked in the Health Sector for over 20 years in a range of Government and non-Government organisations. These organisations include the Public Health Commission, Plunket, the Central Regional Health Authority and the Health Funding Authority. She has also worked as a self-employed consultant.

Marama has 4 children and 10 mokopuna who love to keep their Nani busy. In her spare time she enjoys tramping and mountain climbing, a recent highlight being her conquering of Mt. Kilimanjaro.

Marama Parore

Ngati Whatua, Ngati Kahu, Ngapuhi

General Manager, Access & Optimal Use - Te Whaioranga

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BIOGRAPHY

Karen Jacobs Karen has worked in the pharmaceutical industry in the UK and Sweden in sales, sales team management, national and global brand management roles. Karen has a Masters of Business Administration (MBA) from the University of Warwick, England While working in the UK Karen completed her e-marketing studies through the Chartered Institute of Marketing, which explores the use of online and web applications for marketing, selling and education purposes. Social media has become a big part of the One Heart Many Lives programme and will continue to help shape this programme.

Prior to leaving New Zealand in 1990 for the second and longer stint overseas, Karen worked in the health sector as a registered nurse in NZ, Australia and in the UK in Paediatrics, Coronary Care & ITU.

Karen brought her family and English husband back to New Zealand in 2005 for a better, safer life for her two young children.

Karen Jacobs

Ngati Whatua, Ngati Torehina

National Programme Manager One Heart Many Lives,
Access & Optimal Use - Te Whaioranga.



2

Supporting an NGO in Developing Mozambique

*Carol Dalglish, Marcello Tonelli,
Kathleen Armstrong & Helen Johnson*

Introduction and Background

Awaken Mozambique (Desperta Mozambique) is a community based partnership based in Brisbane, Australia and Beira, Mozambique, respectively. Resourcing is a responsibility of Awaken Mozambique in Australia which is a charitable incorporated association undertaking micro credit projects in Mozambique. The project focuses on training and equipping local people to improve their communities through micro enterprises and capacity building. The aim is long term local economic sustainability and a gradual transfer of full responsibility and accountability to Desperta Mozambique. Awaken Mozambique is a project of the Global Development Group, an NGO that carries out humanitarian projects with approved partners.

In more details, the aims of Awaken Mozambique are:

- To provide financial and training support to micro-enterprises in Mozambique in a sustainable manner.
- To build capacity by developing expertise in association management, micro-finance and enterprise development. This will enable the local association to continue to provide support and direction in the long term.
- To develop international linkages between entrepreneurs in Mozambique and the developed world. This provides a two way knowledge transfer and will greatly increase international understanding. Internet technology now makes this both achievable and affordable at both ends.
- To collect data and facilitate research into the process of enterprise start-up and growth in a developing economy.

Mozambique lies along the Indian Ocean border of Southern Africa and is among the poorest countries in the world. This is largely attributable to a history of both human and natural destruction. Some of the challenges that the people, the government and the entrepreneurs of Mozambique face include overcoming low educational standards, (50% of the adult population has never been to school), high levels of unemployment, inadequate development of infrastructure, corruption and very high mortality rates from curable diseases. Over the first 4 years of the new century annual average growth of GDP was about 8% and the absolute poverty level had dropped from 69% in 1997 to 54.5% in 2002. However, the positive results of this trend are not yet reflected in the actual life of much of the population.

Beira, in the Province of Sofala, suffered greatly during the 16 years conflict that wreaked havoc on Mozambique. Today it has the dubious reputation of being Mozambique's poorest province. As an economy Beira is struggling, physical infrastructure is broken and its people have few opportunities to advance.

The clients of the organization in Beira are the urban poor who want to set up or grow micro businesses to support their families. The focus is therefore on providing the essential framework for entrepreneurs to develop sustainable businesses that can benefit their families and help bring them out of poverty.

To do this a number of leadership and management issues had to be addressed, especially to overcome the main challenge facing Awaken Mozambique: finding a way for the local community to be sufficiently resourced internally to enable it to take a sustainable leadership role in supporting micro-enterprises. Because of the very limited opportunities for schooling, and the fact that local staff are drawn from the community of the poor, efforts in improving human knowledge, capacity and confidence required particular attention.

Another important consideration concerns financial resources. No business can start up or grow without a financial input of some sort. These resources are not easily available to people without collateral. Development banks do exist, but in the words of one of the borrowers:

"I used to take loans from the bank but my life never improved because I was always only able to pay back the loan" (Manuel Balanca)

While Awaken Mozambique found a way of offering loans free of interest – a wonder compared to the usual 20%-60% per annum – it is a fact that with resources comes accountability. This needs to be conveyed in a form

understandable by both the borrowers and the local staff, because long term success is dependent on appropriate accountability processes being in place.

Other factors that can make or break this sort of project are trust and communication.

- **Trust.** Any partnership requires trust between the parties. Awaken Mozambique is now in its third year of operations with the relationship between the local community and the Australian team going back a further three years. NGOs have come and gone in the life of the poor of Beira, and it has taken time for them to trust that they would not again be abandoned.
- **Communication.** The official language of Mozambique is Portuguese, while Australians speak English. Literacy levels are very low, even among those who have had some schooling, and knowledge of English quite rare. The cultures of the two countries are quite different, and distance makes communication difficult.

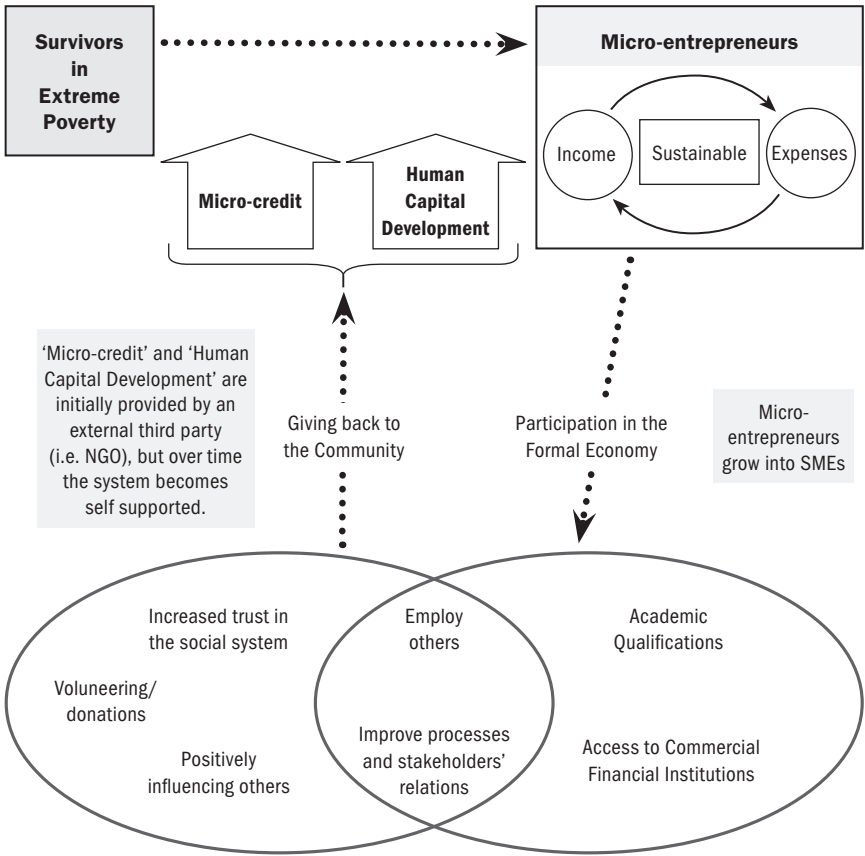
Case Study

Micro-credit has become a global strategy for poverty alleviation despite warnings from the World Bank (Pless and Maak, 2009) and the Asian Development Bank that its implementation alone may not result in poverty reduction, as well as a lack of evidence that it promotes entrepreneurship. The skeptics might suggest that the reason micro-finance has become so successful at the institutional level is because it fits within an internationally adopted economic philosophy and transfers most of the risk and transaction costs to the borrowers and away from the institution (Brett, 2006; Karim, 2008). This may not be in the best interests of the poor!

Generally the literature does not relate to borrowers of micro-credit as entrepreneurs with business ideas, but poor people who strive to survive. Yet even in this context, research into the impact of micro-credit is lacking (Buckley, 1997; Mayoux, 1999; Sievers and Vandenberg, 2007; Wilburn, 2009). A different model is being trialed in Mozambique to deliver micro-credit and training support to the very poor in a sustainable way, without all the risk being carried by the poor themselves (figure 1). If successful this model may provide a case for elsewhere in Africa where micro-credit has not yet been adopted to the same extent as, for example, in Asia.

Figure 1:

A Theoretical Model for Poverty Alleviation in Developing Countries



In designing a viable working system, the social responsibility of everyone involved was central to the undertaking. There was no imperative that the project should have been commercially viable, but that it should be sustainable over time. The manner in which the project was developed took into serious consideration the potential difficulties identified in the literature and applied them to the specific context of Beira. Each issue raised was discussed with the community in Beira before processes were put in place. As an example, for the long term sustainability of the project, and therefore the intellectual and financial resources needed by new micro entrepreneurs, the loan repayments are deposited in an investment account.

The interest from this account will then be used to cover the recurring cost of the local NGO, providing a more secure source of funding. By the time this fund is sufficiently large to support ongoing expenses, it is anticipated that local staff will be sufficiently trained to manage the resources at their disposal in an accountable and socially responsible way.

Community support and engagement: human knowledge, capacity and confidence

It was clear early on that the existing local expertise was insufficient to support entrepreneurs; hence building capacity became a priority. Sustainability of resources is critical if micro-enterprises are to grow. Long term sustainability requires a shift towards a model that broadens the base of both economic and intellectual resources until it builds sufficient capacity (Elkington and Hartigan, 2008).

This required tapping into the extended knowledge network to work with local people to adopt best practice, and to ensure that local administrators are competent and able to access not only their local networks but also those of the wider community when the needs arise. The setting up of a sustainable organization that can spur community development includes responding to the community's priorities, investigating individual problems and solutions, encouraging agency and active involvement in goal setting, with on-going consultation and co-development of solutions (Matthews, 2009).

To assist with capacity-building and ensure transparency, the processes and policies were written in Australia and then discussed and modified in Beira. The local management committee is well aware of the issue of perceived corruption and the importance of transparency and equity in the allocation of loans. The Beira committee reports monthly to the Australian committee. The Beira committee is responsible for making decisions about loans and debt collection. The presence of community leaders on the local advisory committee acts as an incentive for repayment, though some default must be expected.

Recipients of loans are obliged to undertake training during the period of their repayment. This training is personalized to the specific needs of those involved and is conducted by the local staff. The capacity building is ongoing with email communication almost daily between the staff in Beira and in Australia. This means that *'just in time'* training is provided and both groups, in Australia and Mozambique, get almost instant answers to questions raised. Through this process the confidence of local staff has grown and trust has further developed. Initiatives are no longer the prerogative of the Australian team.

Financial Resources: Accountability

There is a need in Beira to assist those who are unemployed to start their own businesses, but there is also an equally important need to provide support for those who have only survival businesses and the inclination and skills to grow them so that others can be employed. Micro credit and relevant training may be the bridge that takes micro-entrepreneurs from survival to becoming part of the established economy able to use 'mainstream' services.

The local staff run public meetings making the community aware of the opportunities available and accepts applications for funding. Often they will write the business plan for the potential borrowers who may not be able to read and write. Next, a local advisory committee elected at a public meeting decides who gets the loans, using an agreed set of criteria. These criteria divided the possible borrowers into three groups – those who had never had their own business before, those who wanted to expand an existing micro business, perhaps from their home to the market, and those who through expanding their businesses would employ others. The applicants are drawn from the poorest communities in Beira. These applications are then sent to Australia where the necessary funds are raised and a final approval is given.

Once funding is in place, the borrowers have to attend training regularly for the duration of their loan. A 10% service charge is made for this training, but no interest is charged on the loan. With resources comes accountability that is understood by the borrowers and the local staff. At a local level the staff monitor repayments on a regular basis and are available to provide advice to those who may experience difficulties. The staff provide monthly reports to Australia on their operating budget, their activities and the loan repayments.

Placing decision-making power in the hands of the local committee and staff encourages community leadership and an understanding of the issues that impact on the success of each of the micro businesses and the organization itself.

Building Trust: A long process

In 2004, Dr Carol Dalglish visited Mozambique to conduct research into micro-entrepreneurship in Beira and to conduct training. She returned in 2005 and 2007 conducting a longitudinal study of a group of micro-entrepreneurs. By this stage the sponsoring organization had withdrawn from Mozambique. Hopes had been raised but for most, these hopes had not been fulfilled. Dr Dalglish was impressed by the people she interviewed.

They had been victims of short term projects that had often left them without the means to continue to rebuild their world. The people she met, whilst suffering abject poverty, had great initiative, were concerned not only for themselves but also for their extended family and community.

It is not possible to address these issues from afar. Understanding a particular cultural context is critically important (IEG, 2008) and recognizing and valuing local expertise is vital for accessing knowledge networks, having local participation, and promoting ownership. The inclusion of local knowledge into a model allows individuals to make productive use of the portion they have access to.

The process of developing an NGO involving local people began in 2007, during the third visit to Beira by the researchers. Around 40 local business people, community and church leaders attended a meeting at which they expressed a willingness to work together toward the establishment of an NGO that would provide micro-loans to individuals and small businesses who did not have access to other sources of funding. This group elected a management committee, nominated the people they wished to run the organization once it was established, and voted on an appropriate name: Despertaí Mozambique. This group then became the local focal point for the development of a sustainable support system for aspiring entrepreneurs and the body accountable for all the operations of the organization in Mozambique.

This local involvement ensured that the mechanism put in place would be culturally appropriate and socially responsible for that particular context. It also linked into the grassroots religious movements existing in Beira, with the many different groups working together to support the scheme. Over the succeeding years this group and the staff, now appointed, have worked closely with their Australian counterparts, learning from their mistakes rather than being punished for them, and developing competencies that are essential for long term success.

One peculiarity of this project, which sets it apart from other NGOs and has significantly helped the strengthening of a trusting relationship, is its assessment based on qualitative outcomes rather than numbers. In other words, local staff are not pressured to deliver against the usual criteria that will secure their jobs: large number of borrowers and high repayment rate. Instead there is an honest interest in seeing the growth of businesses and the elevation of borrowers from poverty through the self-generation of a sustainable income stream.

Communication: training and learning

Communication between Australia and the people of Mozambique is central to the delivery of training both locally in Beira and remotely, largely via email, which occurs more regularly. With regard to training, being a key focus of Awaken Mozambique's mission, it is necessary that its delivery meets the requirements of the micro entrepreneurs and the local committee, and that it conforms to the level of education previously attained by the beneficiaries.

The challenges that arise in doing this effectively are mostly the result of cultural differences – the need to understand the local environment is imperative in understanding the educational needs of the local business people. The development of training and resources was therefore more effectively developed after spending significant time communicating with committee members face to face and supported by an interpreter.

In such an environment, there are no assumptions to be made. The challenges soon unfold beyond basic language differences. The preparation and delivery of training requires the recognition of the low level of education that is held by the local people and yet their wholehearted thirst for knowledge.

Access to training and experience is fundamental to this model. Awaken Mozambique provides the local committee access to training and coaching via telecommunications, though availability of necessary resources is often a challenge for the people of Mozambique. It is through the weekly communication between the two countries that incremental training is provided. Not dissimilar to any relationship, the effectiveness of coaching is reliant on the establishment of a relationship of trust and respect. It is through this regular communication that the basic educational requirements of the people are identified and addressed. Workshops have been run on accountability reporting and basic budgeting and future plans include interviewing skills and marketing.

It is these learnings that the local committee can then share with the local businesses. This ongoing communication about issues that are currently relevant to them as staff or to the businesses they advise is essential for the progressive development of the organization locally.

Conclusion

To date, reviews have been undertaken of 20 borrowers who have had their loans for 6 months or more. Fifteen of them consider they have improved their lives, 3 have had difficulty keeping up with repayments

and 2 businesses have not been successful though repayments have been made. The different level of hardship faced by poor entrepreneurs in developing countries, like Mozambique, is testified by the fact that 4 of these borrowers experienced a death in their families over the past 6 months.

The type of businesses funded thus far included: selling goat meat, carpentry, selling maize, selling chicken parts, grocery shop/canteen, selling sleeping mats, tailoring, drying and selling fish. The demand for Awaken Mozambique's offering is proved by the more than 40 borrowers waiting for funds to become available. Regular community meetings are held to inform the community of what is available and to assist with skills development. This often means that more than 70 people a month have access to training provided by the local staff. Not raising expectations too high is a continual concern.

While attending training is a condition of the loan, evidence suggests that it has not been difficult to enforce and it has repetitively been recognized as a vital factor for success. In the words of borrowers training helped:

“a lot more than I thought in the beginning.

The principles taught by Awaken Mozambique when put into practice generate money.

Today I have 3 workers and 2 shops.” (Ilda Maria)

Robinson (2001) argues that commercial micro-finance is not appropriate for extremely poor people who are badly malnourished, ill and without skills or employment opportunities. For these people micro-finance is the next step – after they are able to work, however this begs the question – where is the work? In Mozambique people living in extreme poverty, below the minimum subsistence level, amount to nearly 50% of the population (World Bank, 2006) and include those who are unemployed or underemployed, as well as those who are so poorly remunerated that their purchasing power does not permit the minimum calorie intake required to overcome malnutrition. How do people in developing economies, with little or no education, get their foot on the first step of the economic ladder? How do they move to a position where they could access commercial micro-finance? The micro entrepreneurs of Beira are proving Robinson wrong – if the model of delivery is appropriate.

The benefits of micro-credit are often justified by the age old saying, “Give a man a fish and you feed him for a day, teach him to fish and you will feed him for a life time”. But micro-credit does not teach anything – it enables the fisherman to buy a net, but in many cases does nothing to ensure

that he knows how to use it to benefit his family and the community. If he doesn't know how to use the net, he will return to his old way of doing things – but with the added burden of having to pay back the debt. There has to be another way – and this is being trialed in Beira. The development of a socially responsible, sustainable model for providing intellectual and financial resources to micro-entrepreneurs in Mozambique will, if successful, provide a blueprint for offering services in other poor developing nations.

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Discussion Questions

1. What are considered the key issues to be addressed when establishing an NGO to assist the poor?
2. Why is community involvement important to the sustainable operations of an NGO?
3. How do you show a return on investment for donors?
4. What role does capacity building have in a successful organization?
5. What is the responsibility of the committee in Australia regarding the management of financials? Transfer of lump sums or over viewing each and every expense item in Beira?

BIOGRAPHY

Carol Dalglish has taught, studied and consulted in Australia, England, South Africa, Europe and Asia. Her areas of expertise are leadership development, executive coaching, international issues in education and institutional development. She has published several books and many papers in these and related areas. Prior to joining QUT, Carol was a management consultant and held a number of senior management positions in the public sector in Australia and abroad.

BIOGRAPHY

Marcello Tonelli is a Project Administrator for the Australian Centre for Entrepreneurship Research (ACE) in the Faculty of Business. Marcello has a PhD in strategic decision-making and has undertaken numerous consultancies for CRCs and CSIRO in relation to international business development and commercialisation of R&D.

Marcello is also the founder and Managing Director of WorldDynamics Pty Ltd, a small management consulting practice. He is a professionally accredited management consultant with 15 years of experience across a number of industry sectors including

- Public administration
- Construction
- Education
- Online retailing
- Sport
- ICT
- Start-ups/SMEs
- Research centres.

3

Stitching Together a Dynamic Partnership: A Non-Profit Leader Inspires the Transformational iQuilt Project

Michelle M. Stronz

Introduction and Background

During the economic decline of 1989-1992, Hartford, CT suffered economic dislocations, budget dilemmas, and a dramatic outmigration of the middle class to the suburbs. In the intervening years, the smaller city population remained one of the poorest in the US. Many in the region continue to debate whether the city should be annexed by the wealthier suburbs and who should manage and fund the region's activities. As the debate continues and suburban residents travel to the city for work and cultural events, a group of arts and culture organizations, together with a dynamic, business-focused group (The MetroHartford Alliance) committed to transform the city into an arts and culture haven. In fact, Hartford's arts community is a vital cultural leader and represents a significant economic contribution to the region. Hartford is ranked 15th out of 50 on the national Cultural Vitality Index (CVI), ahead of Philadelphia and Chicago. A 2008 national study ranked Hartford 14th out of 140 cities for arts and culture.

In 1998, an entrepreneurially-minded non-profit CEO from the Midwest, David Fay, was recruited to lead the historically-significant Bushnell Center for the Performing Arts. While in the Midwest, Fay led several arts-driven community development projects that served to bolster arts revenues while also contributing to the long-term sustainability of those communities. In Hartford, Fay developed the core idea for a similar endeavor – the iQuilt Project – that would serve to create a grid of park-to-river pedestrian routes, leading Bushnell Park to the Connecticut River, and connecting Hartford's key cultural sites. Bushnell Park was created by early benefactor Horace Bushnell in the mid 19th century to provide a place to meet in a “public but pastoral setting where all the citizens of Hartford could escape from 19th

century urban pressures, an opportunity for contact with nature, and the unusual possibility of mingling with a wide cross-section of society.”(1953 Report by Bushnell)

The theme of the iQuilt Project is cultural innovation that promotes economic growth and the redevelopment of the district surrounding the state capitol. Working with the Greater Hartford Arts Council, Fay launched the iQuilt Project which “proposed a pedestrian network linking downtown’s cultural assets in order to maximize their social and economic benefits.” (The iQuilt Plan: Phase II, Economic Development and Capital Improvement Plan for Bushnell Park and Surroundings, May 2011)

Case Study

David Fay enjoys a long history in both leadership and entrepreneurial positions. In the mid 1980’s, he directed the renovation of the Rialto Square Theater in Joliet, IL, which led to the redevelopment of 150,000 square feet of office and commercial space adjacent to the theater. This development triggered the eventual transformation of downtown Joliet. While in St. Louis, Fay formed privately held production companies and partnerships that grew a single theater into a diversified entertainment company, even purchasing an ailing ticket agency that became an online giant.

A thoughtful leader, Fay joined the Bushnell Center for Performing Arts at a critical time. The Hartford arts community was experiencing a downward trend in ticket sales as suburban residents avoided travel to the city. The Bushnell (built as a tribute to Horace Bushnell who donated the land for the public park that is the focal point for the iQuilt Project) generated revenue primarily from its Broadway series of plays. In addition, its limited facility space did not allow the diversity of audience experiences necessary to sustain the organization.

Fay arrived as the Bushnell launched a 90,000 SF addition that includes a 907-seat theater. The addition opened in 2007. Just prior to the opening in 2005, Fay partnered with four other nationally recognized performing arts organizations in Boston, St. Paul (Minnesota), Philadelphia and Pittsburgh to form Five Cent Productions LLC – a producing consortium. Five Cent Productions joined a former Disney executive producer and a Tony Award winning producing partner in Elephant Eye Theatrical. This production organization creates new book musicals for Broadway in New York City and beyond. The Bushnell is a presenting theater in this collaboration, which allows Fay and his organization to have ownership, exclusivity and profitability from projects they help to create.

Clearly, Fay is an entrepreneur at heart – seeking partnership and collaboration to transform his vision to reality. This was true in St. Louis and Chicago as well as in Hartford. What distinguishes Fay’s leadership style seems to be his effectiveness at connecting vision to action, a core leadership competency, (Cashman, 2008) and his desire to serve the larger community at the same time.

It is this role as a “servant leader” that distinguishes Fay in the organizations and communities where he continues to make significant and sustainable contributions. In his landmark book, “Servant Leadership,” Robert Greenleaf says that “A great leader is seen as a servant first. Servant leaders differ from others of goodwill because they act on what they believe.” (Greenleaf, p. 341) Though driven and focused, Fay is quick to share his success with organizational and community stakeholders including employees, board members and other non-profit CEO’s.

Though the iQuilt Project had its genesis with David Fay and the Greater Hartford Arts Council; Fay chose to begin a public dialogue process that included more of the key stakeholders such as The MetroHartford Alliance. Including other voices would establish the project as a shared endeavor and assist later in the implementation of the idea. In fact, the new non-profit entity guiding the implementation of the project includes the widest selection of arts, business and community leaders in order to achieve the desired outcome and ensure the sustainability of the project. Fay recognizes that the vision will only be a reality if the project is a true partnership.

For Fay, this vision-to-action drive must also be consistent with the mission of the organization he leads. It is also important to point out that Fay seeks out organizations whose vision is both consistent with his values and that allow him to practice his brand of arts-based “social entrepreneurship.” Social entrepreneurs are “highly adaptive, innovative leaders who see new ways to solve old problems and who find points of leverage to create large scale systemic change.” Importantly, these leaders in a non-profit setting must also seek out collaborative and distributed leadership models in order to succeed at instituting systemic change. (Crutchfield and Grant, 2007, pp 4 and 155). When the iQuilt Project began to get some traction, Fay conducted elaborate outreach in the Hartford arts and business communities, coordinating public dialogue sessions and laying the foundation for a vibrant partnership and a magnet for funding.

Figure 1: **The Greenwalk Plan**



The GreenWalk Plan “Hartford”, unlike many American cities, enjoys a remarkably compact and clearly bounded downtown (see Figure 1). With the small square area of the iQuilt (just over a half mile square) bounded by Buckingham/Charter Oak Avenue, I-84, and the Connecticut River, is a loose grid of north-south and east-west streets which, in map view, form a kind of charmingly irregular quilt. Within this quilt, almost all the key cultural destinations, including the Capitol, Bushnell Park, The Bushnell Center for the Performing Arts, the Wadsworth Atheneum, Hartford Stage Company, the Old State House, and the new Connecticut Science Center, are within a 15 minute walk of each other. The iQuilt will make it easy and enjoyable to walk from one cultural asset to another, while linking them conceptually under a theme of cultural innovation – in science, art and human affairs.” (The iQuilt Plan: Phase II, Economic Development and Capital Improvement Plan for Bushnell Park and Surroundings, May 2011)

Launching the Project

Once the partnership was in place, the group began to seek funding for the implementation. In a 2007 Urban Land Institute report, the group recommended Hartford “focus on thoughtful, creative in-fill projects to link and leverage Hartford’s cultural assets. In 2008, the iQuilt project was launched funded in part by the Bushnell and by a grant from the Hartford

Foundation for Public Giving in order to design and complete the pedestrian network and green spaces leading through the city and to Bushnell Park.

In 2009, after more than a year of public dialogue and input among all stakeholder groups, (much of which was orchestrated by Fay) an iQuilt vision plan was formulated by Suisman Urban Design, in collaboration with Smith Edwards Architects. The plan includes a GreenWalk Master Plan and a Connecticut Square Plan. The GreenWalk links key arts and cultural locations and events with a pedestrian walkway with landscaping and plantings. The Connecticut Square Plan transforms an outdated corridor between the Travelers Insurance offices and the Wadsworth Athenaeum, the region's oldest museum, into a public meeting place and performance site in the heart of Hartford. The plans gained considerable public support from other arts organizations, business leaders, elected officials, and the media. In 2010, the iQuilt plan was adopted and incorporated as a signature component of "One City / One Plan," Hartford's 10-year plan of conservation and development.

The City of Hartford and the Bushnell applied for a special grant from National Endowment for the Arts (NEA). Grants ranged from \$25,000 to \$250,000. From a pool of more than 200 applicant cities, Hartford was selected as one of 22 winning cities, and one of only five to be awarded the highest grant level of \$250,000. The chairman of the NEA indicated to Hartford officials that the city's proposal had been considered the best of the entire group.

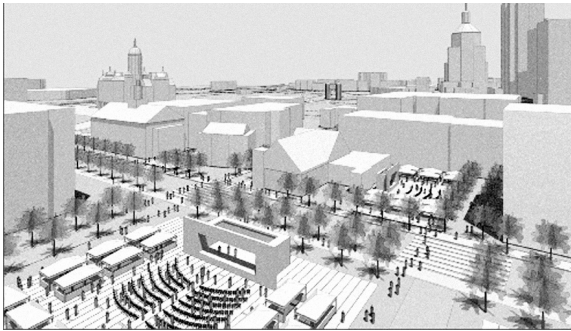
Phase II of the project includes more public engagement on the vision, its implementation and the long-term desired outcomes from the project. During Phase II, four clusters of public and stakeholder events were held – January, March, June and September. Each of these will contribute to the project design work and reflect public input. In addition, a conference on the project is planned in November 2011 under the auspices of the Education Foundation of America.

Conclusion

Communication about the public sessions to the larger community is a strategic goal for the group. Therefore, communication and public engagement is managed through an elaborate e-mail tree organized through the major arts, cultural, education and business organizations. These organizations share announcements and information to their members and on websites. An iQuilt website has also been launched. To date, the iQuilt plan has been presented to numerous public and key stakeholders

including the City of Hartford (who owns the park), the State of CT (a key landowner around the project area), the Bushnell Park Foundation, the Bushnell Center for Performing Arts, Wadsworth Athenaeum, Travelers Insurance Company, Bushnell Towers Homeowners Association, and other adjacent landowners. The goals of the various stakeholder groups will be incorporated into the plan including road and street improvements, traffic patterns, greenways including landscaping and plantings, events and activities, safety and street lighting, care of historic structures, pedestrian pathways, play areas, and public performance districts.

Figure 2: The Connecticut Square Plan



At the end of 2011, three key elements will be in place – the iQuilt Strategic Plan, the GreenWalk Master Plan and the Connecticut Square Master Plan (see Figure 2). The process of designing all three plans is expected to foster community engagement and participation, align the plan with stakeholder needs and encourage implementation of the plan to satisfy long-term economic development interests. During Phase 2, the key stakeholders have formed a broad-based non-profit organization named the iQuilt Partnership whose mission will be to implement the many activities of the initiative.

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Discussion Questions

1. What guiding principles inform David Fay's leadership style?
2. To what extent is "collaborative leadership" as practiced by Fay more or less difficult than the individual leadership style that is widely discussed in the business press?
3. What are the potential benefits of a "collaborative leadership" style to the leader? The organization? The community?
4. How would the servant leadership style practiced by Fay impact a traditional, for profit business?
5. What lessons can business leaders learn from Fay's leadership practice?

BIOGRAPHY

Michelle M. Stronz: An entrepreneur, global educator and former CEO, Michelle is committed to collaborative leadership in the local community and around the world.

Working with enterprises of all kinds, Michelle helped leaders identify a shared vision, attract the right resources to make the vision a reality and build organizational systems to sustain the process.

In industry and government, she designed and led cross-sector partnerships that resulted in a 3,000 acre Enterprise Zone, a \$60 million defense diversification proposal, an advanced technology center consortium led by United Technologies Corporation & an industrial development strategy for one of the US's largest utilities.

In higher education, Michelle designed, launched and led a variety of sustainable outreach centers that connected the university to the workplace, including obtaining more than \$5 million in grants and gifts to support institutional goals. She built dynamic partnerships across institutions and among faculty to create and grow high-quality, responsive academic programs, technological solutions, and marketing strategies.

The former chair of a workforce investment board, a college foundation and a regional environmental foundation; Michelle is an articulate, results-driven leader. She is the founder of the Center for Leadership & Social Responsibility and the Workforce Development Institute at UConn, the director of Leadership Studies at Saint Joseph College, a visiting faculty member in Management & Entrepreneurial Studies at Quinnipiac University, and an instructor in the executive education programs at University of Connecticut.

BIOGRAPHY

Michelle holds a doctorate from Columbia University in organizational development and leadership, an MPA in China's international development from the University of Washington, and a BSJ in journalism from Ohio University.

4

A new MBA was born

Meshweyla Macdonald & Sarah-Jane Tiakiwai

Whakaaro pūkenga. Hinengaro koi. Pitomata mutunga kore.
Bold ideas. Smart people. Unlimited ambition.

This statement used by the University of Waikato signifies the University's desire to provide a high quality teaching and research environment that is particularly cognisant of its location in the heartland of Māoridom. Tāwhaki and Māui are two key figures in Waikato-Tainui history whose exploits in the pursuit of knowledge provide a rich cultural context for innovation and best practice. These figures are literally and figuratively interwoven into the strategic approach of the tribe's Waikato-Tainui College for Research and Development. The bringing together of these two dynamic institutions through the MBA programme underscores the boldness of both the University's ambition as well as the College's desire to mirror with quality academic and research institutions that align with its own aspirations for indigenous leadership in management education.

The launching of the MBA programme and beginning of the inaugural cohort in early 2011 highlighted a world first for management education. The MBA is a Masters level qualification that is a harmonious blend of western management models and indigenous philosophies, western style lecturing and assessment with indigenous collective style living and learning approaches, specifically designed to navigate commercial realities while drawing from indigenous practices and informed by indigenous values.

The joint collaboration between the University of Waikato and the Waikato-Tainui College for Research and Development provides a good example of how mainstream university institutions are able to incorporate indigenous learning approaches, philosophies and practices in ways that are respectful of and relevant to indigenous aspirations, whilst also being

mutually beneficial to core academic and research quality principles (Kirkness & Barnhardt, 1991).¹

Background

The University of Waikato, located in the heart of the North Island - Hamilton, New Zealand and has been educating students since 1964. At its opening, the then Governor-General of New Zealand, Sir Bernard Ferguson noted the University's unique feature as being the "first of the New Zealand universities to be planted right in the heart of the traditionally Māori community" (Day, 1984, p. 164).² While the University has grown to offer over 80 qualifications and employ approximately 1,500 staff, it also enjoys the reputation of having the largest Māori student population of all the universities in New Zealand. The University is pursuing an ambitious new vision with key themes of Excellence, Distinctiveness and International Connectedness. The University is Triple Crown accredited – being approved by the three leading global tertiary accreditation bodies – EQUIS (a European body), AACSB (a North American body) and AMBA (from the UK). In the area of corporate and executive education, the University offers a variety of programmes – from their flagship Executive MBA to a variety of Postgraduate Diplomas and Certificates in Management as well as an MBM (Masters of Business and Management). Programmes are run for a number of leading New Zealand corporates and have been running for several years.

The Waikato-Tainui College for Research and Development was opened in 2000 to memorialise the 1995 Treaty settlement between Waikato-Tainui (the Māori tribe that is resident in the wider Waikato region of the North Island of New Zealand and is the owner of the land on which the University of Waikato is located) and the Crown. Key areas of focus for the College are Leadership, Tribal Culture and Heritage, and Research and Innovation. The College was purpose built as a residential facility and is positioned to be a place of open enquiry that seeks to increase local, national and international understandings of development and advancement. The College has undergone a number of changes since it was first opened and, following its re-dedication in May 2010, reaffirmed its desire to form relationships with providers of quality education that aligned with its tribal and indigenous aspirations.

1 Kirkness, V. & Barnhardt, R. (1991). First Nations and higher education: The four r's – respect, relevance, reciprocity, responsibility. In *Journal of American Indian Education*, 30 (3): 1-15.

2 Day, P. (1984). *From the Ground Up. An Informal Chronicle of the Genesis and Development of the University of Waikato. 1964-1984.* Hamilton: University of Waikato.



The Partnership

The partnership between the University and the College was formalised on 1 February 2011 when a Memorandum of Understanding was signed between the entities to recognise collective projects that had been undertaken and explicitly acknowledge the collective intent to work together. The MBA was identified as being the inaugural academic programme that would be delivered from the College as a tangible outcome of the relationship between the University and the College. To ensure the MBA could be delivered from the College, a project team comprising of members from both the University and the College was established.

Peter Sun is the Associate Dean Enterprise and one of the founding contributors to the MBA programme. Peter has been with the University since 2007. He is currently the Associate Dean Enterprise of the Waikato Management School and oversees all Corporate and Executive Education programmes. Peter originally comes from an engineering background before moving into business and his research now focuses on leadership. Peter is Chinese by ethnicity, and Sri Lankan by upbringing.

Meshweyla Macdonald is the Associate Director Operations and has also worked on the programme from the outset. Meshweyla taught for the University in China for a few years before returning to the Hamilton campus to work in Corporate and Executive Education operations. Meshweyla is part New Zealand European and part Māori.

Bentham Ohia is the Pouhere (CEO) of Te Wānanga O Aotearoa and a University of Waikato MBA alumni. Bentham serves on a number of academic and educational boards and is a well-respected member of the Māori education and business community. Bentham is also the Deputy Chair of the Waikato Endowed Colleges Trust, the Board which oversees the operations of the College.

Sarah-Jane Tiakiwai is the first Academic Director of the College. As an inaugural recipient of a doctoral scholarship following the tribe's 1995 Treaty settlement, Sarah-Jane received a University of Waikato doctorate at the College in 2002. She has worked in a number of roles in the tertiary

and research environment for the past 15 years, including mainstream and indigenous organisations and prior to her returning to work for the tribe was operating her own educational consultancy business.

Tuti Cooper is the Administrative Director of the College and is has oversight of the systems and processes required for programmes running at the College. Tuti has worked at the University of Waikato before and is familiar with the operations of the University as well as being thoroughly versed in tribal management issues.

Maehe Paki is the Academic Development Manager and is working to ensure current and future academic programmes administered at the College are well integrated, use current, relevant indigenous case studies where possible and continue to develop and evolve in a way that is relevant to Māori. Maehe is a Masters graduate from the Waikato Management School at the University of Waikato and has a background in academic programme development.

Managing differing interests

The MBA project team, being comprised of staff from both the University of Waikato and Waikato-Tainui College for Research and Development carry the interests of their respective institutions. From a macro vantage point common interests are shared and easily understood and communicated with each other. For example, both are committed to seeing a successful MBA programme that strengthens links with the Māori and indigenous business community, which reinforces the working relationship the University shares with the College.

However at a more operational or on-the-ground level, institutional interests do not always align so readily. The University seeks to promote the MBA brand; strengthen links with Māori business; and do so while making a profit to offset other educational pursuits. On the other hand, the College seeks to promote the MBA as a qualification of value for Māori and indigenous leaders; to develop the MBA content to better reflect and align with Māori and indigenous experiences, knowledge and practices; and promote the College as a place of educational excellence.

While these interests are understood by each institution, there have been times where these interests have not always aligned and where the project team has had to find ways of working through the challenges faced as a result. At a conscious level, the project team has forged ahead because both are committed to and understand the strategic importance of the programme to both institutions.

Initial discussions occurred in June 2010 between members of the project team. Each party discussed the possibility of an indigenous business focussed MBA, what commitments would need to be made and what resources would need to be allocated. Contextualisation of content, delivery style, fees and venue were discussed and negotiated. After several discussions, the team committed to the new initiative and mobilised resources to make it happen. The team continued to meet fortnightly for six months to make smaller but necessary decisions regarding how the programme would look and feel. There was also agreement reached about what each institution would contribute to the programme. At this stage, with a firm commitment on the table, the College seconded additional services and one further appointment was made in January 2011 with the appointment of the programme coordinator.

Managing a new programme delivery approach

This programme, as well as being brand new, also involved several new methods of delivery. The Waikato MBA course had traditionally been delivered in paper form (i.e. participants received a binder of assigned readings and a text book). This programme was determined to be the pilot for a new electronic delivery form. This meant that instead of being given binders, participants were given an iPad to use which was designed to hold electronic readings, etexts, handouts, paper outlines, prepare assignments on, take and submit tests on etc. The heavy use of IT in this programme meant that the College had to be fitted with wireless technology. This would not normally be a big deal, but given that the College had no wireless capabilities and a looming programme start date, it meant that work had to be performed around the clock to ensure the facility was there from the first day of classes. It was a challenge, and a few hiccups later, wireless capability was available.

Secondly, the College was determined that the programme would be delivered in a wānanga – or living and learning - environment. The purpose of the wānanga approach was to ensure that the MBA programme delivery was consistent with Māori styles of learning. This approach allowed participants to come to the College on a Thursday night after work and transition from their work lives and into a wānanga or learning mode. The participants are able to reside at the College and are able to spend the time working in teams on group assignments or discussing readings or learnings from prior sessions. The following two days are full class days with all meals being provided, part of this being to enable and facilitate a spirit of

collective progress, support for one another and ample opportunities for them to learn from one another.

Contextualising the programme

The programme began with an orientation which involved a pōwhiri (formal welcome) to the College, introductions to key academic and administrative staff, an overview of what to expect on the programme as well as key skills – presentation skills, case study skills, and referencing skills.

It had already been agreed to by the project team that the programme would be contextualised in stages. Initially it would look similar to the mainstream MBA run from the University campus in terms of content and faculty; and the first stage also involved introducing the wānanga or residential element. Another contextualisation that was introduced in stage one was to invite prominent Māori businesspeople and leaders to be guest lecturers for the papers run by the University based lecturers. The purpose of this was to take the western models of management and examine them for fit in the Māori world view; to discuss the limitations of models as they applied to Māori business and to give participants a feel for how the various disciplines covered fit into the real world.

The second stage of contextualisation was planned to occur at the beginning of Part Two of the programme for the first group and flow on to all subsequent new intakes. This involved fundamentally changing some papers so they are taught from and informed by a Māori perspective and cover Māori business philosophies and practices – i.e. looking at global business structures from a Māori viewpoint – a deviation from the mainstream individualistic viewpoint of culture and markets. It also involved integrating more indigenous focussed case studies in class sessions and assessment so instead of examining traditional case study organisations such as WalMart, tribal business examples would be studied. The challenge with indigenous focussed case studies was that the availability of tribal focused cases had yet to be written and there was still the challenge of ensuring the University faculty would include them as a part of their teaching programme. The capstone of the MBA is a Major Research Project, a practically oriented thesis, and it was anticipated that case studies could flow back into the programme from some of the theses produced.

Innovations

The innovations and contextualisations this programme underwent meant that it had potential to be entered as a contender for the new AMBA Innovation Award – a single award globally, presented by one of the University accrediting bodies. 1800 business schools around the globe were eligible to enter, 36 did enter, four were shortlisted as finalists including high ranking business schools from the Netherlands, Portugal and France as well as this programme from New Zealand. The award was presented at a gala dinner in London in October 2011 and it was this MBA programme run from the College that brought the award home – awarded on the basis of innovations in curriculum, teaching and learning, and alumni engagement.

Challenges

Many of the operational innovations identified were discussed and solved relatively quickly amongst the project team. However the determining challenge was yet to be encountered – the approach to the finances. Most financial matters were straight forward and negotiated with relative ease – the split of the marketing costs, the academic costs, administration costs and resource costs, however strong differences arose in relation to the meal and accommodation costs.

For the initial cohort, it was decided to run the programmes with the same fees, knowing that the MBA programme run at the College would run with significantly higher costs – having to pay for meals and accommodation that the mainstream University campus based MBA did not have to pay for. There was a concern that if the fees were different, the differential fees would result in people self selecting on the basis of fee rather than MBA programme specific characteristics. The programme run at the College might suffer because people might select the cheaper option given that the final result was a Waikato University conferred MBA regardless of whether one studied at the University campus or at the College. The College was also of the view that its contribution in bringing 24 Māori into a University programme which historically did not attract many Māori was significant and that this needed to be reflected in some way through the fees/residential component, noting that this was one of the distinguishing features of the MBA at the College.

It was known that this issue would need to be revisited, but to get the programme up and running, both the College and the University agreed to wear the extra costs associated with the programme in the first year.

However, when the time came to plan for a second new cohort, the issue came back out onto the negotiating table.

The University was of the view that these should be additional to the normal tuition fees and were flexible in their approach to how these should be paid for – e.g. by corporate sponsorship, by participants as an extra cost or by any other means, but firm on the notion that these should not be part of the standard fee if the standard fee for this programme was to be the same as the mainstream MBA run from the University campus – i.e. they should be individual based. To have the same fees but different bundles, one bundle containing significantly more trimmings than the other would create unrest and contention between the two MBA cohorts (both enrolled in Waikato University conferred MBAs). Lastly, the University is essentially a non-profit organisation, however where surplus can be achieved on some programmes, the surplus is used to fund new initiatives or fund strategic projects. The mainstream University campus programme runs with a surplus. Incorporating the residential costs into the programme would mean that this programme would run at a loss, meaning that not only would other projects suffer, but this would essentially suck resources out of the system to keep this programme alive. This would be okay from a strategic point of view given the benefits of connecting with Māori business in this way, but not okay from a pure sustainable accounting point of view.

The College understood the University's concerns around perceived differential approaches but maintained its position that the residential component of the MBA at the College was its point of difference and was one of the reasons the programme won the MBA Innovation Award. They believed that the money coming in to the programme should be used to pay for these services in the same way that money was used to pay for other services like lecturer salaries, academic resources and the like. Acknowledging that programme revenue was comprised of government EFTS funding and participant fees, there was nevertheless a belief that the residential component was one of the fundamental differences which was as important as lecturer salaries and thus should come out of programme funding like any other cost.

The College was also of the view that, while cognisant of the challenges facing the University (as described above), there had to be some way through this and perhaps that this way required the University to think beyond the largely financially driven reasons given and look to how it was benefiting from the programme: through having greater numbers of Maori engaging in this level of programme; with the potential for more

Maori to engage in higher level qualifications; and the potential for the University to position itself internationally as a quality provider for indigenous peoples. The College believes that this ensures the University honours the Governor-General's statement at the beginning of this paper – where the University not just be planted amidst a diverse grouping of Maori tribes, but is able to grow and flourish by learning from and aligning to Maori aspirations as well.

At the time of printing, this issue is still unresolved. But with a new cohort beginning in four months, time is running out to find an agreed and acceptable resolution. It is a delicate matter because without proper funding, the programme is not viable but without the programme both the University and the College lose a significant part of their portfolios and the fame and status that go with being the global winner of the AMBA Innovation Award. The resolution will come through gentle, continued negotiation with small decisions made that will accumulate and point to a final resolution. Resolution is sure given the make-up of the project team, individuals who now have over a year of working together on this programme, who have a shared commitment to and desire for its success.

Learnings to date

It is obvious from this project that one learns by actively doing something as much as planning for something. If one waited until all the potential issues were sorted and crises were avoided, this programme would never have gotten off the ground. Another learning gleaned from this experience is that despite fundamental divergence of interests, a programme of this complexity can be established and flourish.

It is also important to note that this programme was able to function because of the regular planning meetings which provided a forum for different interests to be tabled and discussed and for potential problems to be dealt with while still in their infancy rather than waiting until they became crises. This highlights the importance of regular and open communication underpinned by a shared desire to work together to bring the programme to fruition.

When considering new ventures, one must not underestimate the importance of diverse financial opinions or the objectives and values that underpin these opinions. Varied approaches to funding models has been a feature of this programme that has been the most difficult to reconcile.

At its very base level however, there must be some shared commitment to common principles or objectives – even if the pathway to achieving

these is still to be worked through. It has become apparent how important culture is to decision making, how fundamental it is to assumed values and how this has a flow on effect to behaviour. The project team that were affiliated with the College all come from Māori backgrounds – rich in their experiences and collective values both from Waikato-Tainui and other tribal regions. The project team contributed by the University come from a blend of Chinese, Sri Lankan, New Zealand European and Māori backgrounds. The result of such while partially collective focussed, primarily has more of an individualistic approach which at times has struggled with the strong tribal values and culture approach.

Despite the challenges this programme has faced, it has been received well by both the academic and Māori business communities. It is respected as a vibrant and robust programme that combines academic rigour with cultural identity in a distinctive learning environment. This programme is tailored to make an impact on the next generation of business leaders – both Māori and non-Māori alike and its success will result in a technology savvy alumni community who can confidently converse on global issues while maintaining a relevance to local business realities underpinned by a unique culturally rich and diverse knowledge base.

Questions

1. If you were on the project team, how would you have approached issues arising out of cultural difference?
2. Which entity do you think has more bargaining power in negotiations? Why?
3. What strategic and economic benefits do you see for the University from being partnered with the College? And what benefits do you see for the College arising out of a partnership with the University?
4. What approach would you take to resolving the meals and accommodation issue?
5. If you worked at the University, how would you persuade your fellow team mates that the meals and accommodation should be paid for separately?
6. If the financial issue fails to be reconciled, what options do the University and College have?

BIOGRAPHY

Meshweyla Macdonald – Meshweyla has a Masters with honours in Management Studies and double Bachelor degrees (with honours) in Law and Management, all from the University of Waikato. Meshweyla has worked in the MBA programme at Waikato for two and a half years. She spent several years teaching for the University in Shanghai before returning to New Zealand to work in Corporate and Executive Education.

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5

A Russian NGO: Fundraising Challenges

Ekaterina Shekova & Elena Rasha

Abstract The case deals with problems faced by a nonprofit organization which primary role is supporting other nonprofits based in the North-West of Russia. The organization boasts a successful fifteen years' history but fundraising challenges of the 2000's make the Director for Development seek funding alternatives for nonprofit projects.

Key Words: Russian nonprofit sector, fundraising, NGO, nonprofit organization, donors, charity.

Introduction

On January 24, 2008, participants of the annual strategic planning session at the NGO Development Center (NGO DC) discussed the organization's role as a negotiator between donors and those nonprofits that need support. What kind of donors will enter the Russian market while international foundations are leaving Russia? Who will apply for the Center's services after the nonprofit start-ups become completely self-sustained? NGO DC Director for Development Anna Kletsina has suggested that if many of NGO DC's key customers, i.e. legally registered nonprofits, have become established and do not need support from the Center, maybe, it would be worthwhile to extend activity to a different target audience: informal initiative groups? At the same time, some socially responsible companies based in St. Petersburg, Russia, that already gave a good account of themselves could become donors, as well as local residents, if NGO DC would prove that the money they donate is spent on a specified purpose and goes to the end user. The outcome of such collaboration became vivid in 2007 at the charity festival "Dobry Piter" (or "Good St. Pete").

NGO DC in 1990s

The NGO Development Center was established in 1994 as a resource center for nonprofits, i.e. as an organization which supports other non-profit organizations in building their capacity. The Center was founded in cooperation with the nonprofit organization „Deutsch-Russische Austausch e.V.“, which started up in Russia in 1992.

In 1997 the Center separated itself from „Deutsch-Russische Austausch e.V.“ and was registered as a charity based in St. Petersburg.

The major goal of the Center for 15 years has been an improvement of environment for nonprofit organizations and professional training of nonprofits' staff. The NGO DC serves nonprofits working in the field of social care, ecology, education, science, culture, art, and human rights, mostly in the North-western region of Russia, but also in other regions of the country and NIS. Other NGO DC's goals are civic initiatives and nonprofit support on the whole, as well as the development of philanthropy and corporate social responsibility in the Russian society.

In general, NGO DC is aimed at the civil society development in Russia, increasing its role with the goal of sustainable development in the regions, and stable improvement of the quality of life. Its current mission is “The development of civic responsibility through philanthropy development and civic initiatives support”.

From 1994 to 1999 NGO DC was supported by grants of international foundations. The organization highlighted two directions in its activity:

- Supporting the NGOs institutionalization by rendering high quality consulting, educational and information services to nonprofits.
- Establishing interaction between local municipalities and nonprofit organizations, working out mechanisms of public participation in decision-making at all levels.

Nonprofit Sector of the North-Western Region of Russia

Nonprofit organizations play significant role in the economy of the whole Russia and particular regions. They create jobs, provide social services, and distribute funds.

The North-Western region is one of the leading Russian regions concerning the number of nonprofits. According to statistics about 15 thousand non-profit organizations are based in the North-West of Russia (NGO DC Annual report, 2008). In other words, there are eleven nonprofits at each ten thousand people. The majority of nonprofit organizations (about

twelve thousand nonprofits) in the North-West of Russia are based in St. Petersburg. In relation to the number of citizens in St. Petersburg, at each ten thousand persons there are twenty three nonprofits.

St. Petersburg could be considered as a leader by the number of nonprofits in Russia. St. Petersburg with twenty NGOs leaves behind even Moscow. However, according to international statistics, the number of nonprofits in Russia is far lower than in western developed countries. For example, in Sweden and Finland the number of NGOs is thirteen times more (about 200 nonprofits) at each ten thousand citizens, whereas in Russia there are eighteen NGOs at ten thousand people. (see Table 1).

However, Russia is definitely a leader among post-Soviet countries by the number of nonprofits, where there are on average two NGOs at ten thousand people (e.g. Uzbekistan has 17 NGOs at every million of people).

Table 1: Number of NGOs at Ten Thousand Citizens

North-Western Region of Russia	11
St. Petersburg	23
Russia	18
Moscow	20
Sweden	200
Finland	200
Great Britain	47
Estonia	100
The Chech Republic	44
Belorussia	2
Uzbekistan	0.17

Another problem is a difference in legal issues in Russia and other countries. According to the Russian law, nonprofits can be governmental and non-governmental institutions that contradicts to the basic concept of nonprofit sector. The key principles of voluntary and non-governmental operating of nonprofits often don't work in Russia. As a consequence half of Russian nonprofit sector consists of state institutions financed by government.

Economic role of the nonprofit sector is rather significant for the North-Western region of Russia.

Firstly, the nonprofit sector in the North-West of Russia employs 1-2% of citizens without taking into account volunteers. The impact of volunteers is evaluated as more than 40 million rubles.

Secondly, on average 670 thousand citizens receive social care and services from nonprofits a year.

Thirdly, nonprofits actively attract and re-distribute the raised funds on different social projects and programs which funding is evaluated at several millions a year. The third sector of North-West Russia, by industry is, obviously, led by social care institutions (31%); others are divided the following way: cultural, research and education, as well as social associations (24%), trade unions (24%); sports public institutions (11%).

NGO DC in a Changing Environment

By 2000 the situation at NGO DC became critical. Foreign foundations that used to be the major financial source of the organization were step by step turning off their activities in Russia, leaving the opportunity for Russian nonprofits to re-consider their development strategies. Anna Kletsina looked back and shared her reminiscences:

– On April 1, 2002 one of the most popular jokes in nonprofits was this one: “Can you imagine, The Soros Foundation is closing its activities in Russia!” Homeric laughter usually followed.

PS In a year the Foundation closed up.

The same year a decision to establish a for-profit NGO DC was made. Running profit and nonprofit businesses in one charity became more and more difficult. The Russian state restricted and controlled all profitable activities of nonprofit institutions, primary because of the tax benefits granted to nonprofits. Doing profitable business in charity could result in losing a charitable status, as well as income and other tax benefits. Finally a profit company NGO DC Ltd was registered along with a charity NGO DC. A for-profit NGO DC was supposed to serve as a mechanism for providing paid-for services, like consulting and training.

Russian legislation did not allow nonprofits get involved in entrepreneurial activities. When elements of entrepreneurial activities were noticed, a nonprofit would no longer be tax exempt.

Anna Kletsina remembers how the NGO DC executive committee came up with the idea to establish NGO DC Ltd:

– Support from European foundations became limited. From the very beginning NGOs were established as a mechanism of the civil society development. Russia was chosen as a target territory, as well as CIS¹ countries, by European foundations to allocate funds for nonprofit organizations development. Later international foundations started to leave Russia and post-Soviet countries. Nowadays the part of the third sector that used to rely mostly in international grants goes through a tough period.

Currently the third sector goes through ideological and financial crisis. As for NGO DC, 60-70% of the budget consists of grants from foundations; the rest is taken from different other sources, such as workshops, consultations addressed to customers' needs, etc.

Moreover, NGO DC employees have been conducting trainings in different regions of Russia. NGO DC has a client data base and long-term relations with nonprofit organizations in Russia and bordering countries. So it had been a reasonable decision to register a for-profit organization that along with the non-profit NGO DC follows the same mission.

In 2005 more than 12000 NGO representatives from Russia and other countries used information and consulting services rendered by NGO DC staff. That was the year when the Competition for the Best NGO Report was launched. The same year was marked by participation of NGO DC members in the Expert Council that makes decision over grants allocated to NGOs by the city government. One of the highest accomplishments of the Expert Council was passing a change in the Law on Grants for social and public-service institutions in St. Petersburg, along with budget increase for grant purposes for the year 2006.

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Establishing of two independent companies was followed by splitting NGO DC activity in two directions in 2006, namely, founding a resource center for nonprofit organizations (NGO's), and developing philanthropy and corporate social responsibility (CSR).

¹ CIS – Commonwealth of Independent States (post-Soviet countries, including Russia, Kazakhstan, Belorussia, etc.)

As for the Russian nonprofit sector on the whole, the year 2007 became for NGO DC both a difficult year, and a year full of new opportunities. The role of the Center became more vivid: NGO DC identified itself as a mediator between government, business and nonprofits. NGO DC aimed to help foster efficiency and guarantee sustainable development to all of them. To achieve the set goal the following events were held:

- Forum «Charity in Russian Regions»,
- Public Discussion “Who should get the tax-payers’ money? Principles of the public administration support to nonprofit organizations in St. Petersburg;
- Competition for the Best NGO Report.

As the 2007 year report shows that NGO DC has actively supported corporate social responsibility and charity development in business and among citizens. After the festival “Dobry Piter” (“Good St. Petersburg”) and its “satellite-actions”, thousands of St. Petersburg citizens and many St. Petersburg-based companies could find out more about such a phenomenon as charity. It meant that the “charity climate” in St. Petersburg had partially improved.

As for the fundraising portfolio, in 2007 NGO DC staff tried to achieve a balance that would guarantee its stability. The funding proportions had changed, i.e. donation shares from international and Russian foundations, business and public institutions had equally been represented in the NGO DC budget.

In 2008 NGO DC found a new target audience, namely, initiative groups and non-political movements, i.e. groups and social networks which at the current stage of their development do need training and consulting support. At that moment, the Center develops two equally important directions, i.e. “resource center for nonprofits” and “corporate social responsibility and philanthropy development”.

As for NGO DC, at first it was supporting only NGOs, but at some point nonprofits achieved status quo, and no longer needed as much support as before. That is why two years ago we decided that we have to look at it broader, - not to see the nonprofit sector as a key customer. Anyway, our mission could be transformed in a different way. So we started to work with people from local communities and initiative groups.

The term “initiative groups” or “civic initiatives” is still not legally recognized in Russia. By these terms I mean civic initiatives that are not legally registered, i.e. they are represented by groups of citizens who are

ready to achieve a certain goal by joining a group. In our case, since by our Statute we do not work with political and religious organizations or groups, those should be non-political and non-religious and be more or less structured and sustained rather than spontaneously sprouted. For instance, such initiative groups as “Initiative of car-owners with a right-hand steering wheel”, “Multiple citizen groups protesting against infill development”, “No rubbish”, “Green Wave”, etc.

Initiative groups accumulate funds in the different ways. They collect money from members on a specific purpose, for example, to conduct an expertise; or they look for sponsors among their members; or they ask NGO DC to find a donor supporting such kind of initiatives. Thus, NGO DC trainings and consultations might be also paid from grants or funds of initiative groups.

Representative polls showed that only 12-15 % of the population know what a nonprofit is and people mostly relied on the government. And at the same time a new wave of social initiatives was springing up. At first NGO's were in their place with social movements gradually emerging on the scene. So far their number runs over several hundred well-developed successful movements all over the country and many smaller groups.

The resource center renders various services to nonprofits in Russia and CIS, as well as to organizations, institutions and individuals linked to the third sector (nonprofits community), interested in its problems, and employed within the nonprofit “industry”.

Among the services rendered by the resource center are the following:

- informational and analytical, i.e. electronic newsletters, workshops and master classes, analytical information compilation on the third sector in the region, determining and publishing the Sustainability Index of St. Petersburg nonprofits (annually since 2005), etc.
- consulting and training, i.e. conducting consultations, workshops and trainings on major issues of nonprofits routine (accounting and legal issues, nonprofit management, fundraising for nonprofit projects, media and communications, how to open and run a resource center, etc.) The after-training evaluations proved that the received knowledge helped to improve situation in the regional NGOs.
- relations with partner organizations – event management and implementation of projects aiming at fastening horizontal relations and experience exchange among the third sector organizations, as well as improvement of interaction of nonprofits with business and

government. One of traditional activities of the Center that deals with these issues is the Forum of Nonprofit Organizations “Social Petersburg” (forum site is: www.soc-spb.ru).

The second direction of the Center activities, as mentioned before, is corporate social responsibility and philanthropy development.

Unlike regular PR and marketing communications agencies, NGO DC is a charitable nonprofit organization. It means that all the money raised go to charitable programs realization. In particular, part of it is allocated for the Charity festival “Dobry Piter”. The Festival helps to raise annually large donations for St.Petersburg charities through charitable auctions and other events at multiple city grounds. NGO DC teaches nonprofit employees and donors to do philanthropy professionally to make it really efficient. Within the framework of philanthropy and corporate social responsibility development the Center provides the following services:

- corporate philanthropy policy design and its priorities;
- philanthropy projects and programs assessment;
- philanthropic events development and event management
- social marketing campaigns;
- PR of philanthropic activities;
- legal support of charitable activities;
- making reports on company CSR activities.

At the NGO DC Annual General Meeting

History, activities and longstanding fundraising success of the charitable nonprofit organization NGO DC have mostly determined the agenda of that meeting in January.

So at the Annual General Meeting (AGM) in January, 2008, NGO DC directors discussed its strategy up to the year 2009 inclusively.

The agenda was the following:

1. What goals have been achieved since 2006?
2. NGO DC key competencies.
3. Strategic goals revision.

At the meeting Anna Kletsina shared her vision of the NGO DC future:

– Two problems have lately arisen: on the one side there is a lack of active donors that announce grant competitions providing funding and we could rely on; on the other hand, the efficiency of the nonprofit sector regarding mission achievement has raised a question .

As a matter of fact, nonprofits are capable of raising funds directly from the people setting up stands at hyper-markets “Lenta” and collecting private

donations for a local children's hospital. As a rule, we train charities, and then they arrange fundraising campaigns professionally without support.

NGO DC is ready to provide own funding for large scale events up to 300 participants (conferences, forums, etc.). That is really important as many grants in Russia are allocated in the following way: 30% before the event and 70% after, in contrast to the international funds applying another model: 80% before and 20% - after.

Throughout the whole period of our work we relied on this group of legally registered nonprofits as on a guide of our mission: We work on a B2B basis, so nonprofits achieve our mutual goals: improve the quality of life, build the civil society and so on...

So now we are trying to make a next step in our mission understanding, step out of the frame.. It can't be doubted that a sector of nonprofit organizations is a one which can help us fulfill effectively the goals set up in our mission. But is it the only one? In this respect informal initiative groups came out as a very promising customer. We made up a decision to support such target groups as social movements, initiative groups and incorporated nonprofits. Finally we found an extra target group. Thus, we fulfill one of our major current goals: philanthropy support. We usually support philanthropy development indirectly, training nonprofits to raise funds and persuade givers to spend on this or that charitable project.

As for this additional market, it actually forms a fork: on the one side we work with donors, on the other side, we work with charities. That is why our task is to persuade donors that they should support this or that NGO or initiative group, and at the same time be competent enough to help these newly sprouting groups, develop and maintain themselves.

We have, definitely, developed some other perspectives. For instance, we re-oriented our offer for business corporate social responsibility from charity as such, to staff development. We organize corporate volunteer programs when company's employees do community work together like cleaning up historical buildings and territory around, thus helping to preserve historical monuments and create team spirit among colleagues.

However, it is a bit early to talk about this direction, we have just started to promote it, so without following-up it is difficult to say if it works or not.

During AGM, the directors set new goals (Table 2).

Table 2: Several NGO DC's Strategic Goals and Corrections

Goals set in 2006	Corrections in 2008
1. Regional expansion of NGO DC activities.	1. One should understand why being known on the federal level. It shouldn't be a goal for its own. The core goal of publicity is fundraising.
2. NGO DC should become known on the federal level by 2007 and increase its representation in the North-Western Russia.	2. Stays the same.
3. Clear image of NGO DC that reflects its goals and makes them vivid in the changing environment.	3. Mostly fulfilled.
4. Financial stability, i.e. minimum administrative resources budget is covered by NGO DC resources.	4. Partly fulfilled

The AGL decided on that the NGO DC Key Competences would be the following:

- Well-organized event management for large-scale events (up to 300 participants)
- Professional development of social and humanitarian projects, programs, and initiatives
- Assistance in nonprofits networking
- Mediator role among nonprofits, business, and government
- Collection and dissemination of socially significant information, monitoring of anything that could influence NGO development and informing NGOs about changes
- Consulting and knowledge sharing with NGOs, especially on legal and accounting issues
- Training for nonprofit staff. Team-building and incorporating charitable fundraising campaigns in corporate teambuilding trainingSupport to some NGOs in operational management to reduce costs

After brainstorming on the question: "What else can NGO DC do well?" they came up with the following list:

- Work with a large number of organizations
- Fulfill projects combining computer technologies and firsthand communications

- Popularize and disseminate information (B2B)
- Do much for less money
- Be financially sustainable and independent
- Develop new training programs in a new format
- Conduct open trainings
- Empowerment – through training, consulting, informing.

Thus, the directors decided that they have to fulfill a seven-step program to ensure NGO DC sustainable development:

1. To develop and implement internal system of NGO DC performance assessment
2. To keep doing PR, re-design the web-site, create a CRM-system of stakeholders, defining strategic partners.
3. To set up guidelines of stable funding (major donors, the State, key and regular clients)
4. To optimize costs, including use of outsourcing
5. To form personnel database (for key activities and volunteer work)
6. To increase efficiency of the management system, namely, minimize the time from decision-making to implementation.
7. To provide organizational security (office and PC security, legal security from authorities violations).

Conclusion

To round up the AGM, as written in the minutes, one of the directors made comments on the goal being set up for 2010: «We are not directly connected to nonprofit activities. Our mission is close to civic initiatives and civil society and NGO is not the only instrument in achieving our goals. One can work with initiative groups. Thus, our clients are non-protest initiative groups”.

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Discussion

- 1) What do you think about NGO DC's idea to establish a profit organization, namely, NGO DC Ltd? Why did not charity NGO DC want to engage in profit activities?
- 2) NGO DC as a NGO resource center is a local monopoly on St. Petersburg and Leningrad region market. How can NGO DC make use of its unique position to attract additional funding?
- 3) In the context of a global economic crisis companies begin to cut costs. First of all, it refers to marketing costs, as well as different social programs implementations. Do you think, in this respect, the development of corporate social programs will be relevant at NGO DC? What other activities could be in greater demand in terms of the on-going crisis?
- 4) Since NGO DC considers initiative groups as its new target audience, in what way it influenced its marketing strategy?
- 5) Conduct a SWOT-analysis of NGO DC activities. What threats, in your opinion, could radically change the NGO DC market position? What current opportunities do you see for NGO DC? How relevant are they for other regional nonprofits?
- 6) Can you consider NGO DC as a universal model of the resource center, which could be adopted by nonprofits in other regions of Russia?

BIOGRAPHY

Ekaterina Shekova obtained her first degree from St Petersburg University of Economics and Finance before undertaking research for a PhD, awarded in 2002 by St Petersburg State University. She also studied at the Repin Institute of Fine Arts and was Associate Professor at SPbSU from 2003-2011. Ekaterina has published extensively and her book “Culture Management: Russian and Foreign Experiences” was awarded the young scholars Grand Prix in 2007. Her primary fields of research are Arts Management and Marketing, while the secondary fields are Nonprofit Management and Finance. She is an author of eight books in arts and nonprofit management and more than forty articles in this field. Since 2005 she has provided consultancy and training in Russia, Europe and USA.

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6

Anatomy of A Merger: Leadership Lessons from the Merger of the Medical University of Ohio and the University of Toledo

Cynthia H. Pepper

Major Focus of the Case

In 2006, the Medical University of Ohio merged with the University of Toledo, bringing together two institutions with distinctly different missions, histories, internal cultures, and leadership styles. This case study focuses on the challenges faced in uniting these institutions – building a stronger university capable of increased opportunities for students and community economic development while assuaging the fears of employees at both institutions. It explores the impact and importance of adapting leadership styles at different points along the merger continuum to engage the boards of trustees, the Ohio state legislature, state educational leadership, the faculty, administrators, students and communities to make this happen.

The historic, unanimous, bipartisan legislative vote to combine these institutions was the culmination of political strategy and leadership, but was the beginning of the real integration challenges: bringing together two cultures into one united whole. Symbols, communication styles and strategies, the importance of nonverbal cues, data dissemination strategies and other leadership lessons are presented as important tools to understand and employ.

Introduction

Something as complex as a merger between two of the most challenging types of institutions on earth requires someone at the helm who can flex their leadership style to meet the different needs of different groups at different times. It needs someone who can adapt and be effective in the myriad situations encountered throughout extensive complicated proceedings.

Situational leadership is the concept that “effective leadership is task-relevant and that the most successful leaders are those that adapt their leadership style to the [professional/intellectual] maturity of the individual or group they are attempting to lead/influence. That effective leadership varies, not only with the person or group that is being influenced, but it will also depend on the task, job or function that needs to be accomplished.”

The story of the 2006 merger of the Medical University of Ohio and the University of Toledo provides evidence of the power of situational leadership skills. The happy ending was possible because the right person emerged to lead the transition, over time, from two institutions with their separate cultures, unions, regulations, foundations, grants, accreditations, students, alumni, employees, reputations, and infrastructures into one larger, stronger, academically deeper, scientifically richer, more prestigious, more influential institution.

History of the Institutions

The differences between the Medical College of Ohio (MCO), later renamed the Medical University of Ohio (MUO), and the University of Toledo (UT) were evident from the beginning and throughout their individual histories. MUO began its life as a state institution, with a state name, born through state legislation in 1964. It had a rich tradition as a fine medical school, research institution, and health center. It had seen the coming and going of several presidents in recent years, culminating with the selection of Dr. Lloyd Jacobs, a vascular surgeon by training with an entrepreneurial approach to leadership that reflected the fast-paced culture of the College. MUO had a high risk tolerance, fast operational cycle times, and independent faculty.

The University of Toledo, conversely, began in 1872 as a city-owned school with a city-based name, a multi-faceted undergraduate and graduate institution which, by 2005, was part of the system of state universities in Ohio. The University of Toledo had seen its enrollment decline during the tenure of its own series of several presidents, and, like MCO, brought in a new leader to restore equilibrium. That leader was a smart, collaborative president who understood the UT culture of deliberative contemplation and thoughtfulness and the deeply seated beliefs in shared governance held by the faculty, which was organized under the American Association of University Professors (AAUP).

The idea of a merger had periodically arisen, but had never taken root. In 2005, following conversations between the two presidents, their boards, their faculty senates, and other university leaders, agreement was reached

to move forward with a merger under the leadership of Dr. Jacobs. The UT president understood the need for the right leadership style for the job and fully supported this selection. This was the first critical decision in the ultimate success of the merger: naming as its leader a person who had the vision to see the exponential potential of a combined institution, the political savvy to build coalitions, and, experience leading large-scale change. One who was skilled in adapting his leadership style to the evolving needs of the institution and its people throughout the transition. President Jacobs brought skills that were honed through a career that included four years in the Marine Corps, medical training at Johns Hopkins University School of Medicine in Baltimore, extensive experience as a vascular surgeon and professor at Wayne State University, and his roles as chief operating officer of the University of Michigan Health System, one of the largest systems in the country, and senior associate dean for clinical affairs at the University of Michigan Medical School.

Two institutions; two very different cultures, each adjusting from the reverberations of multiple leaders.

The Challenge

Universities and medical schools are complex institutions. These organizations provide a professional home for a broad range of gifted researchers, physicians, professors, educators, creators of words and pictures and theories and patents; learned thought leaders and practitioners. They are achievers; overachievers in many respects, used to success and autonomy. Professionals who are at home in their respective institutions, focused on their work.

These organizations are also home to multiple ancillary entities: foundations, special enterprise medical practice funds – individual 501 (c) 3 institutions bound by legal and regulatory constraints. Universities increasingly have economic development responsibilities and partnerships with local and regional governments and businesses as well as the accreditation requirements necessary to uphold the highest programmatic offerings. Each entity is filled with employees who are committed to the mission and to their institutions.

Successful accomplishment of a task of maximal complexity requires maximal ability to appropriately flex one's leadership style while maintaining a strong core, and bringing not only all of the UT and MUO employees, but all other constituencies into the change process, was a task of maximal complexity.

The Reality of the Merger

Jacobs noted, “As soon as it became clear that change was going to happen, 8,000 smart, talented people positioned themselves to protect the status quo.” Since all change is ultimately personal, there was an immediate recalibration from institutional-wide thinking to egocentric thinking. The combined leadership ranks needed to be thinned where duplications now existed. Alliances were formed, particularly among individuals who perceived their jobs to be at risk. Underlying rationales for decisions were pondered. Others’ behaviors were scrutinized for clues and cues as to whose jobs would be safe and whose would be at risk. A multitude of intentional and unintentional barricades were put in place by individuals or groups intent on protecting their careers. The uncertainty demanded that staffing decisions be made quickly to stem the fears and move forward, yet one culture’s penchant for shared decision-making and search committees threatened to slow the process. Some faculty members were rankled by the appointment of a president without a national search. Relationships were strained as the mettle of the president was tested by this group. Each situation required a customized approach to resolution. Some individuals were soothed by individual conversations and the opportunity for direct access and input. Others stood in solidarity with their group, calling for capitulation to their expectations.

That was the second critical point of success along the merger path – to recognize the special needs and concerns of individual constituency groups and provide appropriate means of learning and addressing their concerns. As is evident in the following paragraphs, the needs of the institution and individuals evolved over time.

Day 1 through Day 1500: Leadership Requirements

Between Day 1 through Day 1500, over the four-plus years of planning, meetings, staffing changes, contract changes, infrastructure enhancements, and policy changes, shaping the countless small and large decisions and directives, there was a shift from the operational to strategic, micro to macro, directive to inspirational leadership. The changes came at different speeds and in different ways for different groups, but all required a clear understanding and deft handling of the issues and the people. Periodic recalibration was required, as individuals responded in varying ways to the changes around them.

Management Style

Even before the merger was formalized, during the early discussions and negotiations, it was clear that in order for all stakeholders to support a major change, there must be a clear purpose that was easily communicated to, understood by all, and supported by data. Because the merger required legislative support, extensive work at the state level, with the state legislature, Board of Regents and the Ohio Governor was paramount in the preparation and unanimous passing of the merger legislation in early 2006, little more than four months after the merger discussions began in earnest. A research study exploring the potential benefits of a merger was commissioned and the results widely communicated. The political participants were well informed of the economic impact of a combined institution, including the creation of jobs, infusion of research dollars, and opportunities for small business development. Indications of the benefits of a merger were introduced during speeches and ceremonies to all audiences.

On day one, and in the early days of the merger activity, micromanagement ruled. There was laser attention paid to the multitude of rules, regulations, contractual obligations, and processes that needed attention. Communications with the leadership team were direct, task-focused, and by some, considered to be autocratic. To the broader internal and external community, the message was broader and more strategic, with constant reiteration of the opportunities created through merging and the shared mission of “improving the human condition.” Consistent updates on the progress and achievements of the merger process were disseminated across campus and the media.

A deluge of decisions were required, spanning issues from the name of the new combined institution to the type of gun that was legally able to be carried by the separate campus police departments; many were made by the president alone as a matter of timing or necessity. According to Jacobs, in the early post-merger months, the president maintained an internal focus, with time heavily devoted to, and split between, the two campuses and with minimal travel to the state capital or elsewhere.

By day 1500, however, there is little evidence of micromanagement and much evidence of delegation and collaboration. The pace of the changes has slowed somewhat, the constitution of the leadership team had changed, and there was time for soliciting ideas, inclusion and reflection. The president continues to communicate expectations of innovation and strategic thinking to improve the human condition and leaves the implementation planning to the senior executive team. He has appointed many cross-institutional and

interdisciplinary teams to focus on all key strategic initiatives and bring into existence new academic programs and medical research centers. The community support remained strong, but the focus has long shifted from the merger itself to the ever-increasing growth and economic development opportunities. There is by now an external focus, with attention directed at the national level to influence policy on higher education, health care and global competitiveness.

Stakeholder Groups

While the operational issues that arose demanded flexibility in approach over time, so did the various, and at times, conflicting interests of the employees, students, and donors. Internally, there were many challenges. Some on the old medical university campus felt “orphaned” because their president moved his office to the Main campus. There were concerns that they would be treated differently. Meanwhile, some of the old University of Toledo employees didn’t fully trust the president to put their interests on a par with those of the medical campus, believing that his allegiance remained there. It required vigilance to divide the time, power, symbols of the institution, and staffing decisions to show respect to both institutions equitably.

Some groups were more difficult than others. Little attention was paid on day one to the faculty, for example, with the assumption that they would simply continue to do what they always did – teach their classes. This inattention collided with the shared governance expectations of the UT faculty and led to some early confrontations over decision-making approaches. End-runs around the president’s credibility were concocted, and prodded serious reconsideration of the faculty culture. By day 1500, Jacobs is “much more awareness and sensitivity to the faculty as the repository of creativity and culture,” and due attention is paid to fostering this role.

The composition of the leadership team over time also illustrates another facet of situational leadership: the thoughtful selection of the right individual for the specific challenges of the time. On day one, successful members of the senior leadership team were those who could carry out instructions and paid strong attention to detail. Successful leaders today are those who are strategic thinkers, who can build and communicate a vision.

Perhaps the group of internal stakeholders least affected by the transformation into one university was the students themselves. From day one, the UT students viewed the cachet of a medical school with excitement,

and saw the merger more as an expansion of their university than a wholesale change. After all, the name was the same, just the programmatic offerings were different. That was not necessarily so with the students of the medical school, some of whom were deeply distressed that the name of the institution they had been toiling within for several years would be replaced on their diploma with one with which they had little or no emotional connection. Resolving these issues demanded a greater degree of emotional understanding than the structural or operational decisions generally required.

By day 1500, these concerns no longer exist. The graduating medical students came in under the new University of Toledo. With the expanded student population, the focus was, and continues to be, very much on the future, building new academic programs and degrees, such as the doctorate in biomedical engineering, that are possible due to the expertise of faculty on both campuses. Existing programs have been relocated to the campus that provides the most synergistic opportunities for integrated learning, adding to student success. Enrollment has increased each year since the merger, as have research dollars and grants.

The other group of individuals that required individualized, specialized attention was the donors, particularly the major donors of each institution. As President Jacobs knows, “donors give to the past, not to the future.” They are emotionally connected to an institution and their gifts reflect that connection. The emphasis from day one of the merger was to keep the current donors of both institutions, respect the donors’ heritage and relationship with their “old” institution and maintain their sense of connection to the new institution. Very specific actions were tailored to each major donor to communicate that respect and inclusion. Portraits were hung in visible places, named rooms were repainted, meetings with individual donors were held to emphasize their ongoing importance to the university – different approaches were tailored for different individuals with different needs.

Increased philanthropic contributions provide evidence of the continuing emotional connection between UT and its donors. And now, beyond day 1500, while the existing donor relationships continue to be carefully nurtured, there is considerable emphasis on building relationships with new donors, telling current students, alumni, and other interested philanthropists where the University of Toledo is going, what it can achieve, and inviting them to be part of that future.

The Current State

As one University of Toledo leader said, “a merger is a process, not a product.” Though much has transpired between July of 2006 and now, more work remains. Some operational challenges such as standardizing some processes, technology platforms, benefits plans, and policies across both physical campuses and employee groups still exist. Some small pockets of employees on both campuses continue to harbor feelings that the other is the “favored child.” Perceptions are hard to overcome and require attention to not only the messages, but to the nonverbal signals such as office space, availability, inclusiveness, and significant representation at leadership levels. Some challenges are the function of cost, others the function of perception. Versatility of leadership, reasoning, emotional intelligence will continue to be brought to bear on the current and future challenges in order to advance the mission of the University of Toledo.

The bridges between the focal points of the early days and the current days were built from several planks:

- A rock solid commitment to the necessity of the task ahead, and the commitment to bring the right people, ideas and actions together to see it through,
- A clear understanding on the part of the leader of his own style, an eye for others’ styles, and the wisdom to know when and how to flex, and
- A keen understanding of the personal and professional needs of each of the different stakeholders – individuals and groups, and how those needs will impact the immediate and long-term viability of the merger.

And while these qualities are critical for any leader undertaking major changes, they may be especially so for leaders in higher education exploring mergers as a response to the technological changes in learning delivery, aging and costly infrastructure, and changing demographics of student populations.

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Discussion

1. How would you, as a leader in a new, combined institution, address the differences between a “bias to action” and a “bias to contemplation and thoughtfulness?”
2. Both the University of Toledo and the Medical University of Ohio were created through legislative acts and the merger, therefore, required the Ohio legislature to pass a bill allowing the change. Then-Governor Taft signed into law legislation that unanimously passed both houses of the state legislature, a rare occurrence. How do you think that happened? What leaders at each institution do you think were involved, and what roles did they play?
3. What pre-merger steps do you think would be important to take to reduce any “cultural clash” between two institutions?
4. Why do you think the difference between faculty that were members of a union and faculty that were not unionized mattered?
5. Why do you think it was important to have a more micro-managerial style in the early months of the merger and a more strategic style with an emphasis on delegation as the merged institution matured?

Key Leadership Lessons

1. Situational leadership theory supports the notion that the most effective leaders adapt their leadership styles to the people and the specific work to be performed. While there is discussion among some authorities about the importance of consistency in style, this study of a very complex merger suggests that situational leadership was mandatory for success.
2. Complex changes require many hard decisions. The decisive, entrepreneurial leadership style of the president allowed the merger process to continually move forward. As time went on and the crush of necessary actions abated, both the input into the decision, and the implementation of the decision, were the work of collaborative teams of employees representing both institutions and communicated respect for all employees.
3. While specific messages were tailored to specific interests of individuals and groups, grounding the implementation work and all communications in the mission and values of the new institution constantly reinforced the shared interests of all parties.
4. All change is personal. Understanding the different needs of each stakeholder group, and communicating that understanding through actions targeted at reducing fear and building trust, are critical. It's very difficult to undo incorrect perceptions or mistrust.
5. A cultural impact analysis should be included as part of the due diligence for merger decisions in order to fully anticipate and mitigate integration and implementation challenges.

BIOGRAPHY

Cynthia H. Pepper is principal and founder of the Pepper Consulting Group, LLC, a consultancy specializing in organizational change, executive development, talent succession and best practices in human resources since 1985. She is considered to be an expert in human and organizational behavior, working with executives on cultural and leadership issues across industries.

Ms. Pepper received her BA from the University of Michigan-Dearborn and her MA from Eastern Michigan University and is a licensed counselor. She holds leadership roles on the boards of foundations and state and national non-profits and served as a delegate to the 1995 White House Conference on Small Business.



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CHAPTER TWO

1

Rural GP care after hours: Who wants to do the graveyard shift?

Grant O'Brien & Bernadette Doube

Summary

Background

Rural General Medical Practitioners (GPs) in New Zealand work longer hours than their urban colleagues due to contract obligations to provide what rural GPs describe as '*onerous on-call rosters*'. The published literature identifies after hours (on-call) responsibilities as the leading reason for poor recruitment and retention of rural GPs, closely followed by the impact that working longer hours has on their families. As a result, fewer GPs are choosing rural practice as a career choice, the existing workforce is aging and the sustainability of rural primary care is vulnerable. In 2008 - 2010 the Waikato District Health Board (Waikato DHB) in association with rural GPs invested new funding to reduce after hours rosters to improve the recruitment and retention of rural GPs.

Aim

To engage rural GPs and key stakeholders within the Waikato DHB region in a project to reduce onerous on-call rosters, improve rural GP recruitment and retention and sustain after hours services for the people needing them.

Design of project

An after hours stakeholder Project Board was formed including: rural GPs, service users (consumers), hospital staff, pharmacists, The Order of Saint John (St John), Primary Health Organisations (PHOs), Accident and Medical Services (A&M), funders and analysts. The Project Board identified options, guided their development and testing before recommending their implementation as viable solutions to meet the projects aims.

Setting

The Waikato DHB covers approximately 8 percent of New Zealand, from the northern Coromandel and close to Mt Ruapehu in the south and

from Raglan on the west coast to Waihi on the east coast. In 2011/12 the projected population was 365,730. Two thirds (66%) of the DHBs population live outside the main City Hamilton, in a range of sub-urban with rural characteristics to more isolated rural communities.

Method

The project was led by the Waikato DHB's Project Management Office (PMO). Reporting to the Project Board, the PMO used literature to inform the design and rural stakeholders to shape the options. Assessments were undertaken for cost, risks, quality, benefits and the impact on rural populations and community services such as police, funeral directors and aged care providers. Finally, a proposal was given to the Project Board that described:

- the options
- the evidence and rationale
- the cost and investment logic
- the benefits
- implementation advice
- communications, and
- risks and issues management plan

A paper was then submitted to the Waikato DHB Board recommending that new funding be allocated to implement the proposal.

Results

Short-term 'soft and hard' evidence suggests that the new after hours services could contribute to improved recruitment and retention of rural GPs, but accurate assessment can only occur over several years. A Post Implementation Review revealed that appropriate use of after hours services improved as did stakeholder satisfaction. Rural GPs assessed the performance of the new services highly .

Conclusion

A new stakeholder designed, 'model of after hours care' was assessed as meeting the needs of rural GPs, rural health stakeholders including consumers. Their active involvement combined evidence with experience, common-sense and pragmatism to shift the current state model of sole rural GP provided after hours care to a future state integrated shared care approach that involved other rural health providers. The introduction of nurse led telephone triage meant that for many people health care advice can be obtained without leaving home. St John rural ambulance services have new capacity to improve access to their services and urgent transport

to care. And rural GPs reduced their time on call by almost 25% to an average of 416 hours per GP in 2012 down from over 2000 hour in 2008, and with no significant adverse events reported. The ultimate test of solutions such as these is their sustainability over time which can only be achieved with a workforce that chooses to reside and work in rural areas.

Keywords: Rural GPs, onerous rural GP on-call rosters, rural GP on-call

Article

Background

Rural GPs in New Zealand have more stress and work longer hours than GPs working in urban settings¹. Rural areas often have higher representation of people with lower socio economic status, higher deprivation and Maori and Pacific Island populations which can lead to problems meeting specific cultural, access (transport) needs and ability to afford health care. In addition, seasonal fluctuations due to holiday makers and agricultural workers often overload rural health services. The published literature identifies the major issues facing rural GP recruitment and retention are; onerous on-call responsibilities and impact on their spouse and families, difficulty in finding and funding relief GPs to cover holidays, attendance at continuing medical education, meeting the demand from seasonal fluctuations particularly in seaside communities; and the diminishing rural GP workforce². One of Waikato DHB's six strategic priorities is, sustaining essential rural health services.

Introduction

As part of the provision of quality primary health care, it is important that all people have access to timely, quality, appropriate and safe primary health care when they need it. New Zealand's geographic population spread and an aging GP/rural health workforce, has meant that access to and delivery of urgent medical care after hours in many parts of New Zealand is increasingly facing a range of difficulties³. This case story describes the solutions that the Waikato DHB has implemented to overcome those problems.

These solutions described in this case story were designed by rural GPs and supported by other rural health service stakeholders and implemented to ensure an improvement in access to a sustainable rural GP workforce. Solutions were informed by published rural health literature but above all the aspirations of rural GPs for a strong resilient and sustainable rural primary health care sector.

So why did we do anything?

The ability to retain a rural GP workforce is dependent on the ability to recruit one. Without new GPs choosing rural practice, the current aging workforce will retire and rural communities could be left without essential local primary health care.

In 2005 staff from the Waikato DHB and the Hamilton based Pinnacle GP Network (now the Midlands Health Network) visited every rural GP to hear their concerns and ideas for improved recruitment and retention of their workforce. The GPs were frustrated and fed up with bureaucrats repeatedly asking them to identify the issues and solutions and then ignoring their pleas for health funders to 'listen and act'.

GPs were working onerous rosters which meant many were on call as often as every second night and every second weekend. New graduates were not choosing rural practice unless the job did not require participation in after hours rosters. Other factors identified at those meetings included: risk factors for GPs traveling alone at night to remote areas or to visit the homes of people not known to them, and frequent inappropriate use of after hours services. A major concern expressed by GP spouses related to their role in taking calls from unwell people while the GP was out on home visits during the night which impacted on their ability to function as a parent for their children the following day. Remuneration for on-call services was poor and often patients could not afford to pay the GP. Debt levels in rural practices were high.

These meetings were invaluable in emphasizing the issues which if left unaddressed would result in the loss of a significantly important rural health workforce.

The drivers for change in this area of health care are summarized as:

- an aging, and in some cases 'burnt-out' rural GP workforce
- risks through isolation
- poor workforce recruitment and retention
- changing population demographics leading to increased demand
- unsustainable rural GP models of stand alone service provision
- the health and wellbeing of GPs and their families
- legal and contractual requirements including those in respect of safe working conditions and employment arrangements
- market failure in the supply and demand for rural relief locum GPs

What did we do?

Provided new, district wide free to use telephone nurse triage services, increased St John rural volunteer recruitment support, established after

hours hubs at rural hospitals, funded rural GP sub hubs in areas too far from a rural hospital, and piloted weekend GP services in a Rural Hospital Emergency Department (ED).

After hours telephone nurse triage

Studies have shown that telephone triage is an effective means of:

- managing consumer demand to non urgent health care out of hours
- improving consumer access; and
- facilitating appropriate attendance at an after hours service or emergency department

During the telephone triage process, trained nurses use decision support protocols to make patient assessments and advise the caller on the type of care needed⁴.

Telephone triage is not a diagnostic service; rather it is designed to:

- provide recommendations and help callers make informed healthcare decisions; and to
- provide 'over the phone' self-care advice appropriate to the presenting symptoms and level of care needed

Telephone nurse triage services are best described as triage advisory services supporting other local GP or rural hospital provided after hours medical services. They are not treatment services but through improved and new technology they could become a major provider in the provision of rural after hours medical care.

St John volunteer support

The fact that many rural New Zealand communities are unlikely ever to have the range of medical and health services that are available in large urban centers should not be a matter of major concern, so long as rural populations have access to appropriate high quality safe and accessible primary health care including St John ambulance services.

Experience will show that there is no one model of care capable of meeting the health needs of diverse rural communities. St John provides the only fully mobile health service that is available in rural areas on a continuous basis, 24 hours of the day and 365 days of the year. They provide services on a continuum from care and support in the persons own home through to emergency life support and transport to Hospital. The services are provided by a mix of paid ambulance paramedics and volunteer ambulance officers where numbers had declined over recent years.

Funding to provide dedicated staff to develop and implement enhanced St John volunteer recruitment approaches is an investment in the sustainable future of these essential rural health services.

After hours hubs at Waikato DHB rural hospitals

The New Zealand Institute of Rural Health (NZIRH) describes the role of New Zealand rural hospitals “as a rich tapestry and part of New Zealand rural folklore, together with rural schools and churches they have been the hubs of rural communities”⁵. Waikato DHB has four of these “rich tapestries and folklore” at Thames, Tokoroa, Te Kuiti and Taumarunui. They provide 24/7 services to rural populations that are dwindling in size, aging and in need of different health care services. After hours hubs at rural hospitals were established to provide urgent primary health care to their local populations out of hours. Before the establishment of the hubs services were being duplicated by rural hospital ED’s open 24/7 and rural GPs often just down the road also on-call. The after hours hubs work in collaboration with rural GPs who share after hours responsibilities. GPs provide an extended week day service from 5pm to 8pm and a four hour weekend clinic. At all other times telephone nurse triage services refer patients needing medical care to the nearest rural hospital after hours hub. The dwindling number of people using a GP weekend after hours service meant that maintaining two independent 24/7 services in rural area was neither sensible in 2012, or sustainable.

Rural GP sub hubs

These are funded rural GP run after hours services for people who live greater than 45 minutes travel to a rural hospital after hours hub. Located in Matamata, Whangamata, Whitianga and Coromandel they provide 24/7 access for local people who need or are referred for urgent medical care by telephone nurse triage service.

Weekend GP clinics in ED

Rural workforce shortages challenge the sustainability of health services. Changing demographics and demand described above has resulted in removing the duplication between after hours services provided by rural GPs and the local rural hospital. The sustainability of both services is only likely to be achieved if the services work together. Joining up weekend GP after hours care with rural hospital weekend services is a practical way of ensuring access to health care for people who need it and improving the sustainability of both services.

The benefits

The ultimate benefit is the ability to measure the availability and cost of urgent out of hours health care to rural populations that are sustainable, safe and affordable, where as the services they replaced were fragmented, duplicated and provided with little regard to the safety of the workforce that

provided them. Approximately, 97% of the Waikato DHBs rural population now have measurable access to safe affordable 24/7 urgent medical care out of hours within 45 minutes travel, an improvement on the New Zealand Ministry of Health's requirement for 90% population access within 60 minutes travel.

The results

In excess of 64,000 people called the telephone nurse triage service and 80% of the calls were managed on the phone by the triage nurse giving advice to the caller and the remaining 20% were referred to the nearest rural hospital hub or rural GP sub hub.

A total of 38 volunteer ambulance officers were recruited and trained to assist in the provision of emergency ambulance services to rural communities. These valuable services meant the difference between ambulance service sustainability in rural communities or not. Volunteer ambulance crews are normally 'first responders' and can provide enhanced assessment information to the ambulance emergency 111 communications center from where other supports and resources are dispatched based on need.

Rural hospital after hours hubs have improved access to medical services out of hours and consumer surveys show both satisfaction and confidence that the service is available locally. There is also a sense amongst some people that centralizing services such as after hours care will lead to the sustainability of rural hospitals.

After hours sub hubs staffed by GPs, provided service access for people in need of urgent medical care where travel to the nearest rural hospital hub would be inconvenient or increase risk to the person. Sub hub GPs report that:

- the people referred to them by telephone nurse triage are appropriate referrals
- funding for sub hubs has improved the sustainability of these services; and
- anecdotally, improved rural GP recruitment and retention.

A total of 325 people were seen by GPs in ED during the 13 week pilot. At an average of 25 people per clinic, access to weekend after hours GP services increased by 17 people or 68% compared to the previous model of GP clinics at their own premises where an average of 8 patients were seen each weekend. The evaluation of this service showed that in each 6 hour clinic the GP in ED saw >50% of the total ED demand for the day.

Finally, rural GPs are spending less time on-call at an approximate total of 416 hours per annum/per GP in 2012 down from an average of 2080 hours in 2008 for most rural GPs on a 1:2 roster.

Conclusions

Consumer and GP satisfaction with the after hours services is high. Prior to the introduction of these after hours innovations GPs were stressed and frustrated with the contractual obligations on them to provide a 24/7 service and in many rural communities wide variations existed in the way these services were provided. And In some rural communities no services after hours were available at all. The improvement in appropriate referrals to their services by the nurse triage services meant they had less calls, had greater uninterrupted sleep and could arrive at clinic the following morning refreshed and ready for work.

Staff at rural hospitals were initially concerned that people would not see their GP during normal clinic hours and would wait until after hours to be seen for free at the hospital ED. Evaluation shows that access has increased but no more so than what could be expected through normal population demographic changes.

For people living within the Waikato DHB area telephone nurse triage services are free to use and a face to face consult with a medical professional is available to 97% of the population within 45 minutes of the service. This significantly exceeds service coverage obligations on District Health Boards..

While the investment in after hours services across the Waikato DHB has resulted in an improved GP and DHB relationship little is known about the impact these services have had on the actual recruitment and retention of the rural GP workforce. Anecdotal information from GPs suggests that reducing the onerous burden of providing an after hours service has improved workforce morale and rural GPs are more likely to stay longer in rural practice than the model of care it replaced.

Finally, the true success of these services has to be the impact on workforce. As stated above, this requires a longitudinal formal investigation; however in the absence of this evidence a more pragmatic conclusion can be drawn from the conversations that have occurred with rural GPs where overwhelmingly their support for the continuation of the new services is evident.

Lessons Learnt

No project is complete without identifying those things that worked well and were valued and those that did not. Lessons learnt from projects add to the knowledge base of project management, so that costly mistakes are not repeated and more of the successful interventions are.

This project set out to address rural GP recruitment and retention. What resulted was a changed model of care for the provision of after hour's services to rural people through collaboration and integration. The learnings to take from this project were identified by the 'architects' of the services, those rural GPs and stakeholders themselves, as:

- the importance for decision makers and health funders to 'listen and act'
- the early engagement of key stakeholders and their ongoing involvement throughout the project life cycle
- the empowerment of key stakeholders to have control and influence over the services they provide
- communicate, communicate, communicate. Take a 'leave no stone unturned' approach to keep people informed
- the mix of evidence and pragmatism is a successful recipe
- representative project governance groups are important. Ensure the people there are decision makers
- dedicated project management resource to do the work is preferred to stakeholders having to do it all
- identify benefits that are measurable and can be realized
- ensure the services are sustainable over time and provide value for money, and ensure and support local solutions for local people

Finally, this case story is dedicated to those great rural GPs and wonderful rural health stakeholders who through collaboration, now work 'the graveyard shift' to protect the health and wellbeing of rural people.

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Discussion Questions

1. In the lessons learnt section, what does “ensure and support local solutions for local people” mean to you in your setting?
2. What do you think are the risks, issues and benefits to rural populations from Integrated Health Care, and shared provision of after hours care?
3. How do you think technology will make a measurable impact on rural health service delivery in years to come?
4. How could you argue that increased funding for rural health services would improve primary production in the New Zealand economy?
5. How much do you think these outcomes have been influenced by the tension between public and private funding and service delivery? Rural hospitals are “publicly funded” and primary care receives significant public funding but operates a private business model.

BIOGRAPHY



Grant O'Brien is a Change Manager at Waikato District Health Board, leads a Project Management Office (PMO) and the Waikato DHB's Strategic Rural Health Portfolio. He has a Masters Degree in Public Policy from Victoria University of Wellington and a background in Community and Social Change. He has over 20 years experience in the public health sector, in clinical, management and more recently change management roles. He was awarded a WHO Fellowship in 2003 to study 'Aspects of a Primary Led Sector', and in 2007 he undertook a sabbatical to study Primary Health Care Developments at London's NHS. His current research interests include: The sustainability of rural health services through integration and new models of care, development of 'Inter-professional workforce' as the sustainable rural health workforce of the future and the role and function of Advanced and Extended Care Paramedics as core rural health professionals.

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BIOGRAPHY

Bernadette Doube is an innovative project manager with international experience as an organisational development specialist and a company director. Bernadette's career started as a speech and language therapist transitioning over time from clinical practice to clinical research. Throughout her career she has been involved in organisational learning and development in both the public, private and voluntary sector. Bernadette has been involved in tertiary teaching in the UK and New Zealand and she has organised and contributed at international conferences. Her commitments include directorships of several organisations and she has developed a special interest in not for profit governance and leadership. Currently, Bernadette runs her own consultancy business focussing on governance development, change management projects, strategic planning and implementation.

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2

SMILER: How Project Monitoring Supports Learning and Action

Susan L. Hahn & Guy Sharrock

Catholic Relief Services

Introduction and Background

“Managing for results” is a well-used maxim in management literature. For many nonprofit organizations, sustainable performance is defined in terms of positive change in the lives of the poor and disadvantaged. In international relief and development work, non-governmental agencies (NGOs) are proficient at defining these positive changes in concrete terms and planning for baseline and final surveys to document those results. A robust system to monitor progress is, however, often neglected. Those that exist tend to be ad hoc and insufficient to sustain ongoing learning and performance management during project implementation.

Project managers can manage for performance only with a comprehensive monitoring system in place. This case study will describe Catholic Relief Services (CRS) approach to creating an efficient and effective system to monitor a project. The case study will show how CRS collects and reports data in a complete and systematic manner thereby creating opportunities to use the data to make decisions during implementation of the project. By installing such a monitoring system, CRS can document progress of a project and use that information to manage for results.

CRS is an international agency that serves poor and marginalized people in over 100 countries in Africa, Asia, Eastern Europe, and Latin America. CRS works in partnership with local organizations and supports sustainable programs in agriculture, agribusiness, civil society, education, emergency relief, health, HIV&AIDS, microfinance, and peacebuilding. While the local Church social service agency is a primary partner, CRS works with a wide range of local organizations similar to the nonprofits serving the disadvantaged in the United States.

CRS' framework for M&E includes a standard set of terms and tools to assist staff in designing, implementing and managing projects,¹ including M&E. The approach to creating an M&E system is called SMILER, which stands for Simple Measurement of Indicators for Learning and Evidence-based Reporting.

SMILER organizes the development of an M&E system into easily understood parts. SMILER is the backbone of a project because it links the project's objectives and their indicators to a system to collect, analyze, and report on data. SMILER includes mechanisms to turn data into useful knowledge that supports sound project decision making and ensures that all staff have a clear understanding of the project and their role in monitoring its implementation.

The SMILER diagram provides an overview of the major documents in a comprehensive M&E system. The elements are arranged into three components: getting organized, setting up, and designing forms and formats.

Staff design the M&E system for their project using the SMILER framework. This activity takes place in the early phase of project implementation after funding has been awarded. As documents are produced, they are labeled, dated and put into a project M&E Operating Manual, which is both hard and electronic copy. *Table 1* presents a brief description of the documents in each of the three components.

¹ There are three manuals in the CRS project management series. ProPack Project Design and Proposal Writing (2004); ProPack II Project Management and Implementation (2007); and ProPack III A Guide to Creating a SMILER M&E System (2010), from which this chapter is drawn

Table 1: SMILER Components and Documents

Component	Documents to complete and insert in the M&E Operating Manual
1. Getting Organized	<ul style="list-style-type: none"> • Table of Contents – list of all of the documents in the M&E Operating Manual • Purpose Statement – short list of broad objectives of the M&E system • Stakeholder Analysis – list of people and groups who have a stake in the project along with their specific information needs. This analysis ensures that the M&E system responds to their needs • M&E Working Group – list of people who will oversee the implementation of the M&E system and work out problems
2. Setting Up (these documents are usually completed as part of the project proposal)	<ul style="list-style-type: none"> • Results Framework – one page diagram that shows the hierarchy of objectives¹ of the project at a glance • Proframe/M&E Plan – Proframe² is a table that lists the objectives, indicators, measurement methods and critical assumptions; M&E Plan provides additional detail • Indicator Performance Tracking Table – table listing each of the indicators and targets entered by year, along with achievements by year; allows for annual tracking of targets • Detailed Implementation Plan – table in which specific detailed tasks are listed along with an M&E calendar; these documents guide day to day implementation
3. Designing Forms and Formats	<ul style="list-style-type: none"> • Data Flow Maps – one-page diagram(s) that shows the flow of data-gathering and report forms and how they relate to each other • Data-gathering Forms – forms to be filled out by project participants or staff to collect data • Reports – documents completed by project participants or staff to report to the next level of management and to the donor • Instruction Sheets – guidance on how to complete each item in the data-gathering forms and report formats • Community-based M&E – plan on how to effectively engage community members in the collection and analysis of the data to ensure their voice informs project management and direction • Data Management – plan for the system to manage project information, e.g., spreadsheets, data management software, information and communication solutions • Communication and Reporting Map – diagram that shows the flow of reports and communication to the list of stakeholders • Learning to Action Discussions – prompt questions that ensure a thorough analysis of the data and their use in making project decisions • Capacities and Resources – review of the human and financial resources for the M&E system and plans to amend as needed • Reports and Evaluations – already in the data flow maps representing key outputs of the entire M&E process

¹ The CRS hierarchy of objectives are: Goal, the longer term change to which the project will contribute; Strategic Objective, the benefits achieved and enjoyed by participants at the end of the project; Intermediate Result, change in behaviors based on successful delivery of outputs; Outputs, the goods, services, skills, attitudes, knowledge delivered to participants; Activities, tasks to be undertaken to deliver outputs.

² The Proframe is the CRS version of a logical framework, or logframe, which is a commonly used tool in international work.

Case Study

The CRS program in the Democratic Republic of Congo (CRS DR Congo) is implementing a project to test and disseminate improved agricultural production systems based on no-tillage agriculture (NTA) to 8,200 households. NTA is a system based on the following principles: a) minimizing soil disturbance through the growing season, b) maintaining permanent soil cover, and c) diversifying crop rotations. This approach is in contrast to traditional agriculture practices that typically include “slash and burn” to clear the land for planting and a schedule for weeding during the growing season. CRS DR Congo works through three local partners, each covering a different geographic area within two administrative districts of the country.

Using the CRS hierarchy of objectives, the objectives for the NTA component are:

- **Strategic Objective: Targeted families have increased crop production**
 - o **Intermediate Result: Farmers have adopted no-tillage agriculture and improved natural resource management practices on their family farms**
 - **Output 1: CRS with partners staff develop training materials**
 - **Output 2: Women and men farmers gain skills and knowledge in NTA techniques**
 - **Output 3: Farmer groups install demonstration plots**

Each of these objectives has one or more indicators to enable staff to track progress at the Output level, behavior change at the Intermediate Result level, and impact at the Strategic Objective level.

While NTA is the focus of this case study there are several related initiatives in the project including: 1) research on the NTA experience and dissemination of findings, 2) seed vouchers and fairs to promote the use of quality local seeds, 3) village savings-led credit to encourage savings and investment, and 4) agribusiness to enable farmer groups to market their agricultural products.

The challenge for the CRS DR Congo staff was to develop an M&E system that enables them to collect data based on the indicators for each objective; to establish mechanisms to analyze the data and make decisions; and to write reports that accurately reflect progress in a timely manner. Staff used SMILER to accomplish these tasks.

This case study focuses on selected documents created for the CRS DR Congo M&E system. These documents show how SMILER enabled staff to ensure a comprehensive approach to data gathering and reporting, and to encourage full use of the data for making decisions during project implementation.

- **Data Flow Map**
- **Reports and managing for results**
- **Communication and Reporting Maps**
- **Learning to Action Discussions (LADs)**

Data Flow Maps

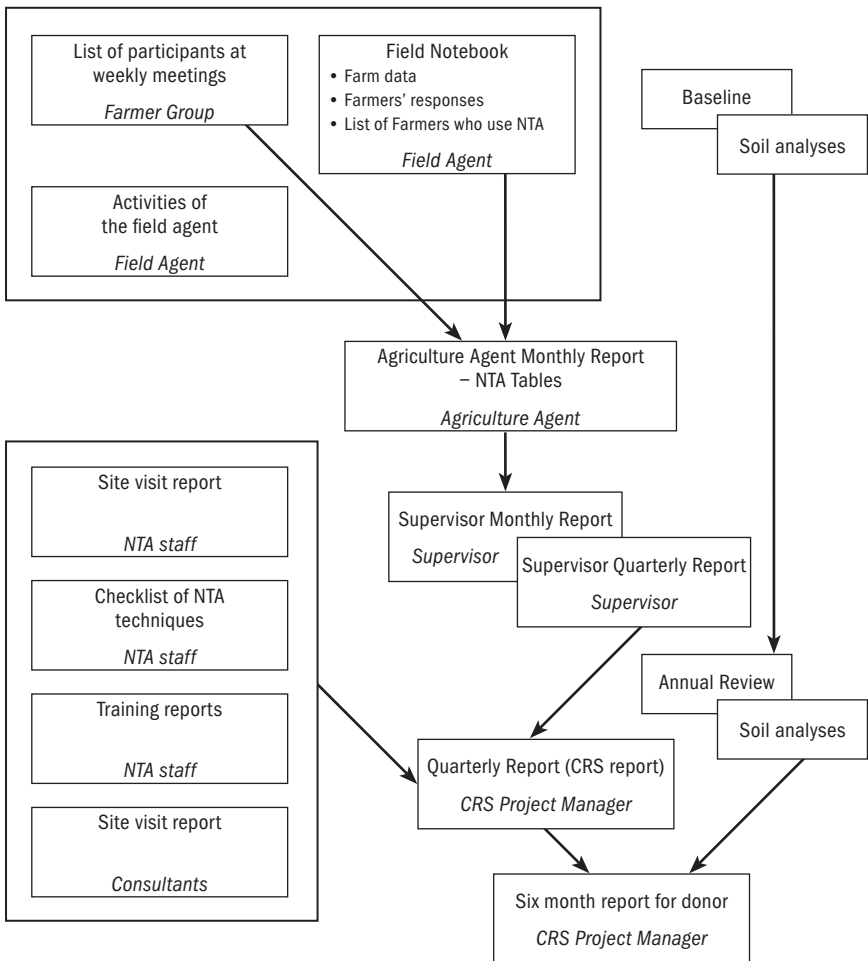
The data flow map is a diagram that shows the data-gathering forms and report formats that are required to collect data for each of the indicators. See the CRS DR Congo map below. First, note the bold-bordered box at the top and its contents. These are the data gathering forms used at the village level at the demonstration plot. Each of the documents listed represent a data-gathering form. Similarly, the bold-bordered box on the left contains reporting formats from site visits or training events. Other boxes represent the various reports to be completed during project implementation starting with the monthly report from the agriculture agent to the six month report due to the donor.

Once the maps are drafted, staff design each of the data-gathering forms or report formats within the map. All of the indicators for progress and impact must be accounted for in one of the forms on the data flow map. This process ensures that data gathering is done in a comprehensive and purposeful way. Data can be tracked from the source to the various reports; critically, from an accountability perspective, a data audit trail is created.

These data flow maps are central to the SMILER approach of developing a comprehensive M&E system. In CRS Country Programs that have used SMILER as their framework, the data flow maps were immediately understood and found exceedingly useful by all staff. These maps are the key to developing a logical flow of relevant and useful data-gathering forms and report formats.

Now that the basic process for collecting data has been described, the next section shows the data trail for one indicator and how that information helps staff manage the project.

Figure 1: **Data Flow Map:** Farmers adopt no-tillage agriculture and improved natural resource management practices on their family farms



Reports and Managing for Results

In the CRS hierarchy of objectives, an Intermediate Result is usually interpreted as a behavior change on the part of project participants. In this case study, the Intermediate Result is the uptake of NTA techniques by targeted farmers. The theory underlying this project is that by adopting NTA techniques, farmers will increase productivity; if not adopted, productivity will not improve. Success at this level of project achievement is vital, and necessitates careful monitoring.

By monitoring this Intermediate Result on a regular basis, project managers can assess whether farmers are using NTA or not. This is invaluable performance management information: If yes, what activities can be reinforced to ensure even better uptake of the techniques. If yes, but not completely as recommended, what alterations are needed to make sure NTA is seen as useful to farmers? If no, why not and what needs to be done? Perhaps there are legitimate reasons why farmers are not able to use NTA. These reasons need to be understood and addressed. Perhaps the NTA trainers are not doing a proper job of teaching the techniques, or farmers remain skeptical for different reasons. Whatever lies behind the lack of uptake, it needs to be assessed and management plans need to be adjusted. The picture below is the village demonstration plot and compares the different yields with the NTA and traditional techniques.



When are participants expected to adopt the NTA techniques? Monitoring should begin within the same timeframe so that project staff can manage the project for the best outcomes. The following section describes the monitoring system set up by CRS DR Congo staff that enables them to collect data on farmer adoption of NTA and to report these data in a way that is useful for project decision making at different management levels.

How many farmers adopt NTA techniques?

These data are collected by the field agent who manages the demonstration plot and visits the farmer fields where the information can be verified. The following data-gathering form, filled out by the field agent, collects information on this important indicator.

Table 2: Farmers who apply NTA – Field Agent Data-gathering Form

#	Date	Farmer name	Sex		Category		Size of plot where NTA is applied
			M	F	Direct participant	Other farmers	
1							
2							
etc							

This table is simple and clear, although do not underestimate the time it takes to think it through and design. Field agents who collect the data often have very basic reading and writing skills; forms often have to be translated to one or more local languages. Good form design correlates positively with the quality of data collected.

Instruction sheets are written for each form that clearly state how to answer each question or fill in each box. See the “date” in *Table 2* – is it the date the farmer registers in the farmer group? Is it the date of a visit to the farm by the field agent? Seemingly simple data can cause confusion among those responsible for completing the forms in the absence of an instruction sheet. They help ensure that data are collected in a consistent manner throughout the project; in the CRS DR Congo project, there are thirty-two extension agents spread across three administrative districts.

Second, all farmer-related information for this project is disaggregated by sex so these data are collected in the data-gathering form. Women farmers play a large role in the farming cycle and they are targeted in this project, so it is important to track how many women participate.

Third, while this project has direct participants, those who choose to participate in the farmer groups, staff also wanted to collect information on “other farmers” who are not part of the group but learn from those who are. There was anecdotal evidence of this second stage learning so staff felt it was important to collect data on this important, non-planned success.

Fourth, the last column enables the field agent to assess how much land the farmers are using to try out this new NTA technique. Over the life of the project, staff can see how much land is under cultivation using NTA.

An agriculture officer supervises the work of five or six field agents. Each month, the agriculture officer collects and checks the data from their field agents and fills out the following table as part of their monthly report.

Table 3: Farmers who apply NTA – Agriculture Officer Monthly Report

	Name of site	# of Direct Participants		Size of family farm		Size of plot where NTA is applied		Total # farmers		Total NTA area
		M	F	M	F	M	F	M	F	
1										
2										
6										

With this table, the agriculture officer can see, by site, the number of farmers who are adopting NTA, by category of participants (direct and other) and by sex. The same table is used at the next level of reporting, that of the supervisor, who oversees the work of two agriculture officers.

For the CRS quarterly report, however, the details on every site are not needed, so the data are reported on each of the CRS partner organizations.

Table 4: Farmers who apply NTA techniques – CRS Quarterly Report

Project area	# of Direct Participants		Size of family farm		Size of plot where NTA is applied		Total # farmers		Total NTA area
	M	F	M	F	M	F	M	F	
Partner 1									
Partner 2									
Partner 3									

With this example of one indicator, the application of NTA techniques, one can see how data are collected and used through the reporting system. The data are displayed in a way most useful to each level of reporting. The agriculture officer needs the details; the CRS office does not, but would have access that that information at the partner level if required. The data audit trail is clear and transparent.

Now, let us turn to the SMILER mechanism to support the use of information and reports for decision making by project staff and learning among the project stakeholders.

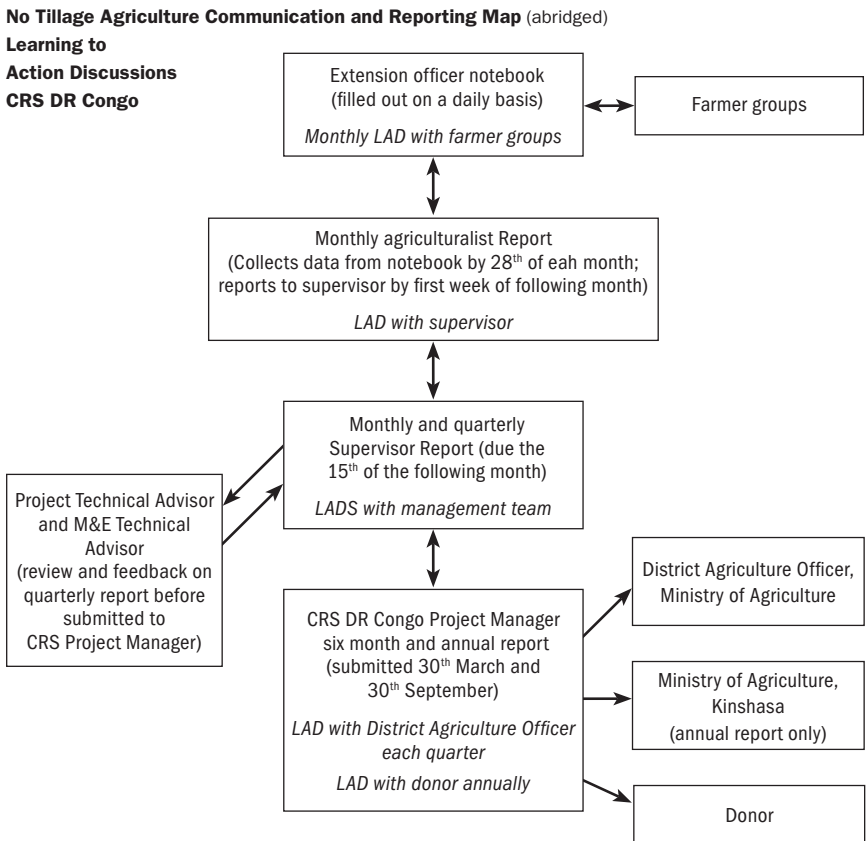
Communication and Reporting Map and Learning to Action Discussions

The Communication and Reporting Map tracks the reports through the

different levels of management and to the donor. The map also includes information on who writes the report and when it is due. This mapping process stimulates discussion on who, what and when of the reporting process; the transparency and clarity is always appreciated by staff.

The abridged Communication and Reporting Map for DR Congo seen below shows that several reports are discussed with a variety of stakeholders. Staff from the Ministry of Agriculture at the district and national levels receive the six month and annual reports. Not all stakeholders require a written report. A monthly review with the farmer group, for example, is a discussion of the information collected by the field agent. SMILER ensures NTA project reporting is based on robust evidence and accountability to the participating farmers, the donor and others who bear responsibility for agriculture development in DR Congo.

Figure 2: **Farmers who apply NTA Techniques – CRS Quarterly Report**



Too often staff undertake M&E solely to write reports for donors. While accountability to a donor is clearly essential, SMILER changes this mindset by providing a framework and a set of questions to ensure that quality data are used as well for better project management and implementation. Learning to Action Discussions are opportunities at each level in management to discuss and analyze the data, and agree on the implications for next steps. While these exchanges can take place at any point, the submission of written reports provides opportunities to reflect on the data. The LADs usually have a direct bearing on the subsequent action plans for individuals and ultimately on the course of the project.

LADs focus on key elements of sustainable performance: listening, understanding and learning, and action. *Table 5* notes the kinds of questions that are used to prompt conversations on project progress. These questions are not another form to fill out, but are meant to support a good discussion among staff and other stakeholders.

Table 5: Sample prompt questions for Learning to Action Discussions

Listening, Understanding and Learning	Action
<ul style="list-style-type: none"> • What did we plan for the month? • What did we achieve this month? <ul style="list-style-type: none"> o Review of data o Review of successes and challenges o Who has benefited? • What happened that was unexpected? • How are our results contributing to the project's Strategic Objective(s)? 	<ul style="list-style-type: none"> • What initiatives are going well? • What initiatives are not going well? • If activities change, who needs to be informed and how will it be done? • How can the community be informed? • Who is committing to what?

This case study has shown how data flow maps help staff organize their approach to data collection ensuring that all of the indicators are addressed in the monitoring system; how data-gathering forms and report formats can be structured to ensure that data are collected and reported on in a meaningful way; and how communication and reporting maps and LADs help ensure that the data are used for decision making in the project.

Conclusion

There are no easy solutions to DR Congo's food security challenges. While NTA may prove to be an effective intervention, the results are not guaranteed. Africa is littered with failed "great ideas." Farmers, particularly those who live on the edge of survival, are risk adverse and reluctant to

change agriculture techniques despite data that document success in other areas of the world.

This case study shows how farmer application of NTA is monitored and reported on. It is only through systematic monitoring that project participants and staff can review the difficulties and success of the uptake of NTA techniques on each family farm and adjust the project as needed to ensure a more successful outcome. A baseline survey and final evaluation provide important information but are not a substitute for a robust monitoring system that supports ongoing learning in a timely fashion.

Monitoring systems can be challenging to set up. This case study has shown how data are gathered and reported on for one indicator, i.e., application of NTA techniques. NTA is but one initiative in this project; there are also components on research, seed vouchers and fairs, village savings-led credit, and agribusiness. Each of these initiatives will have its own data flow map, data-gathering forms and report formats. Thus, depending on the scale and complexity of a project, a SMILER monitoring system will comprise a number of maps, forms and formats.

A comprehensive M&E system is the backbone of sustainable project performance. The CRS SMILER approach is a practical method for developing an M&E system that provides operational clarity and guidance. SMILER breaks down the very complex task of developing the system into easily understood and manageable parts. The data flow maps are central to creating a logical and useful set of data-gathering forms and report formats. The task of designing each of the data-gathering forms and report formats, along with specific instructions for each item takes time. But this thorough approach helps ensure that data are collected and reported in a consistent and reliable way. Accountability to project participants and the donors is significantly improved with this data audit trail.

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Discussion Questions

1. What are the key lessons you have learned from this chapter?
2. As a project manager, how might you demonstrate your attentiveness to good project monitoring?
3. If monitoring is intended to support better organizational learning, what else does a project manager need to address to ensure the learning benefits are realized?
4. How might project managers assess the merits of an M&E system?
5. As a project manager, do you think the authors make a convincing case for a link between M&E and sustainable performance?
Explain your answer.

Discussion Solutions

Q1: What are the key lessons you have learned from this chapter?

Teaching goal: to emphasize the importance and characteristics of sound project monitoring for sustainable project performance

Learning objectives

- need for a comprehensive and logical monitoring system in order to manage for results
- importance of a framework for M&E system design
- project objectives and their indicators must link to a system for collecting, analyzing and reporting information

Answers

- projects cannot be successfully implemented without good project M&E
- there is much to be gained in having a systematic approach to setting up a project monitoring system
- the objective of the monitoring system is to link projected and reported activities in a manner that is transparent and accountable

Q2: As a project manager, how might you demonstrate your attentiveness to good project monitoring?

Teaching goal: to consider the critical importance of management use of project monitoring data

Learning objectives

- the value of a monitoring system is primarily defined by its utility to decision makers
- project managers should seek to use monitoring data to understand the underlying reasons for project achievement or failure at all levels of project activity

Answers

- there is little value in having a sound monitoring system on paper if information outputs from the system are not utilized
- utilization depends in part on the quality and timeliness of the information generated
- project managers can demonstrate their attentiveness to good project monitoring by modeling their own use of such information

Q3: If monitoring is intended to support better organizational learning, what else does a project manager need to address to ensure the learning benefits are realized?

Teaching goal: to consider the wider institutional context within which project M&E takes places

Learning objectives

- project managers have an important role in nurturing a culture of organizational learning
- there are various ways to incentivize learning within an organization
- learning benefits are realized through follow-up decision making and action

Answers

- in addition to their own use of M&E information, project managers can clarify their expectations of others in order to reinforce the practice and use of M&E within a project
 - o project managers can support good M&E practice through the project's staff performance appraisal system
 - o investing in resources to support learning and sharing of M&E information
 - o the explicit inclusion of M&E in project meetings
 - o by asking pertinent questions in a manner that seeks to probe deeper understandings of project outcomes arising from implementation activity

Q4: How might project managers assess the merits of an M&E system?

Teaching goal: to reflect on how the performance of project M&E systems can be assessed

Learning objectives

- the allocation of resources to M&E activity must be periodically assessed to ensure good value is being derived
- there are different aspects to such an assessment

Answers

- project managers can judge the performance of an M&E system in a number of ways, including
 - o reports contain information that links plans to outcomes with robust supporting data
 - o M&E information is available in a timely manner
 - o management decisions are informed by M&E data
 - o the project is responsive to changes that arise in the course of project implementation
 - o there is a sense that M&E really is the backbone of the project

Q5: As a project manager, do you think the authors make a convincing case for a link between M&E and the sustainability of performance? Explain your answer.

Teaching goal: to highlight the link between project M&E and sustainable performance

Learning objectives

- sustainability of performance is a complex issue
- good M&E can contribute to enhancing performance sustainability

Answers

- performance sustainability in international relief and development work is complicated because there are so many confounding factors
- sound project monitoring that incorporates and responds to realities on the ground is a valuable contribution to ensuring projects are intervening in a way that is valued by different stakeholders, not least the poor and marginal communities who are the intended beneficiaries
- the paper presents an approach that encourages more responsive management

BIOGRAPHY



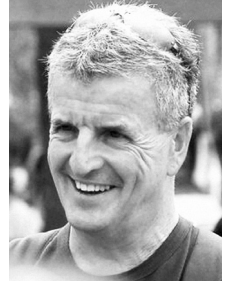
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Guy Sharrock has worked for CRS for 11 years as a Senior Technical Adviser for Monitoring & Evaluation. His chief responsibility is to advance the M&E agenda throughout CRS. In so doing he has produced and implemented two five-year strategic plans for M&E in CRS and is currently developing the third such plan. Guy is also a co-author of the CRS ProPack series of manuals on project design, implementation, management, and monitoring and evaluation. Guy's current work interests are in M&E capacity building, operationalizing concepts of learning and adaptation in projects, integrating M&E with ICT for Development, and M&E and accountability. Guy is from England and has two Masters degrees: one from University College London in Environmental and Resource Economics and the other from Reading University in Agricultural Economics. Guy is also a Fellow of the Royal Geographical Society and a member of the American Evaluation Association.

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3

The Am Calon Case: A Non-Profit Journey through Transitions

*Judith McMorland
& Ljiljana Erakovic*

The Major Focus of the Case

The case documents the twenty-five year journey (1984-2009) of one child-centred health organisation (which we call Am Calon¹) set up through the energy and passion of a very small group of people in response to their own needs for information and support, which has now grown into a national body. It serves as a useful example of the stages of growth through which NFP organisations might typically progress as they change from a support service to a potentially wholly consumer-determined organisation.

Though our case considers one social service organisation, we believe the identified issues of development are typical of many other NFP organisations. NFP organisations serve a crucial role in civil society, providing service and support, advocacy for the vulnerable, and opportunity for personal enrichment to many. If such organisations are to continue to flourish, then the quality of governance and management is important.

Introduction

The quality of governance/management relationships is an ongoing issue for every organisation regardless of the industrial, institutional or national settings. Both governors and managers are responsible for the wellbeing of an organisation. The main question is how do they strike a balance for sharing these responsibilities? Some proponents of 'new governance' emphasize the importance of the dynamic balance between control and collaboration approaches, conformance and performance roles of the board,

¹ The names of the organisation and the people involved have been changed to protect their anonymity. We would like to thank our respondents for sharing their rich and often poignant story. The case is presented with their permission. Any shortcomings in interpretation are, of course, our responsibility. We trust we have done them and the organisation justice.

and stewardship and democratic perspectives² in governance/management relationships. Acceptance, understanding, and management of these tensions promote organisational learning and improve organisational governance. Practices of governance evolve as organisations grow. Am Calon's case study exemplifies this very well and we use their story to discuss critical issues of organisational development that challenge principles and practices of management and governance.

Early Beginnings

Am Calon started in 1982 when two mothers found themselves in horrendous conditions within the hospital system trying to breastfeed their very sick babies. Unable to find either simple clinical explanation of the condition or practical information to help them navigate the severe trauma of disability, they set about researching the condition and published a practical guide for parents explaining the practical realities of living and caring for their children. The Auckland mothers' support group became the committee in Auckland in 1983 and the organisation was incorporated in 1984.

Initial Progress: Regional and Local Developments

Parent support groups were established, under their own constitutions, in other regions of New Zealand. Some money was raised for paediatric liaison centred in Auckland, but most of the activity in the early years was regionally or locally based, with community groups remaining small and informal over the first nine years. During this phase, close informal associations were forged with other health and bereavement organisations. In Auckland rudimentary resources were shared with other community groups, centred at Green Lane Hospital (the predecessor to Starship). A grant was received from another health NGO to help fund voluntary workers supporting families away from home.

Extensive health reforms were introduced in 1989 following introduction of new public management practices. Ideologically and financially these had a severe impact on health provision and the services parents and community groups were able to access on their own, precipitating major change.

2 Cornforth, C. (2003). Introduction: The Changing Context of Governance: Emerging issues and paradoxes. In C. Cornforth (ed.), *The Governance of Public and Non-Profit Organizations: What do boards do?:* 1-20. London: Routledge.

Forging a National Identity

The Health Reforms of the late 1980s introduced the notion of Crown Health Enterprises (CHEs) and User Pays policies. Concentration of specialist services in Auckland's Green Lane Hospital meant that Am Calon children had to be brought to Auckland for treatment, often within days or weeks of birth, and for prolonged periods. Though there was effective, world-class surgical expertise in New Zealand in the case of adults, the state of paediatric knowledge of the condition was still rudimentary for children. Hospital and pharmaceutical practices and protocols had not been developed for specialised paediatric care. Adult and children's funding was not differentiated at this time. As the numbers of surviving children requiring specialist services grew, so too did the need for advocacy on a national level.

A hui³ of parents was called in 1991 bringing together people from different regional organisations for the first time. Exchange of information between the groups was much valued and participants decided that a national body would be much more effective in dealing with the health service and in advocating for dedicated paediatric services than local or regional groups could accomplish on their own. Each of the local groups had their own constitution and name. Following this hui, they were asked to relinquish their independent status and join a national body, under a single Constitution. This marked the first major developmental shift for the organisation – from locally based initiatives supporting known families within specific communities to a national organisation focussed on accomplishing fundamental change in governmental policy and practice. An organisational member remembered:

“We were formed as a parent run organisation. We were passionate about retaining our ownership of the organisation, and part of that too was that we had to negotiate with those groups that already existed, because we were asking them to give up their identity. They had a constitution! They were legal entities. As a national organisation we couldn't be seen to be offering them less than what they already had. It had to be more.”

With the drafting of a single national constitution the first national board was established in 1994. Care was taken to retain links to the regions and the Constitution provided for regional representation along Area Health Board lines. There was power to co-opt two further members if particular skills were needed, however, the capability of the Board was dependent on

3 A 'hui' is a New Zealand term for a social gathering or assembly.

already burdened parents willing to take on advocacy and action. As an early Board member stated:

“...in a pack of cards there’s a winning hand, but you can only play with the cards you are dealt. So for (our organisation) there’s a winning hand, but we could only be a board from those who put their hand up, and those that were voted on.”

Common experience of lack of services spurred parents on to address the conditions they found and Am Calon achieved a significant profile in this early phase, developing as a national body as well as effectively advocating for change. The first national board was an effective working group and strong advocacy and action followed constitution of the organisation. Lack of specifically designated paediatric services and funding meant that children were dying whilst on a waiting list for surgery. The management committee organised a march in Auckland and sent a petition to Parliament appealing for the separation of paediatric services and pharmaceuticals from adult funding.

The identity of board members as parents caring for their sick children was paramount in sustaining the energy and passion of the organisation in its most formative period:

“...that was one of the fundamental things that I think for our organisation, the degree of passion and personal battles that every board member was going through, it couldn’t have achieved it without that. ...We all acknowledged there was no handbook for forming an organisation...We were essentially writing the handbook and we’d get in touch with groups...we all acknowledged we’d have to work it out for ourselves as we went.”

On the other hand, such personal identification with the cause was also seen to be a difficulty in achieving wider recognition. Despite their professional lives and experience, some women Board members were told:

“You’ll never be seen as anything other than mums having a cup of coffee and chatting to each other... I’d worked in the banking industry since 1980 so I had quite a strong in-depth skills base and corporate education you might call it. So I did understand their world and where they were coming from, but at that stage I was pegged as the mum of sick child ...externally you had to play the game and that was the game.”

Provision of accommodation for families was a high early priority. Through extensive networking, very supportive sponsorship from a significant financial institution, and massive effort from board members, Am Calon raised \$1m over an eighteen-month period to buy two adjacent

town houses in close proximity to Green Lane hospital. Ronald McDonald House made a no-interest loan for the \$200k shortfall and, because they were experienced community hoteliers, managed the Am Calon accommodation under contract.

Integration of regional and local groups in to a single national organisation and the acquisition of property increased the complexity of the organisation considerably and made possible provision of a greater range of services. Key people on the committee had relevant skills to apply to increasingly professional tasks, but the task of creating a national body with limited people resources was not easy. Recognising the need for further organisational expertise, one member of the committee devoted considerable time and effort in up-skilling herself through volunteering with another organisation from which she could learn. She remembered:

“I said ‘I want to volunteer to help you’ and I was very upfront with them, “and in return I want you to teach me how to fund raise, I want you to teach me how this not-for-profit sector works’ ...I learnt how we need to look after our volunteers, or culture our volunteers. I learnt about fund raising, I learnt about database management, direct mail campaigns, the whole side of that marketing for a non-profit organisation. I worked out how their governance worked within a non-profit organisation... I didn’t need to know what they did, but how they did it, so I met some of the senior managers when they’d visit our area and I would get talking to them. They ended up giving me a paid job...”.

Increasing Complexity: Differentiating Management and Governance

The increased survival rate of children and the consequent need for new services for families and their children growing up followed from dedicated paediatric services and beneficial changes in health care following reversal of the more draconian health policies in the 1990s. The Am Calon House was opened in 1997. Specialist camps were set up for Am Calon Kids. A national conference of parents and children was held in 1999 and by 2000 services increased considerably, necessitating more appropriate staffing but adding to costs. Staffing increased to two part-time workers – one concentrating on administration and support services (15 hours per week), the second on fund-raising, communications, event management and public relations (8 hours per week). Money tied up in the House distorted the picture of money available for services. A separate Trust was established to hold the assets of the organisation independent from the running costs of the organisation.

Finding money for day-to-day administration and service development was extremely difficult, as neither government nor philanthropic organisations typically support infrastructure development or operational costs. In the early days the personal cost to board members was extensive. A board member explained:

“...while we had good funding for the house, getting funding for running ourselves was horrendous. We cut costs everywhere we could. Board meetings were held out at Karaka, South Auckland --\$10 a night for a room that was shared between two – not the best. We did our own cleaning. We saved two dollars a night because we cleaned at the end. ...We were all stretched financially personally. All of us were in the same boat. Some obviously were in better position than others, but we were all stretched to glory.”

The heaviest organisational burden fell on the Chair of the Board and as service demands and complexity increased, it became apparent that the level of work demanded of the board could not be sustained without properly differentiated management capability. Jane, who was the Chair at the time, recalled:

“...We got to a stage where we had about five part time staff in Auckland and I was managing it all as Chairman. The Board was still the management committee and governing body. It was very very clear that could not continue. We had got things up and running but the Board wasn't doing its core function– looking strategically at the organisation and taking time to look at what the risks were and growth. Our Board meetings were so consumed (with day to day matters) and our structure wasn't quite right.... Although we had a part-time fund-raising manager, I was still managing campaigns ... and trying to get our 18 'branches' (parent support groups) around the country working as one. I was managing our sponsorship and contract renewals. The organisation was also lobbying with the Auckland Health Board. It had grown hugely! Basically the Board had to let that go. I probably forced that issue and said it couldn't continue on as it was and I put a proposal forward.”

Jane's proposal was for the appointment of a part-time general manager to work closely alongside the Chair. The board agreed and asked Jane herself to take on this role. One of the other Board members was voted in as Chair and Jane was able to focus clearly on managing the organisation, prepare papers for the Board, but not get involved in Board matters.

The shift from hands-on Chair to the General Manager was not without some transitional difficulties. It marked, however, a crucial stage in the elaboration of the organisation and raised important questions for the board on principles of authority and role responsibilities. At the time of her appointment to the general manager position, Jane lived in New Plymouth. The new Board Chair was in Hawkes Bay and the focus of most of the services was in Auckland (centred around the hospital). Despite the establishment of the part time management position, the new Chair wanted hands-on control, and the Board were ineffective in controlling him. Twelve months on, with tension between GM and Chair, Jane resigned her position in favour of a proposed on-site manager. This proposition failed. A group on the Board appointed one of their own members as Executive Director (who was based in Wellington), who introduced a different way of working that was distressful to the staff and eventually to other board members. The arrangement also failed to differentiate management and governance roles. Jane was asked to return to the Board, which she did as a regional representative. Recognising that the organisation could not be run remotely, two of the committee were tasked with appointing a full time general manager. At the AGM two months later, Jane was re-elected Chair, a position she held for the next five years until finally retiring from the organisation in 2007.

Organisational and Constitutional Change

Am Calon appointed the first full time general manager in 2002. A former businessman with experience of senior management overseas, Adrian brought a clear understanding of management responsibility and of the challenges of achieving appropriate governance when recruitment to the Board was constrained by the Constitution's requirement of parent ownership.

After seven years under Adrian's direction, Am Calon had expanded considerably. The organisation had 23 branches, 200-300 volunteers, a team of fund-raisers and designated support services managers. As part of the increasing complexity of the organisation, nearly one third of the \$2.3 million annual income was now spent on fund raising, half was spent on core services, with the remainder providing necessary infrastructure for the organisation. The early demands of general management meant that Adrian's focus was largely operational and that he held most of the organisational/institutional knowledge. As complexity increased, there was much greater need for Adrian to work strategically.

He commented on this change:

“...a general manager is by definition of the title a generalist, so it was expected that I’d drive the van to the hospital, it was expected that I’d be a helper at the camps, it was expected that I would go to branch functions on a Saturday and a Sunday.... When they offered me [the title of CEO] I said, ‘Well my definition of a CEO is someone who is less of a generalist and more of a long-term strategist. And therefore if you’re keen for me to be CEO I can take you money and carry on doing exactly the same job, or we have to put into place a structure where Adrian doesn’t know, and isn’t expected to know everything. Because that was undoubtedly the case after the first year or two of getting in there: everyone came to Adrian “Adrian, what about the budgets? Adrian, what about the expenses? Adrian, what about getting the van fixed?... Everything came to Adrian when there were only four people here. We began to expand the personnel side of things before I was offered the CEO job, but I made it clear to them at the time that there had to be a commitment from the Board to the financing of a structure that would allow me more time to think.”

Reflecting on this period, Jane concluded that much of the success and growth achieved during this period was due to the ‘incredibly strong and respectful working relationship’ forged between the general manager and the chair of the board: *“It was an amazing 5 years working together and I think we truly complemented each other in style, background, perspective and commitment”*.

A New Transition

With the change of title and structure, Adrian has been able to bring a strategic perspective to the work – both at a management level through his own more long-term focus, and through developing the skills and capability of the board. To this end, considerable effort has gone into development of governance policies. Evaluation Committee processes have been established to ensure much greater accountability – by the Board for effective decision-making and by board members themselves for the contribution they make. Constitutional changes now allow for skilled capability to be brought to the board.

Apart from the question of what skills are to be brought in by the people elected or appointed, there is the further question of how individuals play out their understanding of governance responsibilities. The CEO explained:

‘...the Board is beginning to recognise that to be a board member ...if you want to do this properly, and we should be doing this properly, the chairman (needs to dedicate) 5-6 hours a week. At least! Other board members, you’ve got to be on at least a couple of committees, who somehow meet, at least somehow talk to each other. It’s very hard when you’re spread all over the country, because we certainly can’t afford to fly people around all the time. You’ve got to find ways of getting people together and making decisions, putting up proposals to the board, discussing things with the general manager/CEO discussing whether or not we can afford to go forward...’

Preparation to move away from the original constitution of governance by parents has been careful and prolonged. A skills audit was taken of current board members and essential but missing skills identified. These were: governance experience, marketing and PR expertise, entrepreneurship and fund-raising knowledge. A questionnaire was circulated to all members canvassing opinion on the proposed changes. A constitutional lawyer was consulted, and a Special General meeting called to give effect to changes to the composition of the Board.

Instead of nine regionally based parent representatives, the new composition would be six elected parent representatives, one adult ‘Am Calon child’ (in recognition of the growing numbers of children now surviving into adulthood) and three members appointed by the Board. These changes have now been agreed. Four candidates were identified, interviewed and found to be eminently suitable. They will be officially endorsed at the next AGM in 2010.

This marks another major transition for the organisation. Just as the management of the organisation was professionalised by appointment of a much-experienced business manager, so too the introduction of specialist professionals may signal the beginning of the professionalisation of the Board. As in the earlier transition phase, it will be interesting to see how quickly the new members become acculturated, how their different experience of the organisation and its history and their non-parental connection to those the organisation serves change the dynamics and capabilities/expectations of current members.

Our case study ends in 2010. The first Chief Executive has just resigned and a new person is to be appointed. The new Board members have been chosen but not yet officially endorsed. Organisationally, Am Calon is in good heart and can withstand the upheaval of these changes for a

while. The test of the evolution of governance will be whether or not the new Board can now firmly grasp the strategic mettle and continue with the vision and growth of the organisation, balancing organisational and governance matters in an appropriate partnership.

Discussion

1. What circumstances influenced the emergence and growth of this social service organisation? How do the changes in external environment challenge the organisational focus of attention?
2. What decisions and choices did the main organisational actors have to make along the way?
3. Why did Am Calon need a board? What roles did the board have in this organisation? How did they change over time?
4. Discuss the dynamics of board-management relationships over time.
5. What are the characteristics of good governance in a non-profit organisation? How are these characteristics manifested in the practice of Am Calon?

Key Lessons

1. Different 'responsible bodies' fulfil the organising/managing/governing functions at different stages and they have qualitatively different tasks to accomplish depending on the level of organisational and environmental complexity they are addressing. Fledgling organisations may not require much 'management' or 'governance' other than project administration and financial transparency. Premature 'governance' structures may in fact inhibit the growth of action in an organisation at this point.
2. At the later stages of the organisational development, founding board members might not have an adequate understanding of the work that they, as the responsible governing body, need to be contributing. As systems and structures develop through the work of managers, board members need to exercise the strategic overview and vision for the future activity. This requires personal and collective capability that is qualitatively different from that needed in the earlier stages.
3. As the organisation moves towards much greater awareness of the importance of strategic development, so the role of manager shifts from overseeing operations to developing a higher level working relationship with the Board and to analysis and anticipation of likely future trends.
4. Board members need to serve the organisation by developing a deep understanding of the sector in which the organisation sits. They are called upon to exercise judgement that is grounded in experience and knowledge of the organisation's work and mission, not merely to bring their own views of the world, or their individual professional perspectives to decision-making.

BIOGRAPHY



Dr Judith McMorland, a former Senior Lecturer in the Department of Management and Labour Relations, is an Honorary Research Fellow in the University of Auckland Business School. She and Ljiljana have been engaged in a 4-year study of organisational development in non-profit organisations, with a special emphasis on the transitions that organisations face. Her research interests stem from a career-long involvement in change in NFP and public sector organisations, as teacher, researcher and practitioner.

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Honor and Remember

Tim Redmer

Abstract: George Lutz is the father of Tony Lutz who was killed in action in Iraq approximately three years ago. George has been dealing with the grief of losing a son in battle and trying to find a way to bring honor to his son's death and others who have died in battle. He was surprised to learn that 1.6 million of our country's finest service men and women have died in battle since the founding of our country. He was equally surprised to learn that there has never been an official symbol to honor and remember the ultimate sacrifice of these heroes. George has come upon an idea to develop a flag specifically honoring and remembering the fallen heroes. He believes he would have to develop a not-for-profit organization to support this national movement. However, he is just one individual, with limited personal and financial resources, who has never worked in the not-for-profit arena. George does not have the expertise or knowledge on how to conduct such an extensive endeavor. The dilemma facing George is how to bring honor to our American heroes while at the same time not setting himself up for possible failure by taking on a movement which could quickly become much greater than he is capable of handling.

Introduction

"On behalf of the President of the United States, I regret to inform you..." Those words seemed like just yesterday, although it has now been over two years since that fateful day, December 30, 2005, when George Lutz answered the knock at the door and two uniformed soldiers told him that his oldest son, George A. (Tony) Lutz, II had been killed by a sniper's bullet while he was on patrol in Fallujah, Iraq.

During these last two years George and his wife Patty along with their immediate family and friends have grieved over the loss of their son, who

two weeks earlier had turned 25 and was married and the father of two young children. In spite of the tremendous loss, George was always one to turn a negative into a positive. Tony's death had launched George on a mission to honor and remember those brave young men and women who had paid the ultimate price in defense of the United States.

As a parent of a fallen soldier, George felt he was in a unique position to honor those who lost their life in combat. He regularly attended military funerals of others who had died in combat and tried to be a point of comfort especially to the parents of these heroes. But for George, that was not enough. He firmly believe that there needed to be more from the entire country to recognize those who were killed, not only in this war but in all previous wars.

It was just one month ago, in January, 2008, while at church that George received a confirmation that he was about to embark on a significant undertaking. He had been wrestling with an idea to present before the United States Congress a petition for a national flag to be sanctioned as a permanent symbol to honor and remember the fallen. However, it was really more than a flag, there would have to be an entire not-for-profit organization established to support and underwrite the movement. Designing and promoting a flag was one thing, but heading a 501(c)(3) nonprofit organization could be a much greater challenge.

George was now facing the enormous reality of the scope and magnitude of such a plan. He wanted to officially launch the movement on Memorial Day, only four months away, at the MacArthur Center in Norfolk, Virginia. Was he crazy or what? He did not know the first thing about such an endeavor.

No one had ever attempted a flag for the fallen movement like this before along with a supporting not-for-profit organization. What if he failed? Would failure have a negative impact on the healing process he was working through for himself, his family and friends and others who lost loved ones that he had met in the last two years? Plus he really did not have any disposable income to fund the movement. Might it be better to just minister to other families at funerals and maybe become active and work through other organizations like the American Legion or Veterans of Foreign Wars (VFW)? George knew whatever he decided to do he had to act quickly.

George Lutz

George Lutz was a 53 year old husband and father to four surviving adult children, two of whom were married, and he had three young grandchildren including Tony's children. He had graduated almost 15 years ago with a master's degree in communication and the arts from a Christian university and had a variety of jobs for 10 years while his wife, Patty, helped financially as a high school math teacher for a local Christian school.

Just five years ago, George was hired as Director of Marketing for a locally owned small business which oversaw the management of about 100 pizza restaurants in a territory of southeast and southwest Virginia. George's boss and the owner of the company, Mike McClellan, was a friend from their church who recognized George's creativity and organizational skills which made him a perfect fit for the position.

While employed in his current position, George was introduced to the principles of working in a Christian based business. Mike was a servant leader who went out of his way to provide for his employees and customers. He was a humble leader who did not try to impose his will on others but worked with all in a collaborative congenial environment. While the business was centered in Virginia, Mike envisioned the business following the biblical principle of Mark 16: 15; "Go ye into all the world and preach the gospel to every creature."

It was also evident that Mike had to be "jack of all trades" and a "master of as many of them as possible." Skill was needed in everything from human resources, to product development, to accounting, to negotiating. As the owner it was a 24 - 7 commitment for Mike even though he did an excellent job of balancing out his time between faith, family and job.

At the same time, George saw the difficulties and pitfalls of starting and running your own business. Mike always stressed being a good steward of resources, but even then, cash flow was not always a given. Mike had to be fair but firm in dealing with customers regarding the payment for services. There was always the bureaucracy of red tape in dealing with various state and federal agencies. Plus, with 100 pizza restaurants to oversee, it seemed that the exception became the rule. If anything went wrong, the responsibility ultimately rested with Mike, and there seemed to be little time to enjoy successes.

Competition and change were never ending, although it served as a positive motivator for Mike. As an entrepreneur, there was the spirit of adventure and the associated risks that provided adrenalin to be creative

and provide an even better product and service for his customers. Plus, as a Christian based business, Mike was doing this for the Lord, and was conscious of his daily witness and integrity and wanted that to resonate in his every decision and action.

George was completely plugged into Mike's leadership, thought, and action as though they were "kindred spirits." While on the job, he introduced new marketing initiatives into the corporate strategy and the company improved its profitability. George definitely enjoyed the corporate culture and environment and looked forward to coming to work every day.

The director of marketing position finally gave George and his family some professional and financial stability as their children grew and moved out of their home and he only had two more daughters to get through college. They had recently sold their house in a subdivision in town and moved out into the country near the Virginia/North Carolina border. George and Patty were able to enjoy country living yet both were only 10 to 15 minutes from their respective jobs and neither had to drive through more than one traffic light to get to work. Life had been treating them well, until that knock on the door.

A Time of Grief

Tony Lutz enlisted in the Army in the summer of 2004. He had always felt a duty to serve his country and was confident in his ability. He had a strong faith and felt he could be an inspiration to his fellow soldiers. After extensive training which included jump school and Special Forces he was sent to Iraq in November, 2005. Because of his training, Tony was assigned to a special marine unit stationed in Fallujah. It was just six weeks later while standing watch with a marine unit on top of his Humvee that he was instantly killed.

Literally hundreds of family and friends gathered to mourn Tony's death. A larger church had to be used to accommodate everyone for the memorial. Tony was then buried in Arlington National Cemetery with full military honors. The family was left to deal with the healing as is true for any family after an untimely death, but especially difficult, when a son dies in combat.

While nothing could replace the loss of a son, George and Patty reached out to others and relied on their strong faith and pride, knowing that their son died defending the freedoms of our country. They also gave their support to Tony's widow and children to help them through the healing and transition through life.

As the years passed, George grew in strength and resolve and became an inspiration to others. He always wanted to do more so that Tony's sacrifice and the sacrifice of others in combat would not go unnoticed.

A National Flag

George often thought about what could be done as a nation in the way of remembrance and in honor of those who died in combat. The nation did celebrate Memorial Day, but that was only one day in the year, and unfortunately, the occasion was becoming more like the first day of summer, then a day to remember our fallen soldiers.

As a child, George remembered special Memorial Day parades in his home town, where veterans from the First, Second and Korean wars would dress in their uniforms and march to the applause of the citizens. There would always be a special tribute to those who died in battle. The carnage from both World War II and the Korean War were still a recent memory and everyone probably knew someone who had lost their life in one of the wars. The nation was generally appreciative of the sacrifice made by many to preserve our freedom. The United States was just entering the era of being a super power and the defender of democracy.

Times had changed especially after Viet Nam. The country had grown tired of wars, and this war on terror had become an altogether different type of battle with seemingly no end in sight. However, unlike Viet Nam, the country had appreciated and stood behind the efforts of the military.

George was surprised to learn that in the more than 200 years of our nation's history, over 1,600,000 members of the military had lost their lives in combat in service to their country. He was equally surprised that there had never been any official symbol to honor those military who died in the line of duty. To George, a special flag could serve that purpose.

George's idea of a flag for the fallen was prompted by the recognition of a prisoner of war/missing in action (POW/MIA) flag which had been approved by congress almost 20 years ago. The movement of the flag was in response to the recognition of the nearly 4,000 members of the military who had been captured or missing and the families desire for accountability. There needed to be a greater awareness of the horrible conditions and treatment in which prisoners such as Senator John McCain had been treated by the North Vietnamese.

POW/MIA Flag

In 1971, Mrs. Michael Hoff, an MIA wife and member of the National League of Families, recognized the need for a symbol of our POW/MIAs. Prompted by an article in the Jacksonville, Florida Times-Union, Mrs. Hoff contacted Norman Rivkees, Vice President of Annin & Company which had made a banner for the newest member of the United Nations, the People's Republic of China, as a part of their policy to provide flags to all United Nations members states. Mrs. Hoff found Mr. Rivkees very sympathetic to the POW/MIA issue, and he, along with Annin's advertising agency, designed a flag to represent our missing men. Following League approval, the flags were manufactured for distribution.

On March 9, 1989, an official League flag, which flew over the White House on 1988 National POW/MIA Recognition Day, was installed in the U.S. Capitol Rotunda as a result of legislation passed overwhelmingly during the 100th Congress. In a demonstration of bipartisan Congressional support, the leadership of both Houses hosted the installation ceremony.

The League's POW/MIA flag was the only flag ever displayed in the U.S. Capitol Rotunda where it stood as a powerful symbol of national commitment to America's POW/MIAs until the fullest possible accounting could be achieved for U.S. personnel still missing and unaccounted for from the Vietnam War.

On August 10, 1990, the 101st Congress passed U.S. Public Law 101-355, which recognized the League's POW/MIA flag and designated it "as the symbol of our Nation's concern and commitment to resolving as fully as possible the fates of Americans still prisoner, missing and unaccounted for in Southeast Asia, thus ending the uncertainty for their families and the Nation".

The importance of the League's POW/MIA flag was in its continued visibility, a constant reminder of the plight of America's POW/MIAs. Other than "Old Glory", the League's POW/MIA flag was the only flag ever to fly over the White House, having been displayed in this place of honor on National POW/MIA Recognition Day since 1982. With passage of Section 1082 of the 1998 Defense Authorization Act during the first term of the 105th Congress, the League's POW/MIA flag has been flown each year on Armed Forces Day, Memorial Day, Flag Day, Independence Day, National POW/MIA Recognition Day and Veterans Day on the grounds or in the public lobbies of major military installations as designated by the Secretary of the Defense, all Federal national cemeteries, the national Korean War Veterans Memorial, the National Vietnam Veterans Memorial, the White House,

the United States Postal Service post offices and at the official offices of the Secretaries of State, Defense and Veteran's Affairs, and Director of the Selective Service System. (National League of POW/MIA Families, <http://www.dtic.mil/dpmo/powday/flaghistory.htm> 1998)

Honor and Remember Flag

The movement and impact of the POW/MIA flag had diminished as the years passed after the Viet Nam War. Also, there were no more known POWs and in all probability any soldiers missing in action were declared dead. Never-the-less, the sanctioning of the flag represented an important symbol and statement in America that should there ever be any future POWs or MIAs, there would at least be a way and symbol to support the cause.

George reasoned that there should also be a symbol to support those who made the ultimate sacrifice. While these members of the military would never directly benefit from the movement, there were family members who could gain some healing and closure through some recognition like a flag. George was especially sensitive to the parents of a fallen soldier. He knew personally that he needed closure and some way to tangibly honor and remember the sacrifice of his son. The special flag seemed like the logical symbol especially since a precedent had been established through the POW/MIA flag.

What concerned George was why had this not been done before. Had it been tried and failed because no one could sustain the cause? Was the American flag sufficient to honor and remember the fallen? Maybe such a movement was not feasible or possible in today's political climate.

A Not-For-Profit Organization

George realized that there would have to be a support structure underlying this national flag movement. He would also probably have to establish a not-for-profit 501(c)(3) organization. As a Christian, he wanted complete integrity and accountability to this mission and vision. There would be thousands of people and organizations exposed to his dream. Many would be caught up in the vision, perhaps donating substantial monetary funds to support the movement. He anticipated that an organization governed by an independent board of directors to give credibility to the cause would be a necessity. George had a passion for designing a flag to remember his son and others who gave the ultimate sacrifice for our freedom; however, did he have the same passion to lead an organization?

The training George had received under Mike's leadership these last five

years in a Christian based business was almost profound. George thought he was focused on marketing, but was he about to become an entrepreneur? With a degree in communications, was he even qualified to assume this type of leadership and responsibility?

In his current job, George was used to working in a for profit business. How would things be different in a not-for-profit organization? George reasoned that many of the biblical principles he learned in working with Mike could apply in any business setting; concepts like servant leadership, stewardship, counting the costs, integrity and honest weights and measures would certainly apply. How might these principles be the same or differ with a not-for-profit organization? The very name “not-for-profit” was a little disconcerting.

George had barely enough personal funds to design a flag and try to present the concept to his elected representatives. How much additional capital would be needed for a start-up and continued operation of a not-for-profit organization? George saw immediate needs for funding yet potentially a considerable delay in supporting resources, probably long after his own finances were depleted. Did that mean borrowing, refinancing his home, selling his personal assets, acquiring a line of credit? He obviously could use significant amounts of donated funds?

When working with Mike, George saw the tedious almost mind-numbing ordeal associated with regulations. On almost every business decision were concerns regarding human resource management, health, insurance, safety, environmental impact, and the Internal Revenue Service. George was not into politics, but if he was going for Congressional support and the passing of legislation recognizing a national flag, he would never be out of politics.

George assumed that he would probably be working for no pay for a considerable period of time. Even then, he could not do this alone, he was going to need as a minimum a good lawyer and accountant. How was he going to be able to hire others to work for him, especially at no pay? There is one thing to share a vision and a passion, but was it asking too much to have others join him in poverty?

What Next

As George started thinking about the concept of a national flag and a supporting organization, he quickly realized this could be beyond the capability of one individual or even many individuals. The POW/MIA flag took about 20 years from inception to final passage by the United States

Congress. Did he want to be spending his next 20 years pushing this agenda? He would be in his mid 70s then.

The cost to fulfill the mission and vision of the organization, plus promotion, marketing and fund raising could easily approach hundreds of thousands of dollars. His goal was to give to every living mother of a fallen soldier a personalized flag. Was George prepared to sacrifice what little financial resources the family had to fund even a small portion of this movement? More than likely, this movement could become so big, that George would have to quickly give up his current job which he loved, eliminating that source of income and the somewhat protective environment of working for someone else. In spite of apparent odds, George thought a good first step would be to at least go to the local Chapter of the American Legion to present his idea.

The local chapter of the American Legion enthusiastically endorsed George's idea. George was not surprised. He was preaching to the choir. Maybe he should just turn the idea over to this organization and let them run with it. They would certainly have connections, a network, and possibly even some political clout. But, most importantly, did they have a "champion" who would spearhead this movement. Without someone constantly pushing the project the movement could easily die. Plus it was probably not in the mission statement of the American Legion organization to promote a national flag. There potentially could be all kinds of legal questions regarding ownership and sponsorship of the flag. A separate not-for-profit organization was probably a necessity.

It was only four months to Memorial Day, George looked for guidance. Was he about to grab a "tiger by the tail?" He had to make a decision; should he proceed with this his dream of a national flag and supporting not-for-profit organization? His confirmation at church was that he was about to embark on a significant undertaking, what he was considering certainly appeared to qualify. But was he letting his pride get ahead of God and pursuing an undertaking that was much more significant than originally envisioned?

References

National League of POW/MIA Families, <http://www.dtic.mil/dpmo/powday/flaghistory.htm>

Suggested Teaching Approaches and Questions

Honor and Remember is a decision case focused on the possibility of creating a not-for-profit 501(c)(3) tax exempt organization to support a national movement to honor and remember fallen soldiers. The case is a real life illustration and application of faith integration as George Lutz, the protagonist, wants to hold true to his Christian values in establishing this not-for-profit organization.

The Honor and Remember case can be used in upper-division undergraduate and graduate nonprofit and entrepreneurship oriented courses in the areas of decision making, entrepreneurship and small business start-ups. The case presents a clear problem definition with a realistic, complex and interconnected set of internal and external issues. The case is extremely timely and touches on an issue everyone can relate to and understand. As this case is being presented, a national movement for an official symbol of remembrance of our fallen heroes is rapidly gaining traction and it is possible that the flag will gain recognition at the highest levels of our government in a relatively short period of time.

This case can be taught either with an open-ended discussion format or using the recommended questions. The case can also lend itself to either instructor or student led discussions of the major case issues. It could be useful to bring in experts from governmental agencies or foundations to help explain some of the intricacies involved in establishing a not-for-profit organization and how to get government support and/or funding for a potential national movement or cause. In addition to the questions below, a comprehensive set of teaching notes with suggested answers is available from the authors.

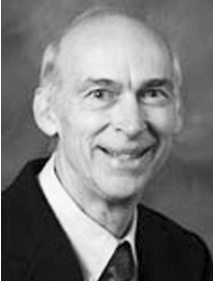
Learning Objectives

- Recall a knowledge of specific facts that could be critical in a decision situation (Questions 1, 2 and 5) (Bloom's Taxonomy learning outcome level 1)
- Demonstrate a comprehension of specific facts that could be critical in a decision situation (Questions 1 to 7) (Bloom's Taxonomy learning outcome level 2)
- Complete an analysis of a decision situation (Questions 4 and 5) (Bloom's Taxonomy learning outcome level 4)
- Synthesize and apply knowledge and skills to recommend a course of action for the decision situation. (Questions 4, 5, 6 and 7) (Bloom's Taxonomy learning outcome levels 3 and 5)

Questions

1. Why is it necessary to have a not-for-profit organization established to support a movement or cause like the Honor and Remember initiative?
2. What parts of the not-for-profit business does George have to immediately put in place before he can even begin to consider establishing a not-for-profit business?
3. What course of action should George take regarding his desire to develop a national symbol to honor and remember fallen heroes along with a supporting not-for-profit organization?

BIOGRAPHY



Tim Redmer, case writer for a number of case and professional journals, specializes on Christian based organizations and not-for-profit ministries. Recipient of national awards for best cases. Associate Editor of the Journal of Critical Incidents for the Society for Case Research.

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Successful Social Entrepreneurship – The Case of Grameen Danone Foods Ltd

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Abstract: This paper provides an analysis of social entrepreneurship, specifically the factors which ensure its success, using the case of Grameen Danone Foods, widely recognized as a successful social entrepreneurial venture in Bangladesh. It seeks to answer the key question: What are the factors associated with the success of social entrepreneurship in Bangladesh? The study is using Austin, et.al's (2006) analytical Framework for Social Entrepreneurship. The researchers suggested a number of factors in the areas of: opportunity, human and financial resources, contextual factors and social value. It concludes with a discussion of the implications for practitioners, policy makers and researchers of social entrepreneurship.

Key Word: social entrepreneurship, Austin Model and social value.

Introduction

Entrepreneurship is essentially creative in nature. It is a matter of exploration, exploitation and initiation of new things, new ways of doing things, new methods of production, new use and new market for products or services. This tradition which was started by Schumpeter (1934) has been further developed and formalized in recent times in the work of Schmitz (1989) and King & Levine (1993), among others. On the contrary, social entrepreneurship is a relatively new academic field. However, the phenomenon social entrepreneurship as a practical field is not new (Dees, 1998). The concept of social entrepreneurship has gained popularity over the past decades, but must still be considered as a new and emerging field academically (Short *et al.*, 2009).

Though the academic interest in social entrepreneurship is emerging (Mosher-Williams, 2006), there is much that remains unresolved about the phenomena. Like entrepreneurship, which even today lacks a commonly understood and unifying definition (Shane and Venkatraman, 2000), the term “social entrepreneurship” has been defined from various perspectives (Dees, 1998). In particular, the factors or considerations critical to successful social entrepreneurship are not well known (Harman, 2008). Like entrepreneurship in its early days as a field of scholarly endeavor, social entrepreneurship research is still largely phenomenon-driven. As a result, most of the studies in this academic area are based mainly on anecdotal evidence (Boschee, 1995) or case studies (Alvord et al. 2004). The amount of research in the area of social entrepreneurship in Bangladesh is even worse.

This paper aims to develop our understanding of social entrepreneurship, specifically the factors which ensure its success, using a case of social entrepreneurship widely recognized as successful in Bangladesh. It seeks to answer the key question: What are the factors associated with the success of social entrepreneurship in Bangladesh? Austin, et.al’s (2006) analytical Framework for Social Entrepreneurship has been used in this connection.

Social Entrepreneurship

Understanding the process of new value creation is focal to the field of entrepreneurship (Alvarez & Barney, 2005). Traditional theories of entrepreneurship have focused on risk-orientation of individuals seeking profit (Kirzner, 1973; Schumpeter, 1942). The traditional definition of entrepreneurs ignores the large number of entrepreneurs who stay away from profits and create new organizations to bring about social changes (Hibbert, et al., 2002; Prabhu, 1999). These entrepreneurs, known as social entrepreneurs, create new, viable socio-economic structures, relations, institutions, organizations and practices that bring about social benefits (Fowler, 2000).

Despite increased interests in social entrepreneurship, scholarly research has been challenging in this field. Although definitions of social entrepreneurship have been developed in a number of different dimensions, e.g. not-for-profits, for-profits, the public sector, and combination of all three, a unified definition is yet to emerge (Christie and Honig, 2006; Weerawardena and Mort, 2006). For example, some definitions limit social entrepreneurship to non profit organizations (Lasprogata and cotton, 2003), while others describe social entrepreneurship as for-profit companies

operated by nonprofit organizations (Wallace, 1999), or organizations that create a firm at a financial loss (Baron, 2007). Still others equate social entrepreneurship to philanthropy (Ostrander, 2007), while some scholars prefer broader definitions which relate social entrepreneurship to individuals or organizations engaged in entrepreneurial activities with a social goal (Certo and Miller, 2008; Ven et al. 2007).

Both the terms “entrepreneurship” and “social” do not easily lend themselves to clear definition. Although the field entrepreneurship is characterized by a number of definitions, it still lacks a unifying and common paradigm (Shane and Venkatraman, 2000). It is generally agreed that entrepreneurship involves three elements: opportunities, enterprising individuals, and resourcefulness. Therefore, entrepreneurship involves concurrent existence of lucrative opportunities and of enterprising individuals (Venkatraman, 1997) which is also an important characteristic of social entrepreneurship. In the case of social entrepreneurship, the term “social” cannot be distinguished by labeling traditional entrepreneurial efforts as “less social” or even “non-social”. In fact, small businesses with less than 500 employees have generated the majority of employment in both developed and developing countries – certainly an important social achievement (U.S. Department of Commerce, 2001; Reynolds et al. 2002).

In sum, the disparity with respect to a unified definition of social entrepreneurship makes it difficult for the construct to claim legitimacy as a separate field of study (Burger and Luckman, 1966; Nielsen and Rao, 1987; Reed and Luffman, 1986; Short et al., 2008). It also hinders empirical research seeking to examine the antecedents and consequences of social entrepreneurship.

Theoretical Framework

One of the common criticisms of the social entrepreneurship research, especially regarding the factors associated with its success, is that it lacks a systematic and theoretical focus (Harman, 2008). In an effort to avoid this criticism, Austin, et.al (2006) analytical Framework is adopted.

According to this framework, there are five components of social entrepreneurship. These are: opportunity, human resources, financial resources, contextual factors and the social value proposition. These components are overlapping and interrelated, with social value in the central consideration.

Opportunity, according to Austin et.al (2006), is the “initiating point” for social entrepreneurship. It represents the vision of a future desired state,

different from the present, and the belief that this state can be achieved through a particular and credible path of change. One of the challenges for social entrepreneurship is ensuring that all parties share a common understanding of the nature of this opportunity.

Human Resources and Capital Resources are the enabling variables for social entrepreneurship. Like their commercial counterparts, social entrepreneurs must understand the industry in which they are planning to attract resources and start their venture. Given the variety of stakeholders involved in social enterprises, and the restricted and short term nature of funding sources, this skill in dealing with individuals' needs, is especially important.

The Context includes all those factors which are outside the control of management, yet have an effect on the nature and outcome of the opportunity. They "shape the opportunities available to the entrepreneur" (Austin et.al, 2006). Managing and adapting to these contextual factors are critical considerations for social entrepreneurs.

According to Austin et.al (2006), The Social Value Proposition is the "integrated driving element at the heart of the framework". The case of social entrepreneurship is primarily about creating social value. To deliver this social value proposition, the social entrepreneur must ensure that all other components of social entrepreneurship - opportunity, human and capital resources and the context - are in a state of alignment.

Methodology

This study provides an analysis of a particular case of social entrepreneurship in Bangladesh.

The study is inductive rather than deductive, designed to identify the factors associated with successful social entrepreneurship. Given the exploratory nature of the research, a case study approach is considered the most relevant. Case descriptions yield rich information and enable identification and assessment of unexpected patterns, which other methodologies may not reveal (Yin, 1984). Justifying the above rationale, the researchers have chosen the case of a company which has been practicing social entrepreneurial venture since its inception. In addition, secondary sources of information were also accessed to develop an in-depth understanding about the phenomenon – social entrepreneurship, and to gather some information about the case company.

In this regard, the Grameen Danone Foods Ltd. has been selected which started its social venture in 2006. The rationale behind selecting

this company case is that Grameen Danone Foods Ltd. was profiled in several reputable books and magazines, including several recent editions of Business Weeklies. Most recently, it has been featured as an example of a successful social enterprise in a publication prepared by the Grameen Dialogue – a publication of Grameen Trust. In 2006, Dr Muhammad Yunus, the founder and driving force behind the Grameen Danone Foods Ltd, was awarded the Nobel Peace Prize by Nobel Academy.

Out of the four established approaches to conducting researches including observation, focus-group, survey, and experimentation (Kotler, p.133); the present study primarily used the survey approach. Under the survey approach, interview technique was adopted to collect data. Interviews can be administered by the use of either the mechanical devices (tape recorder, video, galvanometer, etc.) or questionnaire (Kotler, p.136). For this study, data were collected by using a mechanical device – tape recorder.

To conduct the in-depth interview, it was necessary to know from how many of the management staff and employees of the Grammen Danone Foods Ltd. should be interviewed. For this purpose, non-probability sampling technique was adopted in general, and ‘judgment sampling’ was used in particular. Based on the judgment of the researchers, a total of 50 management staff and employees of Grammen Danone Foods Ltd. (seven management staff and 43 employees) were chosen for interview. However, only 21 of them (five from management and 16 from employees) agreed to participate in the interview process. This resulted a response rate of only 42% for this study. In this connection, among the management staff in-depth interviews were conducted with the Managing Director and four managers responsible for the day to day operations of Grameen Danone Foods Ltd. A total of 16 employees were interviewed in which four employees were selected based on the researchers’ judgment from four different functional departments of the company including the dairy production unit, milk processing unit, accounts & finance unit, and sales & distribution unit. All the in-depth interviews were recorded on a tape-recorder.

Moreover, as secondary sources of information several published and unpublished articles and reports;

as well as archival material in the form of annual reports, performance reports, and other relevant organizational documents were consulted. Due to the exploratory nature of the study, the information collected from the interviews were not statistically calculated. Rather, attempt was made to explore the areas/ factors responsible for successful social entrepreneurship as the focus of the research is on identifying the factors associated with

success of the Grameen Danone Foods Ltd. The information collected from the interview were cross-checked with an established model (Austin et. al., 2006) of social entrepreneurship to see if the case company (Grameen Danone Foods Ltd.) could maintain and qualify the success factors (opportunity, people, financial resources, context and social value) for social entrepreneurship as proposed by Austin et. al. (2006).

Background to the Case

Grameen Danone Foods Ltd (hereinafter Grameen Danone) was established as a social business enterprise, which is neither charity nor a regular business but aims explicitly at social goals through business activities (Yunus, 2006).

Dr. Muhammad Yunus, the founder of the Grameen Bank and winner of Nobel Peace Prize in 2006 along with the Grameen Bank, advocates that a social business enterprise should be at non-loss and non-dividend to be self-sustaining and create surplus for expansion. Under this principle, Grameen Danone was undertaken by four Grameen Companies, namely, Grameen Byabosha Bikash, Grameen Kalyan, Grameen Shakti and Grameen Telecom and Group Danone of France whose objective is to help eradicate poverty by providing nutritious dairy food for children in the rural areas. Grameen Danone is registered under Companies Act of Bangladesh and its ownership is 50:50. The plant started production in April 2007.

Grameen Danone highlights four main objectives:

1. To offer a product with high nutritional value. Grameen Danone produces a yogurt named Shokti Doi (Yogurt for Power) which contains Vitamin A, iron, zinc, iodine and other micronutrients. The price of each 80 gm cup is taka five and a single cup fulfills 30 percent of children's daily nutritional requirements.
2. To create jobs. Grameen Danone also aims to help reduce poverty by buying the main ingredients of yogurt, such as milk and date molasses from local producers, providing plant jobs and involving communities in marketing.
3. To protect the environment. The plant is operated by solar and biogas energy. Yogurt packages are recyclable and made using poly lactic acid which is created from corn starch.
4. To be economically viable. **Grameen Danone is a company which implements a social mission.**

Since Grameen Danone was established with a view to conducting social business, it operates without the sole objective of maximizing profit, but

rather operates on a no-loss basis. This means that no shareholders should lose money from their participation in the business model; the business model should be profitable for each party and any profits (beyond the cost of capital) generated by the company will be reinvested in the growth and development of the business, in a manner that is mutually agreed upon by both parties in the contract.

The company was established with an authorized capital of US\$3.67 million and a paid-up capital of US\$ 1.103 million. Danone will take out only its initial cost of capital (US\$500,000) after three years, and any surplus revenues, after this return of capital, will be reinvested in the joint venture. Even after the capital amount is paid back, Grameen Danone will pay a one percent dividend annually to the shareholders.

Social Entrepreneurship – Factors Associated with Success

In this section the researcher identifies and describes key themes relating to the factors associated with this case of successful social entrepreneurship. Those themes are organized around the analytical areas identified in the Social Entrepreneurship Framework.

The Opportunity

Bangladesh has made significant progress in the area of Human Development for the last three decades. These achievements can be captured by the human development index (HDI). HDI measures the enhancement of people's quality of life through expanding opportunities. This is achieved by enhancing basic capabilities, such as the level of health, education and purchasing power. Bangladesh HDI increased from 0.347 in 1975 to 0.547 in 2005 (UNDP 2007). However it is the second lowest in South Asia and the country's HDI rank in 2005 was 140 out of 177 countries (UNDP 2007). The index of underweight children under the age of five, which is one of the key indexes to monitor human development, shows 48% (UNDP 2007). They also lack access to healthy living conditions. This figure indicates that Bangladeshi children under the age of five are in the poorest health not only in South Asia but also in the whole world (UNDP 2007).

To alleviate such gap in nutrition of rural Bangladeshis, Dr Muhammed Yunus, the Nobel Peace Laureate 2006, proposed to form a joint venture food enterprise between Grameen group and French Food company Danone. In 2006, a joint company named Grameen Danone Foods Ltd. launched the production of yogurt in Bogra district, 230 kilometers north of the capital, Dhaka. The mission was to reduce poverty by providing daily healthy nutrition to the poor.

Dr Yunus could see that opportunity would deliver benefits to the rural malnourished children (who would consume the yogurt), to individual job seekers (who would gain employment), to the local government (which could defer the decision and cost associated with malnutrition), to the community (who would have access to cheap but quality yogurt), to government (who would reap the taxation benefits from the additional jobs created) and to the environment (through use of recyclable energy). The organization, if successful, would also enhance the profile of Grameen Danone in the community and bring much needed income into the organization. However Dr Yunus could also see that success of the organization required the active support and inputs of these key stakeholder groups.

The organization has been experiencing steady and managed growth. In the period between June 2008 and June 2009 growth has been steady: sales increased from 32477 cups/day to 844412 cups/day in June 2009 and that has been mirrored in an increase in annual sales revenue to more than Tk 50 million. This growth has been resourced from within the organization.

The organization is currently planning for its next stage of growth and is aiming to establish at least 50 more factories in the next 10 years in various remote areas across the country. Such expansion will become inevitable if the plan to move into urban markets materializes. Larger set-ups will lead to economies of scale, thus cutting costs and lowering prices.

Human Resources

The social entrepreneur has the capacity to work across many diverse constituencies. From the outset, Dr Yunus has demonstrated his capacity to work with multiple, often diverse stakeholders. He has a rich network of government, business and community contacts in the area and is involved in a number of local committees and initiatives. His personal philosophy of 'never do anything alone' has underpinned his approach to Grameen Danone, and has been particularly important in terms of mobilizing financial and other inputs to the organization. This capacity to work across stakeholders would appear to be similar to Alvord, et al's (2002) notion of bridging capacity.

Related to this, Dr. Yunus has also demonstrated his capacity to understand the perspectives and concerns of those stakeholders whose support is critical for the initiative (similar to Austin et al's (2006) political and relationship management skills). Yunus's reputation for fairness and trust may be a significant contributor to this capacity to build and then maintain strategic partnerships.

Dr Yunus's commitment has also seen him invest considerable resources into recruiting and developing the manager of the organization and supporting it to broaden its scope of activities where appropriate. In the past years, Dr Yunus had worked with various other social ventures on strategies to scale-up the initiative by supporting other communities to adopt the social business model. This long term commitment is consistent with Alvord et al's (2002) notion of adaptive capacity.

There are others in the organization, beyond the social entrepreneur, whose skills and knowledge are critical to successful social entrepreneurship. While much research on social entrepreneurship has focused on the role of the social entrepreneur, there are clearly others closely associated with the success of Grameen Danone. One of them is Md Imamus sultan, Managing Director of Grameen Danone Foods Ltd. His knowledge of the workings of business, and his network of contacts, seem to have been instrumental in the success of the organization.

Financial Resources

Organization is financially self sustaining. As can be expected from a Social Business Model aiming at the lowest price possible for its products, the economics of Grameen Danone are based on low margins with profitability depending highly on volume. Grameen Danone has invested around 90 million in Taka (70 Taka = 1 USD) so far into the plant, start-up costs and operating losses. 2008 was a very difficult year in terms of financials as Grameen Danone was hurt by the food crisis in Bangladesh. But 2009 started better. According to the volume acceleration since October 2008, Grameen Danone management estimates it will reach profitability of the Bogra plant in the course of 2010. Second plant will be built by 2010 with sales starting in 2011.

Context

Contextual factors have been instrumental in creating the entrepreneurial opportunity. In particular, economic and institutional factors at start-up gave impetus to the organization. Perversely, it was adverse contextual conditions in the early 2000 which were significant. With alarming unemployment rates in Bogra, there were insufficient jobs for those who wanted to work and levels of community concern about the impacts of unemployment were high. Consequently, there was significant demand for, and interest in, potential solutions to the unemployment problem. Dr Yunus and key members of the organization were able to present Grameen Danone as a sustainable way of creating new jobs in the society.

Social Value Proposition

Grameen Danone has chosen to buy its milk from a milk cooperative of micro-farms: Grameen Livestock Foundation founded in 2000 and located 30km from the factory. Grameen Livestock Foundation is an original holistic model of agriculture, including fisheries and cow rising for small farmers. It is providing micro-credit, animal insurance, hygiene, feeding and veterinary advice, organizing milk collection and cooling. In less than 10 years, the cooperative has got 2000 cows, with a level of productivity twice superior to Bangladesh average. 7000 families are involved, 70% of them were below poverty line in 1989, now they earn about \$ 150- 300 / year. The Foundation is carrying a study to measure its social impact. At the same time, Grameen Danone Foods Ltd is starting to collect milk from local micro-farms around the plant.

A job creating and environmentally friendly mini factory - The Grameen Danone Bogra factory's yearly capacity is 3000 tons. Only 25% of the capacity of the plant is used at this time (May, 2009). Priority is to reach plant capacity through proximity sales in a radius of 50km. This is in order to maximize penetration and level of consumption among local communities. And also to allow proximity transportation with rickshaw vans and small motorized vehicles with natural gas (CNG). Nevertheless in order to reach this capacity quicker, decision was made to sell in Dhaka from November 08. Twice a week a refrigerated truck carries the products to town.

The Grameen Danone plant in Bogra has been designed to rely on local labor rather than sophisticated machinery. This avoids expensive maintenance problems, enables to create 40 jobs and develops local competencies. The factory has been designed in an environmentally friendly way, to minimize the use of non-renewable resources. It is partially sourced with solar energy, it is collecting rain water, it is provided with a bio-digester that produces natural gas. This gas is reused to produce light for the factory. In the future, as factory volumes will increase, it should be able to provide the surrounding houses with natural gas.

From *Table 1*, it is very clearly understandable that Grameen Danone Foods has been successful in excelling in all the areas of the social entrepreneurship framework proposed by Austin et al (2006).

**Table: Successful Social Entrepreneurship –
The Case of Grameen Danone Foods vs Austin *Et Al*'s Framework**

Success Factors for Social Entrepreneurship	Austin <i>et al</i>,s Framework	Grameen Danone Foods Ltd	Comment
Opportunity	It is the 'initiating point' for social entrepreneurship that represents the vision of a future desired state through a particular and credible path of change.	Grameen Danone Foods came up with manufacturing a yogurt (Shakti Doi) to mitigate the daily nutritional gap for children. This gap in children's daily nutrition has been successfully transformed into an opportunity for business with social welfare motive by Grameen Danone Foods.	Satisfactory
Human Resources	Human resources are the people asset of an organization who understand the organization's business objectives and contribute attuned from different operational perspective to attain those objectives.	Grameen Danone Foods took the challenge of meeting the daily nutritional requirement of the poor by providing a yogurt solution, namely 'Shakti Doi'. The company experienced a steady sales growth from 32477 cups/day in June 2008 to 844412 cups/day in June 2009. This steep growth in sales has been due to the company's ability to utilize the diversified skills of its company staff, managers inside the company and nationwide distributors – outside the company. Grameen Danone Foods has been successful to demonstrate its significant social impact in terms of growth in both revenues and employment.	Satisfactory
Financial Resources	Financial resources are critical to social entrepreneurs since the sources of funds are restricted as the ventures are fundamentally committed to generating social value; rather than maximizing profit. Thus, for social entrepreneurs attracting the outside investors or donors is a challenging job.	Since its inception in 2007, Grameen Danone foods has already invested US\$ 1.30 million in its plant and operating expenditure. Dr. Yunus, the founder of the company was successful in creating a joint ventureship with the franch company, Danone, to support the start-up cost of the company. Grameen Danone has also been successful with respect to availing the funding support of four different Grameen companies – namely Grameen Byabosha Bikash, Grameen Kalyan, Grameen Telecom and Grameen Shakti. At present, Grameen Danone is operating under the Companies Act of Bangladesh with ownership ratio 50:50.	Satisfactory
Context	Context is referred to as the elements that work from outside the company that the company can exert no control over; yet shape the opportunities for expansion available to the entrepreneur.	Grameen Danone Foods started its operation as a project in Bogra district of Bangladesh. This region suffers from serious unemployment problem and the impact of unemployment is highly noticeable. Thus there has been a long lasting demand for job creation in the region. By establishing its plant in Bogra, Grameen Danone Foods has successfully been able to convert the adverse social context into a huge opportunity as a sustainable way of creating new jobs in the community.	Satisfactory

Conclusion

This exploratory analysis identifies a number of factors associated with successful social entrepreneurship using the case of the Grameen Danone Foods Ltd. At the same time, the paper also explores the utility of Austin, et.al's (2006) Framework for Social Entrepreneurship in guiding the research process.

The research prompts a number of observations. Firstly, the Framework for Social Entrepreneurship adopted by the researchers seems to be an appropriate lens through which social entrepreneurship and the factors related to its success can be viewed.

Although exploratory, the research provides some potential insights and guidance, both for policy makers and practitioners, around the key factors which may be associated with successful entrepreneurship.

The production of yogurt by Grameen Danone has improved people's quality of life in Bogra. First, Local people including Grameen borrowers have already started new jobs or expanded business opportunities as well as gotten employment opportunities. Second, the nutritional value of Shakto Doi has been promoted among local people. Therefore, it is suggested that Grameen Danone is playing an important role in human development in terms of viable economic activities and grass-roots nutrition education. As a social business enterprise, Grameen Danone sets an example to follow and will be a theme for research in the future.

Limitations

At the same time, the researchers provide a note of caution. The research is exploratory, and concentrates on one particular case of social entrepreneurship in Bangladesh. The social entrepreneurship framework of Austin et al (2006) has been found to be working only with a case company in Bangladesh. The success factors examined through the framework have been found to be efficiently applicable in the case of a company – which needs to be tested for universal effectiveness in the other parts of the world. Thus, the present paper does not claim the Austin et al's (2006) framework as the best, though effective, in determining success factors for a social entrepreneurial venture. The researchers hope that, future studies, both conceptual and empirical, in this area might answer to the unresolved question of success factors for social entrepreneurship. That is a topic for future and more extensive research.

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CHAPTER THREE

1

Facebook grows up and goes to University. LOL.

Meshweyla Macdonald

We've all seen the Facebook movie and know that Facebook was the brain child of the Winklevoss brothers – Harvard University students – who engaged Mark Zuckerberg, a fellow Harvard colleague, to do the programming for their social networking site. Zuckerberg took the idea, engineered a site that was fifty times better than the one suggested by the Winklevoss brothers, and from there it went viral.

Beyond its conception though, what does Facebook have to do with University? This article will answer that question, set out how Facebook is reaching beyond the social communities and becoming integrated into the formal academic world; specifically looking at the Waikato Management School (WMS), University of Waikato, New Zealand.

A word of introduction to start, although Facebook has proliferated like no other platform before it, one has to assume that there will be a handful of readers who are unfamiliar with the functionality and use of Facebook and some introductions need to be made. Some statistics from the Facebook newsroom as at May 2012 – Facebook launched in 2004 and by the end of March 2012 had 901 million monthly active users, of which 80% are outside North America. It had 526 million daily active users, and on average 398 million users are active with Facebook six out of seven days a week. Facebook gives users the ability to connect with Friends and at the end of March 2012, Facebook hosted 125 million friend connections. I had an average of 3.2 billion likes and comments generated each day, 300 million photos uploaded each day and is available in 70 different languages (Facebook, 2012).

In a world of connected Facebook users, universities are being forced to consider integrating social media podia into their teaching practices. It makes good sense given that many universities engage with prospective and past students via advertising and notices on such platforms.

Introducing WMS

WMS is ranked as the Number One Business School in the New Zealand Government's Performance Based Research Funding programme. This means it boasts high quality research outputs, which translates into research informed and cutting edge curriculum. WMS is Triple Crown accredited – meaning it is regularly audited by three international quality control bodies – EQUIS (which is European based), AACSB (which is US based) and AMBA (which is UK based). There are approximately only 50 business schools in the Southern Hemisphere which are Triple Crown accredited.

WMS is home to a number of undergraduate and postgraduate programmes. Programmes are delivered primarily on a face to face basis (i.e. in class but with the odd fully online programme) and supported by the WMS custom developed student and staff portal – MyWeb. MyWeb is the central hub for posting and accessing information about different courses, prescribed resources, submitting assessment, communicating with staff and class mates, accessing databases, checking grades and returning assessed work. Thus using the web and online based mediums for assessment or contact is not a new phenomenon to WMS students. It is an expectation that both staff and students will use and be familiar with the functions of MyWeb. Facebook is not part of the official online support structure but given its prolific nature, the sophistication of its functionality and the ease in which people can access high speed internet, it was decided to test it as a medium for communication and conducting assessment at WMS.

The Challenge

Facebook is perceived by many to be a social community. A place where you find and reconnect with old school buddies, contact family, post announcements to the world and state your mood. In short, it is viewed as a very informal platform in which to communicate with the world at large. The challenge arises when a well-respected business school desires to harness the power and reach of Facebook as part of its formal academic programme and how this initiative is received by both faculty and students.

The concept of using Facebook was initially the vision of one member of faculty – Associate Professor Jens Mueller – a progressive, innovative and forward thinking member of staff who broached the idea with admin staff at WMS. Discussions were entered into as to the appropriateness of Facebook for formal communications and assessment as well as potential responses by other faculty and students. Discussion outcomes were that

WMS were willing to try it out in a small sample of courses taught by Associate Professor Mueller and monitor the response of students as well as monitor how useful it seemed to be in general.

WMS was a little worried that there would be resistance from its students because the majority of those that would make up the sample group were from the Corporate and Executive Education (CEE) programmes. CEE students are those who study whilst in full time employment. To gain entry into CEE programmes, one must have an undergraduate degree and five years relevant managerial experience. Relevant managerial experience is defined as people, project or functional experience – responsibility for staff, budgets or significant elements of strategy or decision making. The average CEE student is in their forties, a senior manager at work and making good money. Given CEE students tend to be a little older than their undergraduate counterparts, they are also a little less technology savvy – being termed as ‘technology migrants’ as opposed to ‘technology natives’. CEE programmes are also very expensive, significantly more expensive than other masters’ programmes offered by WMS, resulting in students who are more demanding, who have higher expectations and who are very aware of how much they are spending to get their education. Thus WMS considering introducing a new online platform to a group of people who are less online inclined than other students as well as who can be very vocal about their preferences poses some risk if they decide they don’t like the new way.

WMS was also a little worried about how other academics would receive Facebook into their courses and whether there would be resistance because it may not be seen as formal enough, or secure enough or academic enough. Resistance to a new online system was also a concern despite the fact that all WMS staff use MyWeb, most do not use the online marking facilities available on MyWeb, preferring instead to print and mark hard copy student work. Most WMS staff are also ‘technology migrants’ and adoption of new electronic ways of doing things happens slowly and often only after a formal nudge from higher powers.

Trialling Facebook

Facebook was introduced to the formal study programme of five groups of WMS students as a communication tool as well as the venue for quiz type assessment. Four of the five groups were CEE MBA classes, and the fifth was a group in their final year of their business undergraduate degree.

These classes were all led by Associate Professor Mueller. Closed groups were set up with members of the class, teaching faculty and admin staff invited to join the group. This meant that everyone in the group could post and read posts, but it was closed to the rest of the Facebook community.

Initial reaction from the MBA classes about Facebook appearing in their course outlines was scepticism and disbelief that such a platform would be used to facilitate formal academic communication and assessment; the credibility and legitimacy of the podium was questioned.

These classes were informed that this was a trial, and asked if they would be willing to approach this new way with an open mind. WMS encouraged them to hold their feedback until they had completed the trial so they could give quality hindsight feedback rather than colouring feedback with preconceptions about how it would work. The undergraduate sample raised less concerns with the proposed change, but such a response is to be expected given the average profile of the undergraduate sample is early twenties in age and very comfortable with technology and online systems.

Once final grades were in, an online survey was conducted and 63 responses were recorded; a sample of the responses is summarized below.

The Results

WMS wanted to know student views about the ease of using Facebook generally. Results indicate that 75% of students found Facebook easy (i.e. minimal learning required). And of those who fell into the 25% band that indicated that some learning was needed or that using Facebook was difficult, the majority of these were the CEE postgraduate students.

Figure 1: How easy is Facebook to use?

Totally easy, no problems at all	30	48%
Very easy, got into it quickly	17	27%
Somewhat easy, needed some learning	11	17%
Hard, needed some handholding and practice	4	6%

■ Totally easy, no problems at all

■ Very easy, got into it quickly



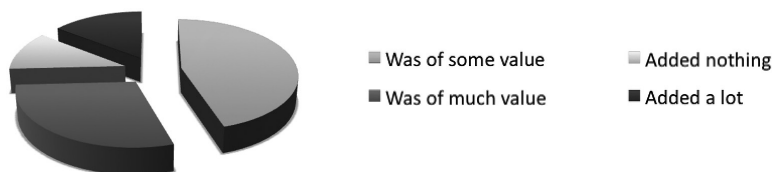
■ Somewhat easy, needed some learning

■ Hard, needed some handholding and practice

The value of using Facebook during class - as a means of posting up thoughts for discussion, relevant thoughts/videos/comments for people to consider, suggestions on how to approach assessment and building in class camaraderie was examined and 73% of students indicated that Facebook use during class provided value to the class experience. This is an interesting result given the original reservations about incorporating Facebook into the learning experience.

Figure 2: **Was the use of Facebook during Classes of Value?**

Was of some value	28	44%
Was of much value	18	29%
Added nothing	7	11%
Added a lot	9	14%



Another function of Facebook to the learning experience is its ability to easily and quickly connect students with their lecturer and classmates. Students were asked to rate the speed of access to their lecturer via Facebook. Facebook access was rated by 73% of students as faster than other means of accessing lecturers.

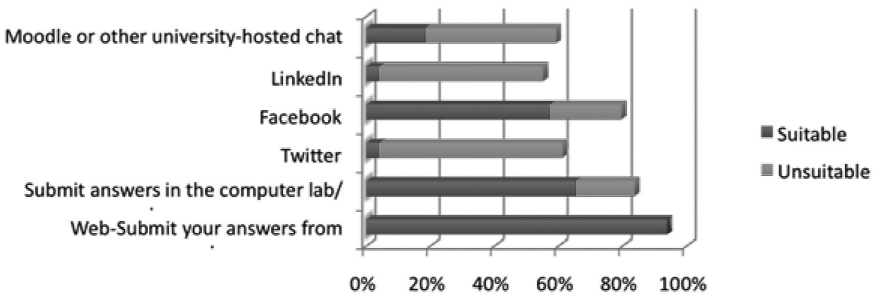
In terms of accessing classmates, 75% indicated Facebook gave them faster access to each other than other forms of access.

Of most interest to WMS was the consideration of appropriateness. Students were asked to rate the suitability of different types of forums as venues for conducting assessment. This question was asked to three of the five groups, who underwent assessment on Facebook in the form of having a case posted on the class Facebook page with a few pertinent questions and a window of time in which to post answers. What WMS observed was an interesting learning phenomenon not usually available for quiz type of assessment in that students would post up their answers to the questions, then read colleagues answers and then comment and discuss points raised by different class members. This meant that students were not only learning from their own study and reflection, but having a semi-public forum for answers to be expressed, it meant that they were able to learn

from and piggy back on the comments and experiences of others as well. The other positive note from an online posting forum as assessed dialogue is that multiple conversations could be happening simultaneously and people could participate in them all - something which would be impossible in a class room setting. Posting of assessment responses did raise some concerns over the privacy of answers and discussion amongst students about whether answers to assessment should be open for commentary by colleagues.

Students expressed that the most appropriate platform for submitting assessment was via the University's web portal (94%) with sitting a test on campus as being the second most appropriate (65%). Facebook came in as the third most appropriate with 57%. Still of the six options presented, it rated in the top half, rated as significantly more appropriate than other options.

Figure 3: **Students choice of Most Appropriate Platform to submit Assessments**



Survey results indicate that despite the reasons why Facebook may not be accepted by students - particularly postgraduate students - that upon reflection, the use of Facebook in WMS courses actually has great potential.

WMS moved on to the next part of the challenge - discussing this with their teaching faculty. CEE holds quarterly meetings with faculty who teach on their programmes. Using Facebook formally was raised as an agenda point for discussion. Its use and success among students was noted, however the majority of faculty remained unpersuaded to adopt Facebook into their courses with reasons cited as "Its just not the right look for a University to be using Facebook", "We have our own formal systems for communication and assessment, why do we need to change what is not broken?" Persuading teaching faculty that using Facebook as part of their

formal course offering may take some time. In the interim, WMS plan to continue using Facebook as well as MyWeb as platforms for connecting with students, albeit on a limited user-willing basis.

Conclusion

Comfort levels of both students and faculty with using Facebook as part of their University study programme are sure to increase over time. As the younger generation mature and move into executive education study pursuits as well as some who will undertake lecturing pursuits, the profile of students and lecturers will change and technology natives will outnumber technology migrants. By then, WMS will likely be navigating Facebook 5.0 or an equivalent sophisticated platform in which to engage students.

LIKE :P

Reference

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Questions

How would you persuade the WMS teaching faculty that incorporating Facebook as a platform into their courses was a good idea?

Do you think given the current profile of WMS students and staff that using Facebook as part of the academic programme is a good fit?

How would you respond to postgraduate student resistance to using Facebook?

Who do you think has the most bargaining power in this situation? WMS students? WMS faculty? WMS admin staff?

What strategic benefits do you see for WMS arising from using social media, such as Facebook, in their academic programmes?

BIOGRAPHY

Meshweyla Macdonald – Meshweyla has a Masters with honours in Management Studies and double Bachelor degrees (with honours) in Law and Management, all from the University of Waikato. Meshweyla has worked in the MBA programme at Waikato for two and a half years. She spent several years teaching for the University in Shanghai before returning to New Zealand to work in Corporate and Executive Education.

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2

Embedding Ethical Systems in Nonprofits that rely heavily on Volunteers

John R. Bell, Robert R. Bell & Susan A. Elkins

Introduction and Background

This case is designed to address the need for building ethical systems into the leadership system of nonprofit organizations. In recent years, not-for-profit organizations have not been immune to scandals, and these organizations have a dramatic impact on the life of individuals and communities. In the United States alone, the Internal Revenue Service identified 819,008 not-for-profits (501c3 organizations) in fiscal year 2000, and non-profits employed an estimated 10.9 million individuals in 2001, with revenues of approximately \$680 billion (Guay, Doh, & Sinclair, 2004.) Since many not-for-profits also utilize the services of numerous volunteers, they have the potential for dramatic influence on a community, state, and nation, and they offer many opportunities for ethical lapses.

The Baldrige Criteria for Performance Excellence, which was tailored for nonprofits beginning in 2006, gives an organization a useful set of guideposts for improvement in operations. Central to the Baldrige framework is a leadership focus on ethics (so central that the word “ethics” is one of three phrases included on the cover of the current award criteria booklet). For organizations seeking not just to fix something that is broken, but also to demonstrate a leadership position of organizational excellence, the Baldrige framework provides significant help.

The Baldrige Criteria begin with leadership (Category 1). There is a strong emphasis both on senior leadership and on the “leadership system,” and on serving as “role models... for ethical behavior” The term leadership system refers to “how leadership is exercised, formally and informally, throughout the organization” (“2005 criteria for,” 2005). Since volunteers often play such a significant role in not-for-profits, their activities are clearly covered in this far-reaching phrase. The Criteria serve as a vital

reminder that volunteer workers and leaders do play significant roles in these organizations and often have a major impact on their perceived ethical posture (Bell, Bell, & Elkins, 2005).

The organizations that will be discussed in this case study are Tennessee Technological University, Second Harvest Food Bank, and the Boy Scouts of America. Relevant information about each organization is provided below.

Tennessee Technological University

Tennessee Technological University (TTU) is part of a very large state system of higher education serving approximately 200,000 students in universities, community colleges, and technology centers. TTU, located in Cookeville, Tennessee, offers more than 40 undergraduate degrees and 20 graduate degrees, including doctoral degrees in engineering, environmental sciences, and exceptional learning to at student body of approximately 11,000 students (Tennessee Technological University, 2010). In addition to the student body, the total TTU workforce consists of approximately 1100 employees, with most of them paid employees of the state. TTU is a primarily residential campus, with a large undergraduate population. While most students matriculate at the main Cookeville campus, many others study through extension programs at community colleges, extension centers, or by distance/online education. In addition to the senior leadership on the campus, the governance and development systems of the University include two very high-profile volunteer boards, each of which plays a vital role in the leadership system. The TTU president reports to the Chancellor of the Tennessee Board of Regents (TBR). Except for the Chancellor and the Governor, who serves as co-chair, the board is made up of highly visible volunteers from throughout Tennessee who are appointed by the Governor. Because of several highly embarrassing ethical lapses at other universities, the state legislature and the TBR have focused intensely on presidential ethics and board ethics in the past few years.

A second university perspective on volunteers comes from the volunteer members of the board of directors of the TTU Foundation. The Foundation is made up of a 15-member board of directors, co-chaired by the University president and an elected volunteer member. Each member is appointed to the board for a fixed term, and that term may be renewed. While primarily a fund-raising and development board, the group also serves as a primary board of advisors to the president on strategic university issues. University foundations have been sources of controversy in many

situations, especially as they relate to possible interventions of athletics boards. In TTU's case, the Foundation Board is made up of significant individuals (mostly alumni) invited by the president to serve on the Foundation. These individuals have provided invaluable service to the University, helping build the endowment to over \$40 million and working closely with appropriations efforts in Congress. The president has made it clear that he also encourages their role as a board of advisors for the University, so this group exerts a significant policy and strategy influence on the University.

In past years, the Foundation board has led efforts to build a new School of Nursing building and a new Center for Science, Technology, Engineering, and Mathematics on the campus. They have also led efforts to build endowments for scholarships, faculty development, equipment/technology renewal, and to name schools and colleges. They meet on campus several times per year, but also work individually with the President and Vice President for University Advancement on development projects. Often, they interact with members of congress, state legislators and other government leaders, and wealthy individuals and opinion leaders across the state.

Second Harvest Food Bank

Second Harvest Food Bank of East Tennessee (SHFBETN), located in Knoxville, Tennessee, is associated with a nation wide network of food banks called Feeding America. The overarching goal of the network is to eliminate hunger in America. SHFBETN distributes food and grocery products to 514 non-profit organizations in 18 counties and serves as an advocate for policies to increase public awareness of hunger and poverty while working to eliminate hunger. In 2010, the Food Bank distributed nearly 12 million meals to the hungry in East Tennessee (Second Harvest Food Bank East Tennessee, 2010).

A large food bank, like the one in Knoxville, will use over 3,000 individual volunteers for various tasks and projects throughout the year. With so many groups and individuals aiding staff with tasks as various as food packaging to check processing and event planning/marketing, there are obvious opportunities for ethical lapses. As a food bank grows, its dependence on volunteers also grows. The rapid growth in East Tennessee has placed a strain on the traditional memory- based, word-of-mouth system of volunteer management.

Food banks interact with volunteers in many different ways. Directly, food banks utilize individual volunteers and groups of volunteers for sorting and packaging canned goods and for various warehousing and distribution

tasks on site. Many of these groups come in for a three hour shift once or twice a year but have little interaction with the food bank outside of these brief sessions. Weekly, SHFBETN hosts four to six groups of around fifteen volunteers per group.

Due to the brief time that volunteers are involved, there is little buy-in or in-depth understanding of policy for the organization.

Volunteers also organize and promote community events and food drives in the name of the food bank. Last year 161 food drives were conducted in the name of SHFBETN. All but 10 were lead by volunteers.

Such volunteers often begin a project like a food drive with good intentions but as it progresses, ethical lapses can and do occur through oversight, misunderstanding or occasionally maliciousness. People have conducted small food drives or even fund drives in the name of the food bank, using the logo, name, marketing material etc, but then never deliver on the food or funds they ensured that they were collecting. There is a trust factor with volunteers. The organization depends on them but also takes a risk in turning over control to them.

Boy Scouts of America

The Boy Scouts of America (BSA) is an organization with nationwide impact, yet profound influence at the community level. In 2010, BSA celebrated the 100th anniversary of Scouting in the United States with a wide range of Centennial Celebrations. In a typical year, Scouting serves about one million Boy Scouts and Varsity Scouts and uses almost one-half million adult volunteers (including all three authors). BSA has a very small paid staff, with volunteers in a given county or community providing almost all of the leadership at troop and pack levels.

The mission of BSA is to prepare young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Scout Law. The organization has gained notoriety in the past decade by maintaining several high-profile ethical positions, such as its position banning gays from membership or leadership positions. This particular position has placed it in direct conflict with other nongovernmental advocacy organizations and has threatened its funding from sources like United Way.

In addition to the national scouting organization, BSA is organized into regions, councils, and districts. Each district then is organized at the troop and pack level. In Middle Tennessee, for example, the Middle Tennessee Council (a Centennial Quality Council of BSA) serves over 38,000 youth and adults from a 37-county area, who participate in Cub

Scouts, Boy Scouts, Co-ed Venturing Crews, and Exploring Posts. These youth members range from first graders to young adults up to age 20 (Boy Scouts of America Middle Tennessee Council, 2010).

Boy Scouts of America is an organization intentionally structured around the heavy utilization of volunteers. BSA provides a small staff to support troops, but all troop adult leadership is conducted by a volunteer scoutmaster, several assistant scoutmasters (ASMs), and a volunteer troop committee comprised of other adults (typically parents of the scouts in the troop). The Middle Tennessee Council of BSA, for example, serves almost 37,000 scouts and scouters with a field staff of less than 50 individuals (Boy Scouts of America Middle Tennessee Council, 2010). Each troop Scoutmaster and the ASM's encourage leadership development in youth by shaping young men who assume more and more leadership responsibility for the weekly operations of their troop. The troop may have 30-50 young men ages 12-18 enrolled. The adult leaders work with these young men on a weekly basis. Part of the troop activities include classroom training and meetings, but a big portion of the activities are field based, teaching young scouts outdoor skills. Scout volunteers are often in hiking, camping, canoeing, swimming, and many other outdoor skill building areas with these young individuals. Scouting is organized into "districts" and a given district may have 10-15 troops. At the Cub Scout level, boys are organized into "packs" and the adult leadership positions are called pack leaders and pack committees. While the outdoor activities are not as challenging for these younger scouts, the challenges associated with leadership of these age groups are great. The District Executive is the only paid employee of BSA working daily with the scout leaders in the district. Other paid BSA employees work in the district on an infrequent basis.

In the Middle Tennessee area, the Council also operates four major camping/outdoor operations – the Boxwell Scout Reservation, Latimer High Adventure Reservation, Grimes Canoe Base, and Parish Reservation. Each of these reservations is spread over lands ranging from hundreds to over thousands of acres. Thousands of scouts and adult leaders attend camps at these sites each year. Each presents a special range of safety challenges, ranging from advanced water sports to cave exploration and rappelling from cliff tops.

In addition to the inherent personal safety challenges inherent in scouting, the year-round scouting program also presents a wide range of potential challenges associated with child protection. Each child or young

adult has interactions with a wide range of volunteers over the year, often in settings involving small group hiking, swimming, and camping. There are also weekly meetings, providing interactions with a number of troop or pack volunteers. The potential for abuse is significant.

The challenge for Scouting is how to utilize these outstanding volunteers effectively, while also ensuring that parents can “trust” the scouting organization to help develop their child in a safe and secure learning environment.

Case Study

Case Situation: Let’s Get a Cup of Coffee

Bob walked over to the table, pulled up a chair, and sat down. The hot, steaming cup of coffee in his hand seemed to reflect his mood. “Thanks for meeting with me,” he said. “I’m glad we’re having a chance to talk. I want to share a situation, but then I know all three of us are working on similar issues right now. This is a good time to confront it.” He leaned back in the chair, took a sip of coffee, and began to explain. Bob served as president of a mid-sized, comprehensive state university. One of his closest friends and advisors, a volunteer on the board of the university, had recently been the talk of the community. This individual, whose identity is distorted in these case facts, was a CEO in his own right and had held many state-wide positions of influence. Earlier in the year, he had been publicly critical of senior officials in state government, including the Governor himself. The individual had also been actively involved in fundraising at the University and had been privy to confidential information about some of the University’s top donors. Recently, he had been overheard at a cocktail party talking about specific financial contributions of a donor, and speculating about “what he should be good for.” Bob concluded by saying, “these are outstanding people, great volunteers, and I certainly don’t want to turn them off.....but I do have a problem.”

John jumped into the conversation by describing the volunteers who work with Second Harvest. “We couldn’t do the work without them,” he said, “but they come from many different walks of life. I have the same kinds of problems – how do we translate our corporate value systems into the minds of these folks who do such good work for us?”

“We’ve have very similar dilemmas. For example, a few years ago we were approached by some volunteers from a local restaurant/bar here in town. The business had hosted a few benefits for the food bank in the past and they were excited about doing yet another one this year. We were

eager to get involved and allowed them the freedom to plan the event as they saw fit. Although in the past, benefits had gone well and we never had any problems or dilemmas. This one was a challenge. The restaurant wanted to host a golf tournament with a twist. They partnered with a local radio station that put out a yearly “Rock Babe” calendar. The calendar was tastefully done, although somewhat risqué. This year at the golf tournament they wanted to auction off each of the “Rock Babes” as cadies for the event.

We were in a tight spot. On one hand we had a group of volunteers with a history of helping raise funds who were perhaps getting in a little too deep at their new event. On the other hand we had the reality that most of the food banks food partners, who serve the hungry, are churches. How would they react if an event like this turns out to be as raucous as we believed it may end up being?

Another situation involved the East Tennessee Film festival when they asked SHFBETN if they could sponsor the food bank through their Film Festival by collecting donations for hunger-relief. We of course said sure. As things progressed however, we became aware that funds were being collected through the festivals website with phrasing like ‘click here to donate to SHFBETN.’ We were, unfortunately, not receiving those donations. The festival organizers, when questioned, ensured us that a check would be cut to SHFBETN at the end of the event for the full amount raised. SHFBETN learned a lot about policy, communication and support material for volunteer driven efforts from this situation.

Another difficult issue for us is volunteers with conflicting viewpoints. SHFBETN has 514 non-profit partners from 18 counties. Each of these organizations has dozens of volunteers working in support of their specific mission and many of those volunteers overlap with SHFBETN activities. Occasionally, conflict management is necessary even among committed volunteers who value many of the same goals. Partner organizations may either have food delivered directly to their facility or come to the SHFBETN warehouse and pick up the product. At any given time there are volunteers for these agencies in our warehouse facility picking up food and placing orders for future delivery. Last year, one of SHFBETN’s partners, a conservative religious group, happened to be checking out product at the same time as another agency, who distributes food to clients who include the lesbian, gay, bisexual and transgender (LGBT) population. The two volunteers from these two different agencies were both here to pick up food for their own hunger-relief mission and while waiting to have their vehicles loaded they began to exchange stories about their work. Upon hearing

about who received some of the food from the second agency, the volunteer from the conservative group began to shout profanity and religious phrases condemning the work of the second agency.

Although SHFBETN has clear non-discriminatory policies and will gladly help any person who suffers from hunger, we must also acknowledge that our 514 agencies all serve different people for different reasons and often do not see eye to eye. So as you can see from these three examples, SHFBETN certainly has challenges with ethical issues that involve our volunteers.”

Susan poured another cup of coffee. “And all three of us work with Boy Scouts of America, and we all know the major risks we have when so many different volunteers work with the boys in the troops. All of the volunteers are well intentioned – or at least all of the ones I’ve worked with – but we have legal and moral obligations to protect these young men. Clearly, there have been instances across the nation where not all volunteers were well intentioned.....the challenge is how do we ensure that our volunteers truly want to serve youth, and how do we ensure that they understand our vital commitments to youth protection?”

Conclusion

The recent scandals that have questioned the ethics of major leaders have considerable implications for not-for-profit organizations and the special case of volunteers. This case describes some of the ethical issues that face three nonprofit organizations that rely heavily on volunteers. Lessons from the experiences in these organizations can be used in making recommendations for improvement in the ethics framework of such not-for-profits with many volunteers.

Ethics is typically defined as a system of beliefs about what constitutes right or wrong, or a system of moral principles governing the appropriate conduct for an individual or group. The challenge in most organizations is that many individuals hold significantly differing value systems, and those individual value systems drive behavior more than organizational value systems. In many not-for-profits, volunteers play vital roles in the leadership system. But since volunteers are unpaid, they often see themselves as untouched by organizational rules, or at least feel as if they have the right to some interpretive license based on their unpaid status. Volunteers also come from many different walks of life and sometimes widely varying ethical frameworks (Bell, Bell, & Elkins, 2005).

A more specific challenge for some organizations is the governance system. Often, members of the board of directors (to whom paid leaders

report) are senior executives in the for-profit sector. Their value systems are tied to the private sector, and they are frequently less tolerant of some of the values or ethical positions held by public sector or not-for-profit organizations. Members of the board of regents at a university, for example, may not fully understand or appreciate some of the closely held value constructs in higher education (like tenure or work-load assignment processes). Another emerging governance issue stems from the fact that many not-for-profits are subject to local and state governmental oversight, where there is a significant tendency toward more intervention and ethical review (Bell, Bell, & Elkins, 2005)..

A significant element in the Baldrige framework is an organization's ability to learn from the practices of other organizations. After review of this case study involving three not-for-profits, (1) Tennessee Technological University, (2) Second Harvest Food Bank, and (3) Boy Scouts of America, recommendations for action can be developed based upon the best practices from the strategies used by these and other diverse organizations. The extensive use of volunteers in key leadership roles of not-for-profits, as well as throughout the organizations, makes it imperative that such organizations develop and implement sound ethical frameworks and infuse them into their leadership systems (Bell, Bell & Elkins, 2005). Both ethical cultures and climates are critical to the organization, and leaders must demonstrate their commitment to ethics and promoting ethics in the culture and climate of their organization (Ethics Resource Center, 2009).

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Discussion Questions

1. What impact does the selection of both paid employees and volunteers have on the ethics of an organization? How should selection processes be structured to reinforce the ethical positions of the organization?
2. Why is an organizational Code of Ethics important to not-for-profit organizations? How should the code be communicated and reinforced?
3. What impact could a Board Audit/Risk Committee and a Volunteer/Member Audit have as key components of the leadership system?
4. From an organizational structure perspective, discuss the role and function of both centralized and decentralized oversight and review of ethical frameworks.
5. Describe the role of the CEO and Board Chair in developing and reinforcing the ethical frameworks of the not-for-profit organization.
6. Explain the importance of an Employee/Volunteer Handbook for training and reinforcing the ethical frameworks of an organization.
7. Discuss the importance of systematic training, development, and reinforcement of the important elements of the ethical framework.
8. Why should volunteers be involved in creating/deploying the ethical code for a not-for-profit organization? How can this be done?
9. Describe the importance of communication in embedding the ethical frameworks in the organization. Explain some effective ways of communicating those frameworks throughout the organization.

BIOGRAPHY

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Achieving High Productivity and Excellent Performance in Not-for-Profit Firms: A Human Resource Perspective

Shelda Debowski

Introduction and Background

Not-for-profit firms operate under tight conditions – balancing their limited fiscal resourcing with high expectations for performance and a concern for achieving maximum outcomes from their limited assets. While their most important assets may be the staff who work within those firms, the optimal deployment of those resources can be greatly reduced through a minimalist approach to human resource management practices (Johnston, Brignall & Fitzgerald, 2002). A critical area in building a highly productive firm is the management of performance (Wiesner, McDonald, & Banham, 2007).

Performance management of knowledge enterprises can offer particular challenges in defining and measuring knowledge outputs. Intellectual and social capital are less tangible but highly critical to the not-for-profit knowledge firm, and therefore need to be managed effectively (Debowski, 2006). In this context, performance management may require more careful integration of strategies to suitably document and recognise the desired work-related activities and outcomes. This case study of a university performance management strategy will examine some of the ways in which performance management can effectively drive high performance across a representative not-for-profit knowledge community.

The University of Western Australia is a prestigious Australian higher education institution that employs professional staff, academic staff who teach and research, and research-intensive staff who focus solely on research (www.uwa.edu.au). In total, over 4000 staff are employed to support this institution's goals. The university's student population is drawn from its local Western Australian community as well as attracting international students and research collaborations from many different

areas of the world. The university sector is highly competitive, requiring careful deployment of all resources to achieve sustainable and competitive outcomes that will position the university in the global market.

The constant quest to improve the university's global performance has encouraged a stronger focus on productivity and performance (Grocchia & Miller, 2005). The university had traditionally only targeted professional staff through its performance management process. However, in recent years it began to recognise the critical need to build a unified approach to performance management. A major challenge in drawing all staff into using a regular performance system related to engaging academics and researchers in the process. These members of the community were accustomed to being self-directed, autonomous individuals who determined their own performance goals. While self-management can generate sound individual outcomes, it can also encourage sub-optimal performance if staff are unaware of the standards they should be striving to achieve (Nankervis and Compton, 2006). The provision of performance related feedback also offers guidance on the direction and intensity of effort that should be emphasised (Gill and Meyer, 2008). The shift to a more orchestrated university-driven approach had the potential to generate considerable divisiveness and reaction (Eggington, 2010). However the institution recognised the need to push for higher productivity and closer alignment with its critical goals of achieving international excellence in teaching, research and global positioning.

This case therefore focuses on the challenge of encouraging high end knowledge workers (academics and researchers) to embrace performance management and regard it as a worthwhile element of the workplace culture. It also highlights the need to be clear about performance and productivity when developing a performance management strategy.

Case Study

The first challenge in implementing an effective performance management strategy is to develop and publicise robust and valid indicators (Taormina and Gao, 2009). In universities research performance has always been a primary performance indicator for an academic's success (Canavan, Gillen, & Shaw, 2009). Performance in this case relates to research publications (in high quality journals); research grants received to fund research; successful supervision of research students and evidence of the impact of research on the broader community, policy and practices (research translation). In the last five years research metrics have become an international yardstick as

various agencies monitored the comparative performance of institutions, based on individual researcher performance. This has put increased pressure on research-active academics to perform at a high level and to demonstrate their effectiveness.

The University of Western Australia began to formalise its expectations of researchers in 2004 by introducing two new initiatives: a performance development review system for all staff and a research metrics system that records all research-related outputs for its staff. Socrates, the research metric system, awards points for various forms of research output, with the points guiding researchers toward particular desirable outcomes. Refereed articles, for example, and book chapters are awarded higher points than a refereed conference paper, which is deemed to be easier to achieve and less likely to have a significant impact on the broader community. The performance of the individual can be calibrated in the system against other colleagues within an organisational area, or those who work at a similar level of seniority.

Allied to this system was the move to implement a formal performance management system. There have been two rounds of system development. The first system focused on a holistic approach of reviewing past performance, identifying development needs and then offering an appraisal of overall comparative performance. It was a paper-based process, with reviewers asked to complete the summary statements relating to the agreed goals, development plan and overall assessment. The system was partially successful in encouraging stronger awareness of providing performance feedback, but it also suffered from poor completion rates and difficulties in monitoring the overall take-up: records were stored by the supervisor and not recorded centrally. In 2007, following a review of the outcomes, it was decided to build an online system that stored records in the Human Resource Information System. This new system monitors participation rates, enabling the printing of reports to senior leaders on completions and ongoing access to past reports. The online system assists with cueing participants into completing the reports by sending a series of email prompts to ensure full closure of the process. The revisions to the system also included stronger ownership by the reviewee, who now documents the outcomes of the meeting and the agreed goals and development plan.

While these are significant performance management initiatives, they are only effective if they help to shift the culture and guide the development of more powerful individual performance goals (Rodwell & Teo, 2010). The university recognised the need to integrate these performance

management systems into the broader architecture and culture of the institution. These two systems have therefore formed the spine of a larger performance management culture shift that is being encouraged through redefining the meaning of high performance, leadership integration of the principles and organisational architecture changes. Each of these is briefly described below.

As the Socrates metrics illustrate, there is a tendency to focus on the tangible outputs of researchers. However, there are many ways in which performance and productivity can be viewed. A researcher, for example, can spend many years building a productive collaboration that will ultimately lead to patents, publications, grants and even Nobel prizes. In the ensuing time, however, this can be largely unproductive while the investigative work and relationships are established. Performance has been redefined in this university to reflect a more comprehensive view of the various behaviours and activities that comprise “high performance”. These include the efficiency of work undertaken (the amount of work achieved); the effectiveness of the work undertaken (the quality of the work achieved); the productivity (outputs); the impact of the performance (stakeholder satisfaction and engagement with the outcomes) and the contribution to a positive and constructive collegial work environment (collegiality).

This redefining of performance has articulated recognition of the broad platform that should be considered when reviewing an individual’s contribution and outcomes. The inclusion of collegiality has also raised an important signal to all staff that the emotional and social contribution to a workplace community also matters. For research active staff, this can be important, as there can be a tendency to focus on output performance at all costs. Thus, the clear definition of what counts as performance has refocused the community on some different (and more demanding) metrics, but also recognised the diverse roles that knowledge workers may undertake.

The engagement of leaders with the principles and implementation of effective performance management required considerable emphasis during this transitional period. Academic heads were themselves unfamiliar with the process of conducting and overseeing effective performance processes, relying instead on a more collegial and informal approach. The first step in building wider support for this emergent cultural shift therefore started with a two day residential workshop to encourage deep and vigorous discussion about the values underpinning the inaugural system, the need for improved performance and the mechanisms for achieving

those outcomes. Heads were strongly supportive of the process and have remained strong advocates, with some contributing to the redesigning of policies, systems and processes to encourage higher performance.

A key strategy employed by the university has been the integration of high performance values into all leadership programmes, workshops and other forums where groups meet and discuss their directions. The annual leadership day explores the main outcomes of the previous year and highlights the collective performance of the community. Heads have also engaged with the challenge of documenting what high performance means for each of their communities, as their requirements can vary considerably, depending on the specialist knowledge that is being researched and shared.

Workshops and seminars have been conducted throughout the community to increase the necessary skills and awareness. Training for reviewers has been intensively undertaken to increase the skills and capabilities of these important contributors. Workload formulas have become more common as university leaders worked to build stronger consistency across all staff in terms of their performance outcomes. Workload models often integrate an allocation of time for research based on past performance, in an attempt to recognise the productivity of researchers. However, this can be a flawed approach and can be viewed as favouring those who are successful, compared with those who are new to the field or with work in progress. The allocation of workloads for those involved in research can be difficult as the preparation for an output can be time consuming but largely “invisible” and in some cases, ultimately unsuccessful, despite the best efforts of the individual. Thus, the embedding of performance assessments can be challenging when the performance is directed toward knowledge-based outputs. Focused workshops have been provided to assist knowledge sharing across the heads as they redesign the reward and recognition processes that assist in driving performance.

Other organisational architecture changes have occurred to reflect the importance of these systems and their associated performance data. Induction programmes have been redesigned to incorporate a commencing performance discussion, designed to establish initial performance expectations and the support to be provided. Key performance indicators for academic areas include measures relating to the research outputs that are collectively achieved over the previous year. Applications for study leave, confirmation of ongoing appointments following probation and support for study leave have been aligned with the outcomes of performance reviews to affirm the centrality of these processes.

The introduction and embedding of performance management processes into an intensive and individualistic knowledge community has posed some significant challenges including gaining widespread support and engagement; encouraging leadership buy-in and clearly articulating the nature of high performance. In the process, a number of principles have been affirmed: first, leaders need to be engaged as advocates and sponsors of the system; second, the system needs to reflect the environment in which it is operating; third, the metrics drive behaviour: the outcomes that are valued and recognised are those that will be pursued by members of the community; fourth, it is important to build an integrated approach, where the system is part of the broader human resource architecture and links to other processes that promote high performance. Finally, consideration of the values and cultural context in which performance sits are critical to promoting widespread engagement by all stakeholders.

Conclusion

Knowledge communities can be challenging environments in which to encourage high performance. While this case study emphasised a university context, there are many not for profit communities that are driven by a personal quest for excellence and a belief in the long-term value of the generated outcomes. In these situations, it is important to consider the cultural values that are likely to facilitate or hinder a shift in performance orientation. Knowledge workers are highly motivated, intrinsically driven performers who like to work toward agreed goals or outcomes in a self-managing manner. Any performance system will need to take account of these attributes and build in recognition and reward processes that overtly value those same outcomes and recognise the individual effort and dedication that underpins each individual's work outcomes.

This case study affirms the importance of achieving strong engagement with key leaders throughout the community. They need to be convinced of the value of the system and encouraged to promote its efficacy to their constituents. They can also benefit from ongoing support through skills enhancement (particularly in defining performance, giving feedback and linking performance and values-driven performance culture). The development of leadership communities where leaders may share their trials, errors, wins and learnings with other colleagues can greatly assist in promoting a widespread allegiance to similar outcomes.

The relationship between an individual's values and performance, the culture in which performance operates and the broader systems and policies

that cue members into valued behaviours and outcomes are all closely intertwined. Performance systems are strong drivers of organisational performance. They can work in unison with a firm's quest to be a high quality not-for-profit setting, or may act in opposition. Careful consideration of the context, community and desired outcomes are important facets to worth through when reviewing the efficacy of existing or proposed systems – particularly where the performance outputs relate to knowledge or other intangible outcomes.

Discussion Questions

1. What benefits can an effective performance management system offer a not-for-profit community?
2. What role should leaders play in promoting staff commitment to performance management?
3. What are the likely issues a knowledge community might need to consider when introducing an integrated performance management strategy?
4. Which is more important when creating a knowledge-based performance management strategy? Culture or System? Why?
5. Identify five issues that a not-for-profit knowledge community would need to address in order to promote high productivity and performance.

BIOGRAPHY

Professor Shelda Debowski is internationally regarded for her work in higher education development. She has a long history of leading work groups, projects and communities through change and development. Shelda has published widely in the areas of knowledge management, higher education leadership and organizational development. She currently works with many different academic communities and leaders at the University of Western Australia and has played a major role in building a strong leadership culture across the university. She also operates as a leadership consultant to educational communities working through large-scale change processes. Shelda has received national recognition for her work in organizational development and regularly speaks on these matters at conferences and other forums.



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Implementing the Balanced Scorecard in a University Setting

Les Livingstone

Introduction and Background

As a former principal in a prominent international consulting firm Pat Miller has participated in many strategy assignments for leading organizations of a for-profit and a not-for-profit nature. From these assignments it has become clear that all organizations tend to have well thought-out strategic plans. But all organizations share similar challenges to their strategies. These major challenges are as follows:

1. **Most organizations have great difficulty in successfully implementing their strategies – no matter how well-thought-out their strategic plans are.**
2. **Most seasoned consultants will agree that a second-rate strategy with first-rate implementation is preferable to a first-rate strategy with second-rate implementation.**
3. **Further, when their strategy is not working as it should, most organizations learn of the problem too late to make the necessary adjustments in timely fashion.**

The technique that best overcomes these challenges is the Balanced Scorecard. The Balanced Scorecard is widely-used in business and industry, government, and not-for-profit organizations worldwide to align operating activities to the vision and strategy of the organization and to monitor organization performance against strategic goals. It was originated by Dr. Robert Kaplan of the Harvard Business School and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more ‘balanced’ view of organizational performance.

The Balanced Scorecard has these remarkable advantages:

1. It links the regular everyday activities of each organizational unit to the overall organization strategy.
2. It enables organizational personnel to understand how metrics of their regular everyday activities contribute to the overall goals and strategy of the entire organization.
3. It tracks the performance of each organization unit, and by this means it monitors progress in the implementation of organization strategy for each organization unit.
4. It supplements the traditional financial performance measures with non-financial performance measures, which allow forward looking indicators to be added to the backward-looking traditional financial performance metrics.

The Balanced Scorecard is the most widely used system of performance management. For example, the U.K. Cranfield University found that 75% of organizations with formal performance management systems use a system based on the Balanced Scorecard¹. The Balanced Scorecard has become the leading system for managing organizational performance, outdistancing systems based on quality management (such as six sigma)².

The Organization

Pat Miller is now the President of Murray³ College, a traditional liberal arts college, about 40 miles from Atlanta, Georgia. It was originally the country estate of Alexander Murray, a wealthy billionaire who donated the property to be used as a liberal arts college to provide education for sons and daughters of families too poor to afford education that needs to be paid for. Alexander Murray also thoughtfully provided a substantial trust fund whose investment income covers the costs of operating Murray College. Pat is a career educator (except for her eight years as a management consultant) and she has been president of Murray College for a year.

Murray College is situated on 200 acres of rolling wooded farmland. In addition to the original mansion, there are stables for many horses, a large barn, an Olympic-sized swimming pool, 4 Har-Tru tennis courts, and a 9-hole par-three golf course. A fast-flowing river winds its way through the landed estate.

1 Marr, B. (2004). *Business performance management: current state of the art*. Cranfield School of Management and Hyperion.

2 Lawson, R. et al (2008). *Scorecard best practices: design, implementation and evaluation*. Hoboken NJ: John Wiley & Sons, Inc. pp. 59-60.

3 Murray College is a fictitious name, and does not refer to any existing institution.

Pat Miller knows it is important to develop and maintain performance measures in order to track how the College is doing, and to evaluate how well it is achieving its major goals. She is familiar with the balanced scorecard as a successful means of implementing organization strategy, and measuring performance. Pat understands that traditional financial performance metrics provide information about an organization's past results, but are not well-suited for predicting future performance or for implementing and controlling the organization's strategic plan. By analyzing current perspectives as well as the historic financial metrics, managers can better translate the organization's strategy into actionable objectives and more quickly measure how well the strategic plan is being implemented. In addition to the financial perspective, these current perspectives are typically as follows:

1. **The Customer Perspective.**
2. **The Internal Processes Perspective.**
3. **The Organizational Learning and Growth Perspective**

In order to start development of a balanced scorecard, Pat appointed a five person task force to get the ball rolling. Their mission is to develop a first draft of the objectives and metrics for the balanced scorecard. The task force is led by James Stewart, a senior faculty member who teaches economics. Like Pat, James is also familiar with the balanced scorecard. He sketched out the following notes to distribute to the task force before their first meeting.

Numbers are the language of purposeful activity. Numbers are measurements of performance for organizations, for organizational units, and for individuals. These performance measurements determine whether organizations, organizational units, and individuals are succeeding or failing in reaching their objectives. If the measurements are favorable, then organizations are succeeding, employees are earning increased compensation and greater job security, customers are pleased, suppliers are winning more orders, the local community is benefiting, and investors are earning good returns. However, if the measurements are unfavorable, then organizations are not succeeding, employees are earning constant or reduced compensation and losing job security, customers are displeased, suppliers are winning fewer orders, the local community is being harmed, and investors are earning low or even negative returns. Therefore performance measurement numbers are of crucial importance. These performance measurement numbers are known as "metrics."

It is very important to understand what a metric is. To be clear, a metric means a measurement. There are three kinds of measurements:

- 1. **Nominal:** a nominal scale assigns items to a category. The category may be a simple “yes” or “no.” For example, “yes” or “no” categories can be black or white, male or female, or odd or even. In the case of a family, a nominal scale assigns items to categories like grandfather, grandmother, father, mother, son or daughter. In the case of an automobile, categories could be small sedan, midsize sedan, large sedan, SUV, and so on.*
- 2. **Ordinal:** an ordinal scale identifies items in order of magnitude. For example, a customer survey might ask for ratings of service on a scale of 1 through 5, where 5 is best. That means a score of 4 is better than a score of 2. But it does not mean that a 4 is twice as good as a 2, or that a 4 is four times as good as a 1.*
- 3. **Cardinal:** a cardinal scale is also known as a ratio scale. For example, the numbers 1, 2, 3 ... represent a cardinal scale. For a ratio scale, 12 is four times 3, and two times 6.*

So a metric must be either a nominal or ordinal or cardinal measurement. Anything else is not a metric.

ROE > 20% is a metric. “Increase Sales Revenue by 5%” is a metric. “Survey Customers” is not a metric.

For each metric in each period there are:

- (a) target values,*
- (b) actual values, and*
- (c) a methodology for obtaining the data and calculating the actual values.*

The balanced scorecard normally contains four perspectives:

- 1. Financial measures for objectives such as liquidity, solvency, and return on invested capital.*
- 2. Customer measures for objectives like loyalty, growth and satisfaction.*
- 3. Internal process measures of objectives such as policies, procedures, and technologies used.*
- 4. Organizational learning and growth objectives such as employee training and development, innovation and skills.*

For each perspective, there are usually three measures. Each measure is reported as the actual result and the target value, so that the actual result can easily be compared with the target value.

The idea is to keep the objectives down to a few major concerns in order to focus on essentials, and not to be distracted by items of lesser importance. Often the analogy is used of an auto dashboard, which contains only the main elements, such as fuel level, speed, mileage, engine temperature, and various warning lights in case of malfunctioning components. Below is a diagram showing the basic balanced scorecard framework.

Table 1: The Balanced Scorecard Framework

Financial Performance Metric	A	B	C
Objectives			
Measures			
Targets			

Customer Metric	A	B	C
Objectives			
Measures			
Targets			

Internal Process Metric	A	B	C
Objectives			
Measures			
Targets			

Learning & Growth Metric	A	B	C
Objectives			
Measures			
Targets			

Case Study

James also prepared a rough first draft of a balanced scorecard for Murray College in order to give the task force something to react to. James was a bit of a prankster, and loved to set a cat among the pigeons. So he deliberately inserted a few mistakes into his rough draft of a balanced scorecard for Murray College. He also left out a couple of metrics.

The rough draft of the balanced scorecard for Murray College contains the customary four perspectives, and each perspective has within itself three objectives. For each of these three objectives, there is an actual metric plus a target value for that metric.

The rough draft of the balanced scorecard for Murray College is as follows:

Table 2: The Balanced Scorecard Framework

Perspective	Objective	Metric	Target Value
Idealized Influence	1. Tuition Revenue	Dollars	Maintain
	2. Operating Surplus	Increase Operating Surplus	Bigger than previous year
	3. Solvency	Ratio of Assets to Liabilities	Assets > Liabilities
A. Financial	1. Increase the Number of Students	Student Increase	More than Last Year
	2. Maintain Tuition per Credit Hour	Average Tuition per Credit Hour	\$600 Improved
	3. Improve Student Satisfaction	Median Score: Student Survey	
C. Internal	1. Technology Improvement	Not Yet Determined	? ?
	2. More Powerful But More User-Friendly Software	Not Yet Determined	Improved
	3. Maintain Market Share	Market Share	
D. Learning	1. Employee Training	Average Annual Hours of Training per Employee	30 < 3%
	2. Employee Turnover	Employee Turnover	Improved
	3. Employee Compensation	Average Compensation	

The rough draft balanced scorecard shown above is merely a first step in a lengthy process. This rough draft balanced scorecard still needs considerable thought and discussion in order to make it into an effective means to implement strategy and to measure organizational performance. For example, it needs to be decided whether the three stated objectives listed for each perspective are the best choices that should be made. A great deal of analysis and discussion is probably required before this issue can be settled.

After that issue has been settled, the next step is to find suitable metrics for each objective. That will also require careful analysis and discussion. After the metrics have finally been determined, their target values will need to be set. It is important that these target values are challenging so that the organization will need to put forth effort and initiative in order to achieve the targets. At the same time, the targets should not be so difficult that they are virtually impossible to achieve, because that would induce people to throw up their arms in despair and simply give up trying to do the impossible. So a delicate balance is necessary in setting the target values of the metrics. The target values have to be challenging, on the one hand, but not so challenging as to be impossible on the other hand.

Once the college balanced scorecard has finally been determined, it is the master balanced scorecard for the top executive group, led by President Pat Miller. The next step in the process is to cascade balanced scorecards down to each organizational unit of Murray College. Each faculty department should have its own balanced scorecard. For example, there will be one for the English Department, one for the Mathematics Department, one for the Political Science Department, and so on. Also each administrative department of the College will need its own individual balanced scorecard. There will be one for Student Recruiting, one for Student Advising, one for the Finance Department, one for Student Financial Aid, and so on. There will also be balanced scorecards for support and service departments, such as Buildings and Grounds, Maintenance, and Security.

Clearly the initial efforts will demand many staff meetings, much staff training, and a great deal of support and supervision, and coordination so that the work proceeds as planned, on time, and on budget. It is important that each organization should design and construct its own balanced scorecard in order to build ownership, enthusiasm and personal involvement in the balanced scorecard project. Of course, the balanced scorecard for each unit should require approval from the unit above it. But any changes made to secure that approval should be suggested or

requested, rather than being ordered or imposed by authority. This is very important, so that each organization unit retains ownership, enthusiasm and personal involvement in the balanced scorecard of its own, and also for the entire balanced scorecard project as a whole.

Conclusion

Certainly it requires considerable time, effort and dedication for an organization to develop a sound and successful balanced scorecard project. But wait: as they say “there is more.” After the system has been installed, it needs to be regularly maintained, and adjustments will be required from time to time to cure any defects or shortcomings that may appear. In addition, there need to be regular checks that the metrics are valid early predictors of the lagging financial results. In some cases, this will be fairly simple. For example, in the balanced scorecard above Customer Perspective objectives B1 and B2 reflect the Number of Students and the Tuition per Credit Hour, respectively. Clearly any decline in those two metrics will result in a decline in the Financial Perspective objectives A1 and A2 which are Tuition Revenue and Operating Surplus.

But in other cases, the connection between the early predictor metrics and the lagging financial objectives is not as clear. For instance, the links between the Internal Processes objective C1 of Technology Improvement and financial results is not readily apparent. Nor is the link between Organizational Learning objective D1 Employee Training and financial results. In these cases, it may be more practical simply to chart the actual metrics for each period and carefully eyeball them in order to watch out for how well one may track another – bearing in mind that the are likely to be leads in the non-financial metrics and lags in the financial metrics.

It is plain that successfully installing and maintaining a balanced scorecard system is a very demanding, very lengthy and very intricate process. No organization should think otherwise. But despite the major effort required to adopt the balanced scorecard, it is equally clear that very many organizations have in fact adopted and retained the balanced scorecard. So it is apparent that the benefits exceed the cost, and the gain is worth the pain.

The reason is that the benefits of successful strategy implementation and accurate performance evaluation of organizational units are extremely valuable, and are very difficult to obtain by any other means. It is important to appreciate how valuable it is to secure the following advantages that flow from successful use of the balanced scorecard:

1. Enthusiastic involvement and participation by all staff members in their individual organizational units;
2. Coordination of all organizational units in executing the common strategy;
3. Creating the link between the daily routine tasks of each employee with the overall strategic goals of the entire organization.

At the same time, it must be understood that no system is perfect. There are always areas for improvement, and there are always disadvantages as well as advantages to every system. The balanced scorecard is no exception. Despite its resounding success and very widespread adoption, it too has some disadvantages. Here are some drawbacks to consider:

1. The balanced scorecard is very difficult to successfully introduce and to maintain;
2. The balanced scorecard relies on metrics, which are quantitative in nature. It may miss some qualitative aspects that are important. For example, in our Murray College master balanced scorecard these problems might exist:
 - In the Customer Perspective, objective B1 states “Increase the Number of Students.” But what if this is done by decreasing the quality of new students?
 - In the Customer Perspective, objective B3 states. “Improve Student Satisfaction.”
But what if this is done by giving more and more easy grades, so that no-one ever gets less than an A, and employers become reluctant to hire Murray College graduates, because it is impossible to know which are more competent or less competent?

Remember that “what counts” is what is counted. Therefore, numbers may tend to drive out softer measures of a qualitative nature that are more important, but which may seem less urgent.

At the same time, we should not let the perfect be the enemy of the good. Despite a few possible blemishes, the balanced scorecard is a powerful and widely-adopted system. Even though it is difficult and time-consuming to adopt and to maintain, its advantages far outweigh its disadvantages.

Discussion Questions

1. What is the balanced scorecard, and for what purposes is it used?
2. Describe the main attributes of a balanced scorecard.
3. Distinguish what a metric is, and give some examples of metrics, plus some examples of items that are not metrics. Explain why your examples are (or are not) metrics.
4. Review the rough balanced scorecard shown in Table 2 above. Discuss its strengths and weaknesses. Suggest metrics for those not yet determined for the Internal Perspective, objectives 1 and 2.
5. Create a balanced scorecard for any unit of Murray College that you may wish.
You may select an academic department or an administrative department or a support and service department. The choice is up to you. Whichever department you choose, please be sure to include all four perspectives, each with three objectives, and a target metric for each objective.
6. What are the limitations of the balanced scorecard?

BIOGRAPHY

Les Livingstone is an MBA Program Director at UMUC (a leading online university). He earned MBA and Ph.D. degrees at Stanford University and is a CPA (licensed in NY and TX). Since 1991 he has directed his own consulting firm which specializes in Damage Estimation for large-scale Commercial Litigation and in Business Valuation. He has served as a Consulting or Testifying Expert in many cases, including Breach of Contract, Patent Infringement, Fraudulent Conveyance, Antitrust, Dealer Termination, Franchise Disputes, and Securities Fraud. He has testified in Federal and State courts in Arizona, California, Florida, Georgia, Illinois, Massachusetts, New York, Rhode Island, and Texas, and he has also testified before committees of the U.S. Congress, U.S. Federal Government agencies including the FTC, FERC, as well as the Public Utilities Commission of Texas.

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5

Seizing Our Destiny: Reinventing A City During An Economic Downturn

David W. Stewart

In 2008 Riverside, California found itself at the epicenter of the United States housing crisis. Unemployment in the city and surrounding region exceeded 14%. One in twelve houses were in foreclosure. An economic development model based on “cheap dirt,” had dominated the city and the region for more than a decade. Residential and commercial construction, infrastructure, and related industries, such as mortgage origination, had been the growth industries on which the region had become dependent to the near exclusion of a more diversified economic base. There was a clear and obvious need for change and a new economic model for the City and the region. There was also a clear and obvious need for leadership that could create a new vision for the future and gain broad community for change and support for this vision.

This is a case study of the way a group of community leaders recreated the vision for economic redevelopment of the City of Riverside. It illustrates leadership within the context of a public/private sector partnership focused on changing the future of a city. It also demonstrates the power of ideas when embraced by a community grass roots movement. “Seizing Our Destiny” is the name that emerged to identify this movement. Begun in early 2009 and approved by the city council in late 2009 the movement has transformed a city. In 2011 the City of Riverside was named one of the seven most intelligent cities in the world by the Intelligent Community Forum and had become California’s first Emerald City. In September of 2011 *Newsweek* ranked the City number 3 among “can do” cities. This case is the story of how Riverside, the City of Arts and Innovation, transformed itself through leadership at a grassroots level.

Background

From its beginning, Riverside has been a City of forward-thinking, creative and ingenious pioneers and innovators. In 1870 when John North looked at the rich land bordering the Santa Ana River, he was able to envision rolling hills of agriculture and a city destined to be the center of Inland Southern California. To make his dream a reality, North and other founders built in 1871 a canal that still brings a dedicated source of water, making Riverside one of the only cities in California approaching water independence. Early in the City's history, resident Eliza Tibbetts experimented with three Brazilian orange trees. They created the necessary ingredients that led to California's other "Gold Rush" – the citrus industry's rise from 1870-1940. By 1882 Riverside was home to more than half of the state's 500,000 citrus trees. Advances such as refrigerated railroad cars and innovative irrigation systems made Riverside the wealthiest city per capita nationally by 1895.

The end of World War II Riverside saw change in Inland Southern California as increasing urban sprawl in Southern California began to supplant the once prosperous agricultural region. This sprawl brought with it traffic, smog, and urban blight. The once idyllic City became a poster child for urban sprawl and smog. A study released by Smart Growth America in 2002 ranked the city number one in urban sprawl (Lyne 2002). Nevertheless, the combination of improving air quality in Southern California, improvements in infrastructure and the indomitable spirit of Riverside's citizens produced significant improvements in the quality of life of the City. In 2006 the City set about changing its economic trajectory and image by improving its infrastructure and quality of life through an investment of more than a billion and half dollars in "Riverside Renaissance," an initiative to improve traffic flow; replace aging water, sewer, and electric infrastructure; and expand and improve police, fire, parks, library, and other community facilities. This initiative focused on changing the physical environment of the City. It resulted in the completion more projects in five years than were completed in the previous 30 years and dramatically changed the physical character of the City for the better. But trouble loomed.

Proximity to the coastal counties of Southern California and the availability of relatively cheap land made Riverside and the surrounding area a Mecca for families seeking less expensive housing, as well as businesses needing office and warehouse space at lower cost. Thus, there was an explosion of growth in the City and region. Forty-two percent

of all jobs created in California from 2000-2007 were created in the region. Real estate developers scrambled to build homes and commercial space. The region was the fastest growing area in California. Then, it all stopped. Riverside became the epicenter of the housing crisis. Foreclosures ballooned. Commercial real estate vacancies soured. The economic engine that had fueled growth stalled. It was soon apparent that the “cheap dirt” model of economic development needed to change.

Even when it appeared successful by some measures, the rapid growth of the region had not always produced positive results. Even as the region grew quality of life suffered as the city and region worked to expand infrastructure and services. When growth stopped unemployment soared. It was a time of crisis and dismay. It was also a time that called for change and for leadership and a new vision for the City.

Changing the Vision

In late spring 2009 the Riverside City Workforce Advisory Panel (WAP) and the Council of Economic Development Advisors (CEDA) recognized the need for change and a new vision for the future of the city. Working together these two groups initiated a strategic visioning process for change with the goal of being forward-looking and highly inspirational. The two Riverside economic development groups were made up of leading area business persons and Mayor Ronald O. Loveridge. The Mayor asked David W. Stewart, Ph.D., Dean of the A. Gary Anderson School of Management at UC Riverside, to spearhead a fast-moving process to produce a plan for change, an “Agenda for the City” before the end of 2009. In order to provide a foundation for this effort a sub-committee of WAP-CEDA worked with Dean Stewart to create 10 bold and far-reaching aspirational statements titled “A Vision for Riverside” that served as a touchstone for the strategic visioning process and established the directions for change. On May 26, 2009, the City Council approved “A Vision for Riverside”, with the intent to guide the City to a leading position in the region, country, and world (Table 1). Given the state of the economy the statements were audacious. The City Council also stipulated that significant community input should be a major component of data gathering in creating a plan for change and a vision for the future.

A Steering Committee that included twelve highly involved community leaders was formed to guide and oversee the community visioning process and development of a project that soon came to be known as the “Seizing Our Destiny Agenda.” Over the next six months the steering committee

oversaw an effort at community engagement and planning for change. In addition to hundreds of hours that the steering committee contributed to the effort the committee reached out to the diverse Riverside community for input. The driving questions were:

1. What do you want the city to be like in 10 years?
What changes are necessary?
2. What makes you proud of your city? What should not be changed?
3. What would change and improve quality of life?

The committee conducted twelve focus groups and facilitated discussions with numerous community groups ranging in age, ethnicity, interests, and concerns. Leaders of the community participated in a vision lab designed to add depth and detail to ideas that surfaced in other venues. A community survey was carried out. Input was received from over a thousand people in the community. The goal of the steering committee was to create collective vision of the community that would guide change and the vision of the future. Another goal was to create a sense of collective contribution and ownership of change within the community at large.

Unlike many city-planning efforts the focus was not on infrastructure and improvement projects. Rather, the focus was on how to improve quality of life in the city:

“Using modern economic development in this Agenda, we believe that by increasing the community’s quality of life we will fuel intelligent growth, encourage innovation, position Riverside as the location of choice for diverse and dynamic people, and attract desirable businesses and jobs to the region. This is the way we will seize our destiny.”

The committee quickly identified a travel metaphor to organize its thinking. It sought to identify characteristics of the city’s future – the destination, the direction for change. It identified eleven routes for arriving at the destination. For each route several exemplary initiatives were identified to serve as examples of specific actions and changes that would move the City along a route toward the destination. These elements of the vision were organized into a map that communicated in a single page the vision and expected outcomes (Figure 1). The vision statement was considered and unanimously approved by the Riverside City Council in December of 2009.

Making it Happen

Creating a vision and plan for change is easy. The challenge for the steering committee was assuring that the vision would be realized and that the changes happened. The committee members also wanted the vision to be evergreen with the opportunity for incorporating new routes, new initiatives and ideas for change in the future. There was also the issue of creating an organizational structure that insured that there was forward movement and positive change, as well as a sense of ownership by the larger community. The structure also needed to facilitate cooperation between community volunteers and city staff members. Implementation needed to be simultaneously organic and professionally managed. There was also a need for accountability and measurement of change both in activities and in outcomes.

The structure that emerged to guide implementation and updating of the vision and change process included the appointment of “route champions,” 2-3 individuals from the community who were passionate about a route and the initiatives associated with it. These leaders of change, who volunteered their time, took responsibility for recruiting other volunteer members to a route committee that coordinated efforts and initiatives. To assure coordination with the City each route was assigned a senior staff person from the City, and each elected member of the City Council adopted one or more initiatives. A Web site was created for sharing efforts and successes. “Seizing Our Destiny” was the theme of numerous city events and became a part of the vocabulary of the City. Seizing our Destiny became the code words for a dramatic process of change.

By late 2011 change was well underway and numerous initiatives had been completed. These include launching an innovation economy initiative (Route 1, “Strong Innovative Economy that Builds Community”), obtaining a Communities Learning in Partnership grant from the Gates Foundation (Route 2, “Well Developed, Highly Sought After Workforce”), holding a Green Jobs Summit to discuss both short and long term green business (job) attraction strategies (Route 5, “Becoming a Green Machine”), the opening of a Broadway-style theater, the refurbished Fox Theater, where *Gone with the Wind* premiered decades earlier (Route 6, “Around the City, Around the Year, Around the Clock”), implementing a citywide Private Building Mural Program (Route 7, “Transforming Spaces into Places”), and the launch of a destination marketing campaign for the City (Route 11, (“Telling Our Story”). Indeed, in October of 2011, less than two years after the adoption of Seizing Our Destiny the City was tracking more than 40

initiatives and more than 150 specific activities related to these initiatives. The process of change was underway and the positive outcomes associated with change were already visible.

Although still suffering the effects of the housing bubble and the recent economic downturn Riverside was moving forward. It has a new energy and a new confidence. It's efforts at transformation and change were being noticed and celebrated: Riverside has been named the first Emerald City in California, one of the 21 most intelligent tech cities in the world (the Smart21 Communities Awards), among 13 of the U.S.'s "Most Livable Communities," and Number 3 among "Can Do Cities" by Newsweek. More importantly, residents and business owners in Riverside were excited by the changes in the City and what these changes suggested about the future of the City. Through a process of collective leadership and shared commitment to change the City had seized its destiny.

Table 1: THE CITY OF RIVERSIDE ASPIRES TO BE...

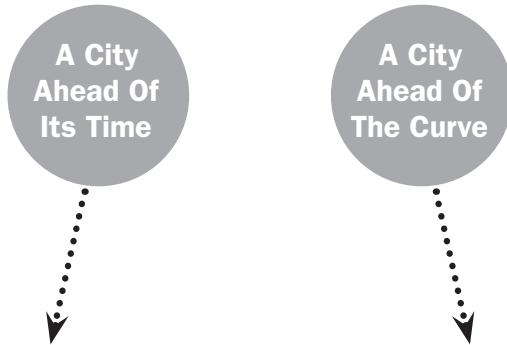
<ul style="list-style-type: none"> • A city of dynamism at the hub of the global economy where business is promoted and recognized as a powerful engine for both economic growth and for its contributions to the quality of life.
<ul style="list-style-type: none"> • A city of the future with deep historical roots that it celebrates and cherishes as a foundation for growth and future development.
<ul style="list-style-type: none"> • A city of international reach that celebrates, promotes, and seeks advantage in the diversity of its people.
<ul style="list-style-type: none"> • A city of inspiration that is the center of a vibrant arts and cultural community that contributes to the quality of life of its own residents and attracts visitors from the region and the world.
<ul style="list-style-type: none"> • A city of ideas that is a center of world-class education, drawing on its history, culture and location as a living laboratory for the development of minds, for fostering innovation, and for improving the quality of life.
<ul style="list-style-type: none"> • A city of innovation that encourages and promotes the development of new technologies and the industries and individual businesses that create and commercialize these technologies.
<ul style="list-style-type: none"> • A city of health that is home to leading institutions and industries that promote the health and welfare of its own residents and contributes to the well-being of all residents around the globe.
<ul style="list-style-type: none"> • A city of the earth that is committed to a clean and sustainable environment and creating solutions to global problems.
<ul style="list-style-type: none"> • A city of freedom to enjoy life in peace and safety.
<ul style="list-style-type: none"> • A city of community that includes a vibrant urban city center, exciting neighborhoods and a commitment to the responsible use and development of the extraordinary outdoor resources that surround us.

Figure 1

SEIZING OUR DESTINY:
The Agenda For Riverside’s Innovative Future

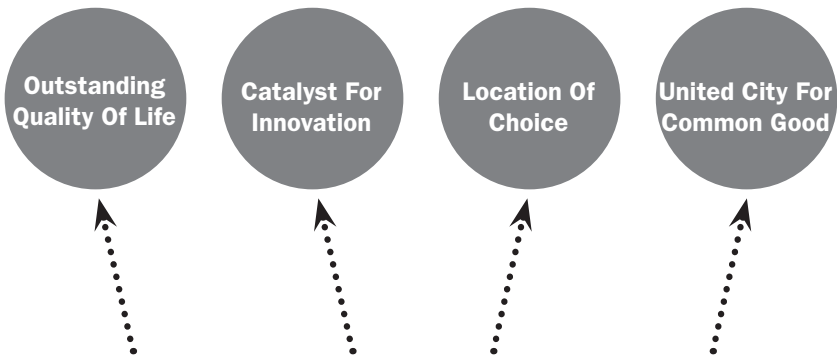
Our Map – Where We Are

What makes our bold innovative future possible?



Our Destination – Where We Are Going

What will people believe about Riverside?



Our Strategic Routes – How We Will Get There

How will we achieve what we envision?

- Strong Innovative Economy That Builds Community
- Well Developed Highly Sought After Workforce
- Lifelong Learning For All
- Homes Of Next Century Health Care
- Becoming A Green Machine
- Around the City, Around the Year, Around the Clock
- Transforming Spaces into Places
- Big City Recreation With Hometown Feel
- Creatively Central
- Collaborating to Build Community
- Telling Our Story

Discussion

1. Discuss the proud history of the City of Riverside California and the crisis that created a sense of urgency for change.
2. Successful major changes don't happen by chance. Discuss how the change got organized, who the primary Change Leaders were, and your assumptions before and after reading the case about the possibility of a large city or organization being able to reinvent itself in a short time frame.
3. The change process included: (1) establishing a steering committee to guide the process; (2) a compelling vision statement; (3) an assessment of present realities and future ideals; and (4) widespread involvement to generate ideas and build commitment to the change; and (5) developing a travel metaphor to create a one page change model. Discuss what was done in each of these change process steps.
4. A critical part of successful change is following through on the commitments to change. In the part of the case titled "Making It Happen" what are some of the things the steering committee did to help implement and sustain the changes?
5. What were some of the accomplishments and awards achieved by the City of Riverside and what are some things you learned about leading change?

Key Lessons In Leading Change

1. Successful change requires visionary change leaders who carefully plan the change process, are willing to use a collaborative and inclusive process, find champions, and share leadership.
2. In planning changes, it is important to create an urgency for change, a compelling vision, a steering committee or change team to help guide the process for complex changes, a process for accessing present realities and future ideals, an understandable but adaptable change process, and a plan for successfully implementing and sustaining the changes.
3. Community transformation requires widespread involvement, rather than a traditional strategic planning committee of 10-12 people.
4. Transformational leaders are sponsors and facilitators of the planning process: they explain its importance, its benefits, and its outcomes in order to motivate the participation of others.
5. Setting audacious goals changes the way people think about the future.
6. The change plan and the written document that strategic planning produces is far less important than the process of planning.

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BIOGRAPHY



David W. Stewart, Ph.D. is President's Professor of Marketing and Law at Loyola Marymount University and the current editor of the *Journal of Public Policy and Marketing*. From 2007 to 2011 he served as the Dean of the University of California, Riverside School of Business Administration and the A. Gary Anderson Graduate School of Management. Dr. Stewart has previously served as a member of the faculty of the Marshall School of Business at the University of Southern California where he held the Robert E. Brooker Chair in Marketing and served as deputy dean of the School for five years. He also served two terms as Chairman of the Department of Marketing in the Marshall School. Prior to moving to Southern California he was senior associate dean and associate professor of marketing at the Owen Graduate School of Management, Vanderbilt University. Dr. Stewart is a past editor of both the *Journal of Marketing* and the *Journal of the Academy of Marketing Science*.

BIOGRAPHY

He has served on the Board of Governors of the Academy of Marketing Science and as Vice President, Finance and a member of the Board of Directors of the American Marketing Association. He is a past-president of the Academic Council of the American Marketing Association, a past chairman of the Section on Statistics in Marketing of the American Statistical Association, a past president of the Society for Consumer Psychology and a Fellow of both the American Psychological Association and the Association for Psychological Science. He is also a former member and past-chairman of the United States Census Bureau's Advisory Committee of Professional Associations

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6

Changing A Country Through Transformational Leadership And Teacher Empowerment: Escuela Nueva

Ronald E. Riggio

Major Focus Of The Case

Transformational leadership is one of the most popular theories of leadership today. It combines a leader's charisma with an authentic focus on the followers. Followers are inspired and empowered, and together, leaders and followers are able to transform organizations and systems. This case illustrates transformational leadership through a focus on a leader who inspired elementary educational reform in public schools in a South American nation – a program that has since spread to many other nations. It illustrates how transformational leaders can, through the empowerment of followers, stimulate change in large institutions and on a grand scale.

Introduction

Prior to the 1980s, the scope and quality of education that Colombian children received was very low. Only one out of every five children in Colombia completed five years of basic education, with children in urban areas receiving the greatest amount of schooling. Urban children completed an average of 3.8 years of primary education, but children in the poor rural farming communities averaged only 1.7 years, putting the rural children into the category of being functionally illiterate. Since the 1960s, many attempts had been made to improve education, both by the Colombian government and international agencies such as UNESCO, but nothing seemed to work.

Today, Colombia is one of Latin America's leaders in basic education, with greater numbers of children continually enrolled in school, and improved test scores in language and mathematics. According to UNESCO's

First Comparative International Study of Quality Education in 11 countries in 1998, (Laboratorio Latinoamericano de Evaluación de la Calidad de la Educación) Surpassed only by Cuba, Colombia is the only Latin American country where rural schools outperform their urban counterparts except in large mega cities. In addition, the self-esteem and civic engagement of Colombian school children has soared. What happened to change things?

This amazing transformation is due to the efforts of Escuela Nueva (New School) , which began in the mid-1970s. Vicky Colbert is coauthor of the Escuela Nueva model, jointly with Oscar Mogollon and Beryl Levinger. She is the founder and Director of a Colombian non-profit that continues to innovate and sustain the model, both in Colombia and in many other nations. Vicky is a prototypical transformational leader. As a dynamic leader in the Ministry of Education she rallied exceptional teachers to develop the model that she co-authored. When she became Vice-Minister she continued to build a team of loyal practitioners who took the model to scale, making it national policy. As a Regional Advisor for UNICEF, she motivated her team to apply the model to other countries. Finally, building on the support she had carefully cultivated over time, she began the Fundación Escuela Nueva Volvamos a la Gente to give sustainability to quality education through a civil society organization.

The theory of transformational leadership is rooted in the work of presidential historian and political scientist, James MacGregor Burns (1978) and his distinction between “transactional” and “transforming” leaders. According to Burns, transactional leaders offer exchanges – pay for effort, praise in exchange for employee loyalty, and the like. Transforming leaders, on the other hand, spur followers to higher levels of achievement by focusing on the larger purpose. As a result, both followers and organizations are transformed.

Inspired by Burns, leadership scholar, Bernard Bass (1985), sought to expand on this theory and identified four key components of what he called “transformational leaders.” These four components are: *Idealized Influence* which involves the leader being a positive (and moral) role model for followers; *Inspirational Motivation* which is the ability to inspire and motivate followers by providing meaning and challenge. Taken together, Idealized Influence and Inspirational Motivation constitute what is commonly called leader “charisma”; *Individualized Consideration* is the leader’s attention to the needs and concerns of each individual follower, spurring their growth through coaching and mentoring; *Intellectual Stimulation* is the transformational leader’s emphasis on

challenging followers to be innovative, creative, and to “think outside the box.” [see *Table 1* for more detailed descriptions of the components of transformational leadership.]

Table 1: Components of Transformational Leadership and Definitions

Component of TL	Definition
<i>Idealized Influence</i>	Transformational leaders serve as positive role models for their followers. They emphasize the collective mission of the group or organization and demonstrate high standards of ethical conduct.
<i>Inspirational Motivation</i>	Transformational leaders are able to inspire and motivate followers through their display of enthusiasm, optimism and the articulation of attractive future outcomes.
<i>Individualized Consideration</i>	Transformational leaders pay particular attention to each follower’s needs, concerns, and personal development and growth. The leader encourages the personalized development of each one through mentoring and coaching.
<i>Intellectual Stimulation</i>	Transformational leaders challenge followers in an effort to stimulate their creativity and innovation by questioning assumptions, reframing problems, and encouraging followers to take risks and try new approaches.

Research on transformational leadership has sought to better understand the process by which leaders transform followers and organizations. Evidence suggests that transformational leaders enhance followers’ sense of self-efficacy, so that they believe in their capacity to perform their tasks (Bass & Riggio, 2006). Typically, this is done through empowering followers, whereby the leader encourages followers to take on challenging tasks, and supports and coaches them throughout the process. This not only leads to greater levels of performance on the part of followers, but also the transformational leader builds leadership capacity in followers through the empowerment process.

Background on Escuela Nueva

Vicky Colbert was a young, energetic public servant in the Ministry of Education charged with coordinating projects of rural schools. It was clear that the children in rural schools in remote villages were performing poorly and completing fewer years of elementary education than their urban counterparts. Vicky began visiting these rural schools and she

discovered teachers in remote areas who were applying innovations in the Unitary School Program, promoted by UNESCO worldwide since the 1960s. Vicky met Oscar Moggollon, one of the outstanding teachers at a UNESCO demonstration school and together, with Beryl Levinger, a USAID professional, they designed and coauthored the new model, which they named Escuela Nueva. Vicky worked hard to combine best practices and to form a team of practitioners who gradually created a national consensus to implement the model. They were successful because they created strategies to make the model technically, politically and financially viable. From the outset the design took into consideration the possibility of scaling up to other regions and nations and eventually led to replication on a large scale.

The traditional education system in Colombia at the time consisted of the teacher as a presenter of facts in a single grade classroom. In the small remote rural schools there was just one teacher handling all of the grade levels in the same classroom. This was commonly known as the unitary school, known today worldwide as multi-grade schools where one teacher handles multiple grades in the same room. Although the unitary school gave teachers techniques to handle several grades simultaneously, teachers were characteristically overburdened, and students were not getting age-appropriate attention. In addition, much of the traditional learning was theoretical and irrelevant to rural children. Therefore, compared to students from the cities, rural students were less engaged, performed poorly, and were less likely to continue the following year. There were difficulties in reaching the goal of providing universal primary education for all children. Vicky and her colleagues concentrated on leading the change from the unitary school to the Escuela Nueva model that introduced a more comprehensive and systemic approach to improve quality learning in all schools.

The Escuela Nueva model that Vicky Colbert and her colleagues developed is designed to improve the quality of basic education through the use of proven educational practices that encourage active participation in the learning process, cooperative and self paced learning and enhancement of self-esteem and civic engagement. The curriculum promotes practical examples from the students' local environments and strengthens and promotes participation of parents in the learning process.

Teachers take on the role of guide and learning facilitator rather than the more traditional presenter of information, and teachers are encouraged to engage families and the local community. Instruction is personalized and child-centered, and peer-to-peer learning is also encouraged. Teachers are

trained and provided with learning guides and instructional materials that are tailored to the students' needs and their local environment. Follow-up programs are used to support teachers, to keep them engaged, and to provide ongoing training.

Not only has the Escuela Nueva boosted the educational attainment of students in Colombia, but has spread to other countries in Latin America, mainly through governments and to some African and Asian nations, including Vietnam, East Timor and has inspired many innovations in the Philippines. The program is a great success, due largely to the efforts of its leader and primary advocate, Vicky Colbert. By recognizing teachers' abilities and promoting them as leaders and innovators themselves, the model has earned worldwide notoriety.

Transforming the Educational Process: **An Analysis of Vicky Colbert's Transformational Leadership**

Vicky Colbert began the Escuela Nueva program within the Colombian Ministry of Education. She realized that it would be a challenge to persuade the government to explore alternatives to existing educational structures and practices, but the poor results in rural schools required trying a different, more systemic approach.

Vicky was a very high-energy professional in the Ministry of Education. It was a combination of her charisma, coupled with her dedication to the vision of implementing a better educational system, which helped her persuade the Ministry of Education and school district officials to try Escuela Nueva.

As Vicky tells it, "I was young, vibrant, and had lots of energy." She realized that part of the problem was that the remote, rural schools were "invisible" to many in the Ministry, so she began bringing successful teachers from the provinces to the national and ministerial level. Simultaneously, she took Ministry officials and other politicians into these remote villages to see for themselves why the traditional education process was not working and why the Escuela Nueva approach was the solution. She started the Escuela Nueva program within the Ministry and organized the first national team from Escuela Nueva. As a variety of teachers were recognized, their loyalty proved to be indispensable. With their help, Vicky set up demonstration schools in some of the rural communities. Vicky continued to promote some of the teachers, who became professionals and moved into different spheres –in the Ministry, in bi-lateral agencies and educational institutions. Many of them make up the core of her team in the

Escuela Nueva NGO that she later founded. She was able to make the best practices of successful teachers visible to education officials and others.

Two key components of transformational leadership – Inspirational Motivation and Idealized Influence – represent the leader’s charisma. Vicky Colbert’s high energy and inspiring vision for transforming elementary education made her a much-noticed figure in the Education Ministry. Her commitment to the cause was evident and she took every opportunity to inspire those in the Ministry to get behind her educational reform efforts. By taking officials to the remote demonstration schools, Vicky became the “face” of the educational reform movement.

Vicky Colbert also exhibited the two other components of transformational leadership, Individualized Consideration and Intellectual Stimulation. By promoting a child-centered participatory model, she allowed teachers to do what they do best: to engage and encourage children to flourish in school. This required that teachers received peer support, relevant training depending on their specific needs and appropriate materials. Vicky also pushed teachers to take ownership of their classrooms and to involve local communities – extending their influence beyond the classroom. Multiple stakeholders – children, teachers, communities and local school administrators – benefitted when teachers were empowered. It is this concern with the specific needs of followers, and challenging them to expand their horizons and think creatively that are key characteristics of transformational leaders.

The key to success for Escuela Nueva was consistent with the dynamics of transformational leadership theory. In transformational leadership, leaders empower followers, in this case, the teachers, to take ownership of their jobs and their classrooms. They are challenged to be innovative and are provided the needed support in order to improve their work (curriculum) and their teaching. In addition, transformational leaders build followers leadership capacity, and many of the teachers went on to leadership positions in the educational ministry and elsewhere.

The Challenge of Sustainability

Vicky Colbert established the Escuela Nueva program working within Colombia’s Education Ministry, but she realized that such an innovative program might get lost in the government bureaucracy. Therefore, she began a non-profit, non-governmental organization (NGO), the Escuela Nueva Volvamos a la Gente in order to ensure the sustainability of the model. A number of her original collaborators accompanied her in this new

endeavor and as a team they continue to innovate and apply the model. The program also became highly recognized with other countries wanting to adopt the Escuela Nueva model and materials. The World Bank, UNICEF, Interamerican Development Bank have supported Escuela Nueva and provided additional funding to expand the program.

During the early nineties, however, dramatic changes in the Colombian government led to decentralization of education programs, resulting in the transfer of many teachers and a loss of funding for the program. As Vicky Colbert explains, “We had to essentially start all over again.” With support from international organizations, and from private sector alliances, such as the coffee growers associations, the Escuela Nueva program was revived. As Vicky tells it, “the teachers kept it going. The program is decentralized and is continuing to thrive and expand.” The teachers are the main force of change and, in essence, continue to innovate and apply the model and to lead educational reforms, fulfilling the transformational leadership concept of developing followers into leaders.

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Discussion

1. Visionary, transformational leaders can accomplish great things. Vicky Colbert was a young employee in the Columbia Ministry of Education with a commitment to improving education in Columbia. Describe the educational situation in Columbia before she pursued her vision, what her vision for the future was, and what she was able to accomplish.
2. To motivate significant change, it is important to have a compelling and understandable plan and to reach the hearts and minds of influential leaders. What did Vicky Colbert do to prepare herself, organize a vision and easy to understand plan, and convince the Ministry of Education to fund her project?
3. Discuss the four major components of Transformational Leadership shown in Table 1 and how Vicky Colbert practiced each one.
4. Who were the various stakeholders Vicky Colbert identified and how did she engage and involve them in the change process?
5. Changes often regress and unravel if there is not a plan for sustaining them. What did Vicky Colbert do to sustain the program she developed with Oscar Mogollon and Beryl Levinger so the program would not be dependent on political and economic conditions in Columbia?
6. Are there present or future possibilities, large or small, where you could be a transformational leader?

Key Lessons In Leading Change

1. Transformational leaders who understand how to lead, manage, and sustain changes can accomplish far more change than most think would be possible.
2. Although a leader's enthusiasm, zeal, and charisma helps get others' attention, and can be a source of inspiration and motivation, transformational leadership theory goes beyond charisma and examines how leaders AND followers can work together to create organizational and societal transformation.
3. Some of the elements of transformational leadership involve empowering followers, challenging them to be creative, innovative, and to take ownership of their work. Transformational leaders also understand individual follower's needs, desires, and their strengths, providing the support that each follower needs in order to thrive and grow.
4. Transformational leadership is a relationship-centered approach to leadership, involving leaders and followers collaborating to lead the group or organization.
5. Vicky and her team were able to reframe the problems of rural basic education in Colombia and provide new solutions based on best practices. This has been a dynamic process that includes continuous input and innovation from multiple team members.
A key to transformational leadership is providing opportunities for innovation and for the continued development of followers' leadership capacity.

BIOGRAPHY



Ronald E. Riggio, Ph.D. is the Henry R. Kravis Professor of Leadership and Organizational Psychology and former Director of the Kravis Leadership Institute at Claremont McKenna College. Professor Riggio is the author of over a dozen books, and 100 book chapters and research articles in the areas of leadership, assessment centers, organizational psychology and social psychology. Recent books include *The Art of Followership*, *The Practice of Leadership* (Jossey-Bass, 2008, 2007), *Transformational Leadership*, 2nd ed., coauthored with Bernard M. Bass (Erlbaum, 2006), and *Leadership Studies: The Dialogue of Disciplines* (Elgar, 2012). He is the leadership blogger for *Psychology Today* magazine.

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7

The Southern Miss Story: Enriching the Brand of a Research University Through a Centennial Campaign

Martha Dunagin Saunders

Major Focus of the Case

The University of Southern Mississippi (Southern Miss) seized on its impending 2010 Centennial Anniversary as an opportunity to enrich its brand, reinforce relationships with key publics and celebrate a rich past while turning the focus to its future. With an overall goal of increased engagement among target audiences through “telling our story,” the university employed integrated strategies successfully to create awareness of its strengths, raise its national profile, and increase private giving, alumni membership and enrollment. Despite tough economic times, the campaign rallied the spirit of the university community and positioned the Southern Miss brand for the next level of national prominence

Introduction

For nearly a century, The University of Southern Mississippi had shown impressive growth—from its humble beginnings as Mississippi Normal College to its current status as a major research-extensive university – but recent years had been difficult. Two short-tenured and embattled presidencies in less than a decade had resulted in an unsettled atmosphere on campus, flat enrollment and a decline in alumni and donor participation. Under the leadership of a new president, university officials seized on the impending 2010 Centennial anniversary as an opportunity to enrich the brand, reinforce relationships with key publics and celebrate a rich past focusing on the future.

Background

A decade had gone by since the university's last strategic planning initiative. With a fervent belief that people will work hardest when following their own hopes and dreams, we sought the assistance of idgroup consulting + creative of Pensacola, Florida, to engage the campus in Core Dialogues to create inspired action. Eleven Core Dialogue sessions focused the entire university on identifying its greatest assets, capacities, resources and strengths. The dialogues were widely inclusive with more than 300 participants from the faculty, staff, students, alumni and community leaders. Through this process the university uncovered its story.

The Core Dialogue qualitative research process incorporates principles of Grounded Theory (Glaser and Strauss, 1999), Whole Scale Change Processes (Dannemiller, 2005; Wheatley, 1992; Passmore and Tolchinsky, 1989), Positive Organizational Studies (Ludema, et.al 2003; Quinn, 2000) and Organizational Culture and Identity Change (Hatch and Schultz 1997; Amodeo 2004).

Data generated during the dialogues were imported and analyzed using NVivo, a qualitative data analysis program. This process of comparative analysis produced emergent themes during first order coding. Second order coding was used to define key concepts that encompassed emergent overarching themes. These concepts encompassed two focus areas the research team defined as forces of innovation and areas of strategic focus. Together they gave inspiration and direction to move Southern Miss toward its future.

Deep within every organizational culture lie the values and beliefs that over time have evolved into cultural assumptions. These values, beliefs, and assumptions are best discovered through the stories told by organizational members. The data gathered through the stories told during the Core Dialogue sessions produced five forces central to the core of Southern Miss:

- Spirit of Humanity
- Self-Efficacy
- Collective Individualism
- Connection to Heritage and Tradition
- Commitment to Diversity

Success lies in the ability to translate vision into action. The four areas of strategic focus were identified by participants as key to creating the university's desired future:

- Image Development
- Connection to Community
- A Climate for Academic Success
- Culture of Healthy Minds, Bodies & Campuses

The dialogues also revealed a common frustration among constituents that “people don’t know just how good we are.” Results were verified through a national survey by Gallup Research that showed that the university, although well-known in its immediate area, held only modest recognition across the country. Additional research measures included institutional benchmark data, key informant interviews and campus-wide pre-and post-Centennial awareness surveys. The process yielded the following **problem statement**:

The University of Southern Mississippi houses some of the country’s premier academic, athletic and research programs, yet it is not highly visible outside its immediate geographic region or even among its own internal audiences.

Planning

With an overall goal of increased engagement among key publics through “telling our story,” planning began with ramp-up activities in 2008 and culminated in a year-long centennial celebration in 2010. We set about developing our plan with two key facts in mind: 1) Southern Miss is a highly successful research extensive university with low name recognition and 2) we are disconnected from many of our significant publics. The 100-year anniversary provided a rare opportunity for bringing attention to the university, engaging its community of alumni and reinforcing understanding of the university’s strengths.

The university’s strategic planning committee had defined four overarching goals for the university: increased visibility, stronger connections with community, a stimulated climate for academic success, and a culture of healthy minds, bodies and sustainable campuses.

From these broad goals, campaign planners identified the following measurable objectives for the Centennial:

- Create awareness of the history and rich traditions of the university among target audience members by December 2010 as measured by pre-and post-Centennial surveys.
- Increase national media coverage of the university by 20% as of December 2010.
- Increase website traffic by 20% by December 2010.

- Increase membership in the alumni association to 20,000 by December 2010.
- Generate donations of \$1,000,000 for the Centennial Scholarship by December 2010.
- Increase freshman enrollment by 6% from fall 2007 to fall 2010.

Primary Internal Audiences included employees and students, alumni and friends of the university.

Primary External Audiences included national media outlets and prospective students.

Overall Strategy combined an emphasis on the high quality of university programs with a vision for the future. We sought to engage internal/external audiences through a whole systems approach. While the Centennial offered a time to reflect on the past and appreciate the present, the hope was to get target audiences focused on the “next 100 years.” We adopted the theme: Treasured past – Golden Future.

The campaign included three phases:

Phase 1: **Discovery.** This included the campus dialogues during which we uncovered the story to be told.

Phase 2: **Celebration.** This included telling “The Southern Miss Story” – who we are, and how far we’ve come, building the case for our position as the Premier Research University of the Gulf South and embedding our personality into our communications.

Phase 3: **Envisioning the Future.** This phase of the campaign moved the message to who we are becoming and continued the call to action to key audiences to be a part of our unfolding story.

An overall budget of \$477,000 came from University Support [\$312,000]; Corporate Sponsorships [\$135,000] & the Southern Miss Alumni Association [\$30,000].

Execution

The campaign was framed by two brand videos. The first, “The Southern Miss Story,” was released in late 2008 as part of the Centennial launch and highlighted the history and progress of the university to date. It also introduced our position as the Premier Research University of the Gulf South and defined our personality: Creative, Bold, Determined. The second, “Leading the Charge to the Top,” premiered in the last month of the campaign, built on original themes and focused on the university of the future. These videos were shared with all primary audiences in various venues – at group meetings and via You Tube, social media and direct mail.

Tactics focused on building legitimacy for our position as The Premier Research University of the Gulf South and reinforcing our personality. A Centennial logo served as a “bridge” to a modernized university logo and brand standards. A long-needed website revamp focused on effectively reinforcing our personality while engaging visitors with the Southern Miss experience. University communications professionals focused intently on pitching the newsworthy story to national outlets. Special events reconnected large and diverse audiences, and the university president took The Southern Miss Story on the road visiting with hundreds of prospective students, alumni and donors.

Campaign tactics:

- Featured Events including Renee Fleming – The Voice of the Century who sang in a concert with the USM Symphony Orchestra; Founders’ Day/Centennial Celebration Day; The Big Event (community service day); Centennial Commencement Celebration; Centennial Arts Gala; Affinity Group Reunions; Centennial Homecoming; and, Centennial Lecture featuring Madeleine Albright.
- Exhibits & Structures including a Centennial Exhibit in the city library; Centennial Museum in university library; 100 Alumni Museum of Art Exhibit; Centennial Sculpture Celebration; Centennial Gateway (brick & mortar giving opportunity).
- Initiatives: Centennial Scholarship Endowment Fund; and Alumni Centennial Membership Campaign.
- Publications: The Talon (alumni magazine) Centennial edition; Centennial Drawl (handbook of history & traditions); and a Centennial History book, authored by a noteworthy historian.
- Advertising: Centennial Gold Ad Campaign; Advertorial; Student newspaper double truck(s); Black & Gold banners on campuses; Black & Gold Banners along city highways, advertising in targeted national publications, billboard campaigns in selected cities, and The Southern Miss Story presidential tour.
- Promotional Items: Centennial Coke bottle; Centennial pins; stickers; medallions (for 2010 graduates); Coloring books; cups/can holders.

Evaluation

We credit integrated internal and external strategies for the positive results. The program exceeded all objectives:

- Awareness of history and rich traditions showed positive change in all categories over pre-Centennial benchmarks.
- National media coverage increased 800% (from 13 national hits in 2007-8 to 122 in 2009-10).
- Alumni Association membership grew to 21,088 (1088 more than 20,000 goal).
- Centennial Scholarship donations totaled \$3.9 million December of 2010 (\$2.9 million more than \$1 million goal).
- Freshmen enrollment increased by 14% (exceeded goal of 6%).

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Discussion

1. Evaluate the effectiveness of using a significant event, in this case a Centennial anniversary, to serve as a mechanism for rebranding an institution.
2. How can organizations determine appropriate goals and milestones for a branding process?
3. Suppose the process does not go as planned. How does an organization salvage a branding campaign that may not be working?
4. Discuss the creative strategies employed and the likely impact on the variety of audiences targeted in the campaign.
5. What strategies might the university use to sustain the rebranding campaign?

Key Lessons for Leading Change

1. Begin by listening. People will work hardest when following their own hopes and dreams. Leaders need to hear from the people who are the brand.
2. Build the brand into your strategic plan so it is on-going and tied to influencing key audiences. It is a process that never ends.
3. Evaluate the effectiveness of your branding process by setting clear and specific objectives that, if met, will be good indicators of branding effectiveness.
4. An important measure of branding effectiveness is the extent to which your employees 'talk the talk'. Do they believe in the brand and is that belief reflected in their day to day conversations and behaviors?
5. Rules of thumb for executing a branding effort: Engage your stakeholders. Be authentic. Tell a good story. Stay the course.

BIOGRAPHY

Martha Dunagin Saunders is an American academic official and the ninth president of The University of Southern Mississippi. Dr. Saunders was elected to the post in April 2007, is a 1969 alumna of USM and became the first woman ever elected to the presidential post at USM. Saunders came to Southern Miss from the University of Wisconsin-Whitewater, where she served as its first-ever female Chancellor.

Her training and experience in the field of communication have led to numerous publications on crisis communication and public relations; widely anthologized published speeches; and two Silver Anvil awards, the Public Relations Society of America's highest national honor. She is a 2011 national winner of the Stevie Award for Women in Business.

A native of Mississippi, Dr. Saunders earned her B.A. in French from The University of Southern Mississippi; her M.A. in journalism from the University of Georgia; and her Ph.D. in communication theory and research from Florida State University.

CHAPTER FOUR

1

Cystic Fibrosis New Zealand – Introducing Quality Improvement in Clinical Care to New Zealand

Kate Russell

Ask any parent of a child with a chronic, life threatening illness what they want most in life and not surprisingly, the answer is always, ‘the longest life possible for my child.’ This is closely followed with hopes for quality of life, best care, best access to medicines; all the things that preoccupy the mind of a parent dealing with the distinct possibility that they may outlive their child.

For many patient support organisations, core business is about helping families to cope with the extra pressures that chronic conditions bring, perhaps providing some financial support and the much-needed, social work and counseling. For the Cystic Fibrosis movement however, globally they have decided to lift their eyes to loftier targets of clinical quality improvement and international data comparison as a means to ‘lift the game’ of CF care all over the world.

The CF Association of New Zealand has existed since 1968 when it was formed primarily as a parent to parent support group for those caring for children with the condition. Back then, the mean age of survival was just five years old, so the emotional support needs of the parents and families was great. Given that at the time so little was known about the condition, there was little for the group to actually ‘do’ other than help each other through the inevitable decline of their child’s health.

Today the Association has morphed into a full-service NGO, providing a raft of financial, educational and social supports to its growing membership. With survival now up into the thirties, the population of people with CF has increased markedly and their needs have become more complex. CF brings with it, a raft of co-morbidities to manage; diabetes, liver and kidney disease and osteoporosis and the challenge has always been to maintain coordinated care between all of these sub-specialties, to bring about ‘best

care'. Communication in such a diverse, multidisciplinary care team is and always will be the key to helping the person with CF to live their best life and one of the most difficult things to achieve in busy, over-worked and understaffed hospitals.

The Association has twelve active branches, all manned by volunteers from within the membership. The National office runs a lean operation with just one full-timer, the Chief Executive, and four part time staff running fundraising, administrative duties and field work. It is the only organisation dedicated to the complex needs of people with CF, in New Zealand and has affiliation with other CF organisations all over the world.

More than some other health groups, the CF community strives to maintain very close links internationally, due to the rarity of the condition (just 500 sufferers in NZ) and the need for collaboration on research and new treatment initiatives.

As a small country, on the edge of the world, the Association has always characterized itself as 'the magpie' flying out into the world to gather the new shiny stuff and bring it back to the NZ nest to increase knowledge, encourage early adoption of new techniques and treatments and overall, increase the survivability of people with CF in this country. However, despite this ethos of information and knowledge gathering, NZ still lags behind the world in terms of survival for those with CF. Six years difference between the USA and NZ might not seem like a great deal, but when you are talking about the difference between living to 30 and 36, that gap becomes a lot more significant.

Frustration with this sad statistic led the Association's Board and Management to take a long hard look at its core business. Were they going to continue to be the ambulance at the bottom of the cliff, simply helping people to cope until they died, or did the Association have a role to play in actively lifting the game for CF care? If so, how would they do it with such a limited staff and even more limited money?

During 2004 to 2006, Chief Executive, Kate Russell, investigated several companies that could help the Association to develop its own clinical database that could be used to gather data, and be used as a clinical treatment tool by health professionals. But the costs were prohibitive – six figures to develop a dedicated system was well beyond the reach of this small charity.

In 2006, Russell, travelled to the USA to attend the annual North American CF Conference in Washington. She was accompanied by a parent with a special interest in research. One of the primary motivations for this trip, was to begin to understand the processes and strategies that had been

developed in the US clinical care system, to support and encourage quality improvement and team goal-setting in the clinical setting.

One of the most ambitious projects that had been undertaken by the US CF Foundation several years before, was to launch a web-based clinical database – Port CF, nationally throughout the USA, to support their quality improvement efforts. It was this programme that Russell was most interested in.

Port CF is a clinical database that stores all key patient information for CF patients, in one place and allows the user to track progress across key markers over time. The database has several key uses:

- As a real-time clinical tool to track patient progress and enable the clinical team to illustrate to patients, graphically and in report form, how their health is progressing
- As a research tool – to gather longitudinal data across the entire patient population in order to produce an annual data registry where outcomes are compared across clinics, nationally and ultimately, between countries
- As a research network tool. The database allows for rapid identification of patients who may qualify, according to their status, for various stage three medication trials.
- As a quality improvement tool – allowing the clinicians to benchmark their patient outcomes and set goals for improvement

It was the latter use that ultimately became the driver for the project that followed.

During discussions with the US CF Foundation's President, Dr Bob Beall, Russell introduced the possibility of the New Zealand Association using the Port CF programme, rather than going to the expense of trying to replicate it on their own. The UK CF Trust had only recently, at that time, purchased the right to use Port CF (at considerable expense) and was busy anglicizing the measurement systems to suit the UK environment, so with her fundraising hat on, Russell saw the opportunity to convince the US Foundation to help New Zealand to take up Port CF in a small country setting.

At this stage, the largest barrier to New Zealand using Port CF was the cost. At a purchase price well into six figures and annual maintenance costs with a US IT firm running to the tens of thousands, the cost was prohibitive for the small kiwi organisation.

So Russell took her chance, over a nice lunch and some equally nice NZ wine to ask the US Foundation if CFANZ could have the database for free.

After some laughter at the baldness of the ask, the Management of the US Foundation agreed that this was something they wanted to do in order to facilitate quality improvement in the small country setting, as well as pursuing their own, lofty QI goals.

Whilst the decision was greeted with elation by the kiwi team, it was also with a large amount of nervousness about how the project, that had taken (and continued to take) many people and thousands of hours to create and manage in the USA, could be implemented on a zero budget, with a very small staff, by a small not for profit, here in New Zealand. Russell thought it could be done, but the US managers were talking about dozens of people being involved, thousands of man hours and Russell knew that if this was going to succeed in New Zealand, she would be the only one able and with the time to drive it if the Association were to take a lead role.

The strategy and system that was put in place is, in many eyes, a testament to the 'number eight wire' mentality that pervades the kiwi culture and results in the nation being early adopters of new technology and ideas, in some instances, far ahead of the rest of the world.

Once back in New Zealand, Russell identified the following major challenges in implementing Port CF in New Zealand

1. Buy in from the clinical staff – not only would the database take time to implement, it would require a medical steering committee, IT department involvement at each District Health Board, approval from top management at each location, and most importantly, staff time to enter and manage the data in order for it to be useful. In already stretched clinics, this was a concern as in some cases, there was not even dedicated nursing staff to rely on to do the data entry
2. Some Doctors had a level of nervousness about the idea of being transparent with their patient outcome data. Within the CF Community there is a general recognition that the outcomes for those living in regional areas are not as good as those in larger centres. But some clinicians were very nervous that if their outcomes were seen to be lower, there may be direct action or conflict with patient groups.
3. Who would host the database? As it was web-based, it needed to be accessible from a server to points all over New Zealand. Early conversations with the Health Research Ethics Committee had indicated that they were uncomfortable with the idea that the CF Association would house the database on a dedicated

server located at their premises, as this raised serious questions regarding the storage of patient health information with regards to current legislation. So, what was needed was a hosting solution that sat within the formal health system.

4. Maintenance – the Association certainly could not afford to pay the \$30,000 price tag for annual maintenance out of the States so they had to come up with an indigenous solution that was cheap but effective.

The first step then, was for Russell to gain the acceptance of the medical fraternity, firstly that a problem existed with the lack of information capture and availability and secondly that Port CF was the ideal solution.

Through a protracted series of meetings, held over 2 years, Russell talked to key senior practitioners in CF care to get them on board. Many of these Doctors had been to US conferences and had witnessed firsthand, presentations on the demonstrable value of Port CF as the mean age of survival in the States leapt up in the 2 years after its implementation. This made Russell's job easier as the key influencers were already convinced of Port CF's value and were willing to become ambassadors for the project – extending Russell's reach further into the medical fraternity than she could have achieved alone. Russell sold the idea that New Zealand could not hope to improve clinical care until they knew, for sure, where they sat with their patient outcomes, internationally. "How do we know where we have to go, if we don't know where we are?" was the mantra repeated over and over at key meetings.

The issue in the minds of, particularly regional Doctors was that they would be held to an international standard that, quite simply was not achievable in the rationed health care system that exists in New Zealand. Moreover, there was huge reluctance for the Doctors to 'go naked' with their patient outcome data in case their patients revolted in some way if their particular clinic was one of those that were seen to be underperforming.

Russell took a huge amount of time to have one on one conversations, to assure Doctors that this was not a tool that would be used to 'name and shame' but rather to allow the Association, in partnership with clinical staff, to identify areas that needed a greater level of resourcing, and produce robust business cases for funding directorates, based on real statistics, rather than anecdotal patient stories or guess work about optimal resourcing levels.

Whilst this was happening, Russell was also engaging with key decision-makers within the NZ Ministry of Health to gain their support for the

project. At this time, a handful of patient organisations were looking at the idea of condition-specific databases but few had done anything concrete about it. The Ministry was concerned at the proliferation of too many of these ‘muddying the waters’ of clinical management at the District Health Board (DHB) level and were keen to listen to strategies to limit the spread.

Russell sold the idea of Port CF to the Ministry on the basis that, in an ideal world, the IT systems in place in New Zealand Hospitals, under which sat all clinical information systems (lab results, central records, scheduling etc) should be functional enough that any key set of patient data could be drawn from it to produce a patient-specific and detailed report. Currently this was not the case, so Russell argued that the Ministry, through one of the larger DHBs, could host Port CF, reverse engineer it and thus learn to maintain it but also how it worked so that it could be used as a model from which the IT architects within the Ministry could create a more functional DHB system. The ultimate aim would be therefore, that condition-specific databases like Port CF would become obsolete because the formal health system had attained that level of functionality for ALL health conditions.

Over a protracted series of negotiations, it was decided that Canterbury DHB would host the system on their Citrix Intranet. All users of the database would be given electronic keys to the Citrix system and within that, would access and use, Port CF. As the IT engineers at CDHB needed to learn the system it made sense for them to house it on an existing server and to maintain and modify it over time. This decision saved the CF Association hundreds of thousands of dollars of maintenance and implementation costs over a number of years and of itself, made the project possible.

Once it was established that the Ministry would endorse and assist with the implementation through the Canterbury DHB, Russell then proceeded to engage with the UK CF Trust to ascertain if they were willing for New Zealand to use their version of Port CF, in which all the key data measurements had already been anglicized, saving again, lots of money and a great deal of time for the NZ implementation.

The UK agreed to gift NZ their version and also to have Russell attend a ‘train the trainers’ course in the UK about how to set up and maintain the database and how to go about producing a data registry. This was one of the most daunting prospects for Russell as a lay person, who was not particularly IT savvy. She recalls this time as one of the steepest learning curves of her career as she had to come to terms with not only the medical aspects of Port CF but some fairly sophisticated IT methodology as well. Over the course of a week with 12 hour days, Russell learned the database, how to manage it and how to train others in its use.

By now it was 3 years since the initial visit to the States and there were frustrations about the time it was taking to implement. By now, all the clinicians were keen to see it underway and were impatient to see the benefits it could provide to their practice. However, a lot of carefully constructed communication reminding key stakeholders of the limitations both in staff size and budget for the CF Association and the commensurate need to go slowly. The balance between keeping stakeholders engaged and enthusiastic about the project and keeping to a realistic timeframe was becoming more and more difficult as the months wore on and still the project was not launched.

Russell believes that the only thing that kept people from becoming cynical about delays in the project was frequent and honest communication. At the beginning of the project, many Doctors had expressed a belief that New Zealand was far too small to be taking on such an ambitious project, and as the months wore on there were murmurings of “I told you so” amongst some health professionals.

“I guess beyond my belief in the need for this data registry, there was a desire in me to prove the naysayers wrong.” says Russell. “In the charitable sector, especially, with a lack of resources, large and ambitious projects are only the stuff of dreams. I wanted to show other condition-specific NGOs that you can set yourself a BEHAG (big hairy audacious goal) and if broken down into smaller chunks of work, you can do something really meaningful that truly makes a big gain for the people you are serving. I get sick of people in New Zealand using our size as a nation as an excuse for not aiming for excellence. I would rather aim for something big and scary and fail, than settle for achieving the mediocre for my entire career. Besides, we are talking about parents having their kids with them for longer, people with CF living long enough to have a job, get married, buy a house- all the things we take for granted. If this project is successful, we will have pulled off something really important for CF care here in NZ. I guess I want to leave some kind of legacy for the cause. “

It was decided to pilot Port CF within the clinic in Canterbury. This made sense as the IT team was au fait with the system and it would be easier for them to support users in their own locality. A six-month pilot was commenced in March of 2010, with all patients in the catchment opted in to the project and backdated data from 2009 onwards put into the system.

Naturally with any IT system there are the invariable ‘bugs’ in the system that had to be ironed out and the pilot group worked through these, many of which were simply changes to the names of input fields and reporting figures specific to the New Zealand situation.

Then the unthinkable happened. In September 2010 a magnitude 7.1 earthquake hit Christchurch City, where the CF Association and the Canterbury DHB are domiciled. This was followed in February by a more damaging earthquake with killed over 180 people and resulted in huge damage to the city and its infrastructure. As a result, the DHB's IT department were swamped with work to get the information and management systems of the DHB up and running again, with most staff having to work from home, or at various locations that were still standing around the city.

Not surprisingly, this meant that work on Port CF came to a sudden and protracted halt. Many of the modifications that were needed to the database in order to make it useful were yet to be done and progress on the project ground to a standstill.

The Association waited for some months for things to begin to return to normal but Russell became hugely frustrated at what seemed to be an unreasonable unwillingness for the DHB to commence work again on the project. Russell went again, to the Ministry, clinicians of high standing in the CF community and the 'top brass' at the Canterbury DHB and stressed the importance of this project as key to the Association's work. These people again went into bat for the project on the Association's behalf. "There was little point in me trying to get in through the front door when I knew we had people enthusiastic about the project with the key to the back door." Says Russell. "In management, you don't win prizes or reach success by doing everything yourself. One of the key drivers of success in this project has been us allowing those with the right connections, to speak as ambassadors for the project, on our behalf. In that way, the success becomes one for the wider team, not just the Project Manager."

As a result, a priority list was developed with some less important changes being put on the back burner and others being addressed immediately to enable to project to move forward.

At the time of writing this case study, the Port CF project is in the middle of a national roll-out of the database to all users. The Association aims to have all users on line and entering data by mid-way through 2012.

The learnings that have come from this project have been many and have extended not only to those within the CF Association but to other related CF organisations all over the world. Until the NZ Association began to look at this database in earnest, most small European Associations and the Australian CF Association had assumed that Port CF itself, could not be used by smaller agencies due to the cost constraints and the need for a large staff to manage the system.

The Association has learned over time, to take a ‘why not?’ approach to large projects, accepting that allowing for a longer time frame can sometimes make what seems too daunting a task, more manageable. Russell also credits this project with teaching her that when pushing a large project ‘the more the merrier’ and speaking to and involving a large group of experts to advocate for the project, provide expertise beyond that which exists within the organisation, not only provides extra impetus, but also lessens the risk of burnout in projects that span several years.

Whereas the USA CF Foundation and to a lesser extent, the UK CF Trust were able because of their sheer size and financial resource, to ‘pay retail’ for the services they needed to get the project off the ground in their own countries, the NZ Association chose instead, to make the project achievable by working with the good will and ‘public good’ ethos of larger formal organisations. By engaging the Ministry in New Zealand and providing sound reasoning about building the capacity of the Ministry’s own IT systems, by being a driver of this project, the Association was able to leverage the free access they gained to the database itself, to cost effective implementation that the CF Association has only had a smaller role in financing.

In the end, the success of this project has been the result of the Association and its Chief Executive, Kate Russell, looking past what they saw as the relatively simple barrier of money, to how this system could be used here to improve clinical outcomes for people with CF.

“It would have been simple for us to follow the lead of other, like-sized CF organisations from Europe and see the financial barrier as insurmountable, but we often say in the Association, of all the challenges we face in working with people with this deadly condition, finding the money for our services is the most simple to address because at least, even though the money can sometimes seem elusive, we do know where to find it.

We cannot hope to replicate the outcomes for patients that are gained in the States because quite simply, their system allows them to have unfettered use of a range of medications, their health system is not as rationed and their clinical teams are bigger and better equipped. What we CAN do however, is set ourselves the goal of being the best of the smallest – showing that being tenacious and undaunted in your approach as a small not for profit in a small country on the edge of the world, can get you a long way, if you break larger challenges into a series of smaller ones and attack them one at a time to reach your goal.

It's gratifying to be getting to the stage with this project where we are being asked to tell other countries how we did it so that as a global community, the whole CF movement can benefit from our experience," says Russell.

The Association is now readying itself to begin to produce its first set of consolidated data since 2003. This data will form the basis of their drive toward quality improvement through the identification of areas of weakness (and strength) and encouraging goal setting, greater resource allocation and innovative medical approaches to CF treatment.

The National Office now has on its wall, a sign which reads "We will either find a way, or we will make one."

Discussion

1. What were the key barriers to success that this organisation encountered in this project?
2. What characteristics did the organisation and its leadership display to overcome those barriers?
3. What could they have done differently?

BIOGRAPHY

Kate Russell is a career not for profit manager with 18 years of service in several New Zealand organisations, including: Presbyterian Support, St John, CCS Disability Action. From a fundraising and marketing background, Kate is the Chair of the Ethics committee of the Fundraising Institute of New Zealand and also a Fellow of the Institute. Kate is also Chair of Pharmac's Consumer Advisory Committee and Vice Chair of the NZ Carers Alliance. Kate mentors smaller organisations in Strategic Planning, Change Management and Fundraising matters. She has a special interest in not for profit governance and policy development. Kate lives in Christchurch with husband John and has three adult children.

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The Impact of Shifting Cultural Policy on the Consumption of Culture in Russia

Ekaterina Shekova

Abstract: The cultural policy in Russia changed completely in less than 30 years, beginning from the Soviet time through a transition period till nowadays. State funding and control, new forms of arts institutions, fundraising and profitable activities underwent a significant transformation and changes in cultural consumption reflect this. Museum and theater attendance decreased considerably despite the rising number of arts institutions. The audiences were dissatisfied with exhibitions and performances and were looking for a new experience within the same museums and theaters. The arts institutions must respond to public expectations and work with their audience to provide new exhibitions and performances while also improving the quality of their services.

Key words: Museums, theaters, attendance, preferences.

Introduction

Cultural consumption in Russia has undergone large changes during a short period of time. In the early 1980s art and culture were under Soviet state control, and when the Soviet regime collapsed in 1985, arts institutions began to experience a transition period which continued to the end of 1990s. Since 2000 there has been a stabilization period for Russian arts institutions.

The objective of the present research is to explore changes in cultural consumption in Russia by evaluating museum and theater attendances. This research, which is based on secondary sources, will:

- 1) analyze changes in the consumption of culture from 1980 till 2008 and
- 2) explore visitor preferences and their transformation.

The Consumption of Culture in the Soviet Time

In Soviet times 99% of arts institutions were state-owned and the government regulated both their main artistic activities and also the support for basic upkeep e.g. maintenance of buildings and collections, communal charges, heating and lighting (Shishkin 2003, 29). International relations were extremely restricted and all earnings and expenses of the arts institutions were state controlled.

The government spent significant sums of money maintaining and developing arts and culture with about 2% of the annual Federal budget allocated for this purpose (Goskomstat 2010, 114). The state funded close to 100% of the operating costs of the arts institutions. Taking as an example the budget of the State Hermitage Museum in St Petersburg, one of the largest museums of fine arts in Russia and in the world (see *Figure 1, Table 1*) we can see that the vast majority of funding comes from the state with minor contributions from admission charges and traveling exhibitions.

Figure 1: State Hermitage Museum Budget in 1980, 23.8 million USD

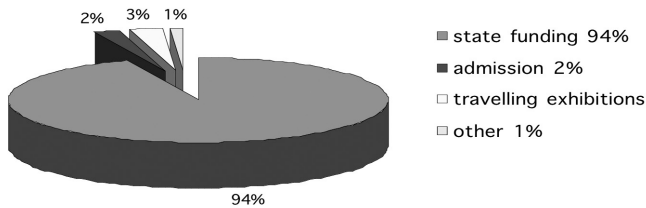


Table 1: Parameters of the Largest Fine Arts Museums in Russia

Museum	Size of collection	Staff	Annual visitor numbers	Annual number of temporary and travelling exhibitions
State Hermitage Museum, St. Petersburg	3,012,403	1,867	3,280,456	39
State Russian Museum, St. Petersburg	1,305,780	672	1,076,650	38
Tretyakov State Gallery, Moscow	1,980,359	563	1,945,211	46
Pushkin Museum of Fine Arts, Moscow	1,750,772	571	2,279,908	25

The State used arts and culture to promote ideological concept and Soviet principles through the museum exhibitions and theater performances which featured such concepts and principles (Phoht-Babushkin 1997, 65). People were encouraged to visit museums and theaters regularly by having study visits from their jobs, universities, colleges, and schools. Tickets were often distributed in the factories, offices, and schools.

According to Elena Levshina and Youri Orlov, “state bodies provided theatres with dozens of parameters governing annual schedules of activities, and the results were monitored very closely. Planning was based on the actual results of the previous year’s activities, and the State bodies interfered with the internal theatre planning process. For example, the annual box-office-revenue plans of theatres were approved by the State, but the theatres were obliged to include a Soviet play in their repertoires. (These works had ideological significance but generally little or no artistic merit)” (Levshina and Orlov 2000, 75).

Changes in the operational and financial arrangements of arts institutions

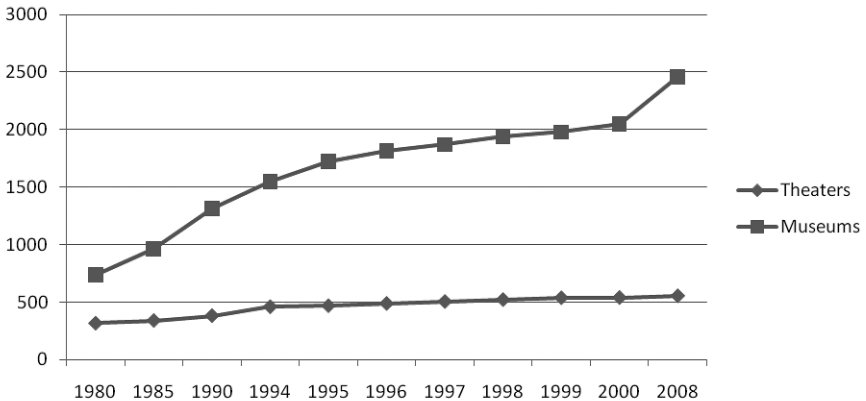
In 1985 the period of Perestroika began and Gorbachev declared a transition from Communism to a market economy. The arts institutions received more freedom in their activities e.g. exhibition and repertoire planning, raising and distributing funds, changing admission charges and stimulating other activities. In order to encourage fund raising from private sources, government introduced tax benefits for corporate donors (5% of earnings before tax for donations to state nonprofit cultural institutions and up to 3% for charitable donations that were given to restore objects of cultural heritage). In addition, state and municipal nonprofit cultural institutions received various tax benefits e.g. exemption from land and property tax and VAT. Furthermore tax benefits were established for utility payments and rent, as well also for customs duties and raising loans with government backing (Gasratian 2004, 49).

After Perestroika the arts institutions could develop either as nonprofit or as profit businesses both nationally and internationally whereas before there was no choice with profit activities prohibited and non-profit activities strictly governed by the State. The fact that arts institutions became open internationally and could build partnerships with their foreign counterparts also identifies the beginning of this new economic period. The private initiatives, which were restricted before, were now encouraged by the state and alternative legal forms of arts institutions were offered by the government.

The government introduced new legal forms of profit and nonprofit non-governmental institutions in the arts and culture e.g. sole proprietorship, partnership, corporation, foundation, charity and association. As a result the total number of profit companies in arts institutions reached 7% and nonprofit arts organizations 11% in 1999. Non-profit non-governmental organizations with their flexibility became an alternative to state institutions in the arts and culture. Private museums and theaters became a new phenomenon in Russia and between 1980 and 2008, the number of theaters increased by 72 per cent and museums by 232% (see fig. 2) (Goskomstat 2010, 134).

Figure 2: Number of Museums and Theatres in Russia in 1980-2008

	1980	1985	1990	1994	1995	1996	1997	1998	1999	2000	2008
Theatres	324	340	382	460	470	489	506	523	539	541	556
Museums	740	964	1,315	1,547	1,725	1,814	1,871	1,942	1,979	2,047	2,458



The transition period was a difficult time for many state arts institutions because the government substantially cut funding in the arts and culture from 1.96% of the annual Federal budget in 1980 to 0.48% in 1998 (table 2). State funding primarily covered operating expenses and salaries with only a small amount going towards investments and project innovation. According to Gasratian, in 1998 the relative share of investment spending as a total amount of the consolidated budget for culture was 16.4%, which exacerbated the longstanding problems connected with depreciation of fixed assets. Extensive repairs and renovation of the buildings of many

major museums and theaters e.g. the Bolshoi Theater in Moscow and the State Hermitage Museum in St. Petersburg was required. More than 40% of local history museum buildings require major repairs, and many cultural facilities and monuments need restoration and renovation. In 2000 the depreciation of fixed assets averaged 40.2% for the cultural sector (it was 36.5% in 1994), although this is still less than the average for the economy as a whole (44.2%) (Gasratian 2004, 49).

Table 2: Arts and Culture Spending as Per Cent of the Federal Budget in Russia between 1980 and 1999

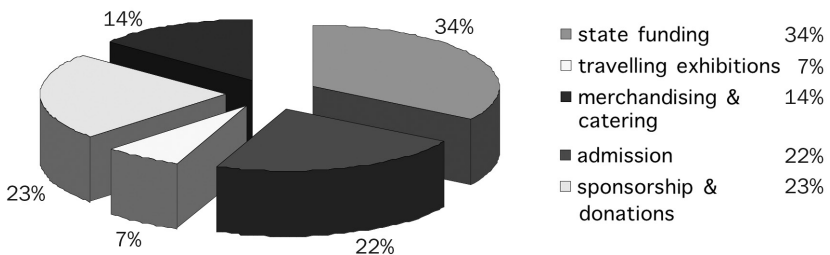
1980	1995	1998	1999
1.96	1.00	0.48	0.65

Source: Federal Budget in Russia 2001, 63-7.

When considering for example the Hermitage Museum's budget between '80 & '97 it can be seen by comparing figs 1&3 that state funding decreased from 94% to 34% in this period.

According to Cameron & Laurent "the Hermitage was barely able to cover basic wages and operating costs. With nearly two thousand employees and a vast collection of three million objects, it poured its energy into finding solutions to its precarious situation while struggling to maintain its normal, day-to-day operations. It was intent on continuing to meet the expectations of its traditional Russian clientele while seeking alternative funding solutions and engaging in innovative management processes" (Cameron and Laurent 2007, 68). The museum developed alternative funding streams e.g. sponsorship and donations, increased admission charges, merchandising, catering and travelling exhibitions. Fig. 3 summarizes the '97 budget and shows the distribution of income sources which indicates that the museum budget became a well balanced combination of state subsidies, fund raising, and own earnings.

Figure 3: State Hermitage Museum Budget in 1997, 35.2 million USD



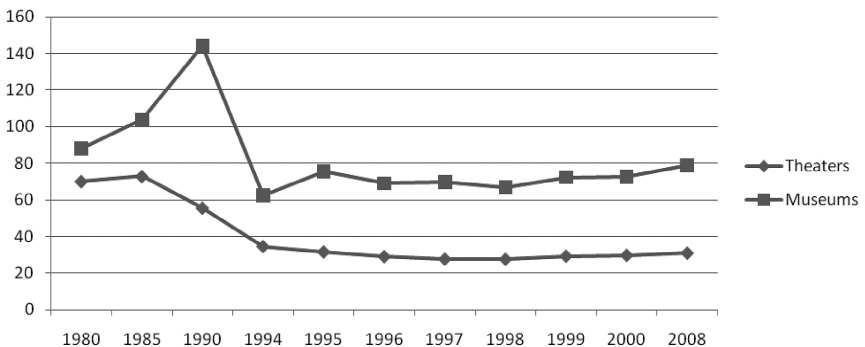
However, the Hermitage experience, where raised and earned income accounts for 66% of spending, is quite different from that of many local arts institutions within the country and Gasratian reported that between 1996–2000, the amount of art and cultural institutions’ earned income (expressed as the percentage in their total spending) increased on average from 19.9 to 27.9% in theaters and from 17.7 to 20.5% in museums. In spite of the transition to a multichannel funding system and a sharp reduction in government spending, budgetary funds remain the most important income source for development of the majority of state nonprofit cultural institutions (and in particular those outside of Moscow and St. Petersburg). In 2000, state funding amounted to 63.5% of total income for some theaters and 75.5% for some museums. Sponsorship and donations on the whole in Russia at this time only financed a small part (not more than 3.1%) of cultural institution spending by theaters and museums (Gasratian 2004, 49).

Evolutionary dynamics of cultural consumption

During the transition period cultural consumption in Russia underwent very large changes, with attendance of museums and theaters decreasing by 2-3 fold. The number of theater visitors was down from 72.9 million in 1985 to 27.6 million in 1998 and museum attendance decreased from 103.8 million to 66.8 million in the same interval (*Figure 4*).

Figure 4: Number of Visitors (millions) to Russian Museums and Theaters, 1980-2008

	1980	1985	1990	1994	1995	1996	1997	1998	1999	2000	2008
Theatres	71.0	72.9	55.6	34.6	31.6	29.1	27.7	27.6	29.3	29.8	31.0
Museums	88.2	103.8	144.0	62.5	75.4	69.0	69.6	66.8	72.3	72.7	78.8



Source: GOSKOMSTAT 2010, 156-8.

However, from 1980 to 1990 there was a significant increase (64%) in museum attendance. One reason for this change was the fact that the entrance charge to many museums was waived (i.e. it was free to enter) which enabled more people to visit them. Another reason is that the government provided subsidies not only to art institutions, but also to visitors at this time and in some cities e.g. Smolensk, Pskov, Novgorod, families with low income received vouchers to attend state museums. These vouchers covered admission charges for museums that were not free to enter and they also allowed people to join museum guided tours or educational programs. Each voucher exchanged at a museum was charged to State funding. In this way the government not only stimulated people to visit art institutions, but also encouraged the institutions to offer new exhibitions, performances, and educational programs.

After 1990 there was a large decrease in museum attendance from 144 million visitors in 1990 to 62.5 million in 1994. This period is associated with the formal declaration of the USSR dissolution in 1991, when most of the business processes were frozen in the divided country. Many bank accounts were blocked and the country experienced hyperinflation with many bankruptcies. The resultant decline in living standards and high prices seriously impacted on museum and theater attendances. Furthermore the government significantly cut its expenses on arts and culture together with visitor support and museums were no longer free.

The dynamics of cultural consumption were similar across the whole Russia. If we take Siberia as an example and look at Krasnoyarsk region, it is evident that a similar trend occurred with museum numbers increasing while number of theaters changed little (*Figure 5*). Furthermore, during this time theater attendance decreased while museum attendance fluctuated (*Figure 6*) (Butova 2008, 82).

Figure 5: Number of Visitors (millions) to Russian Museums

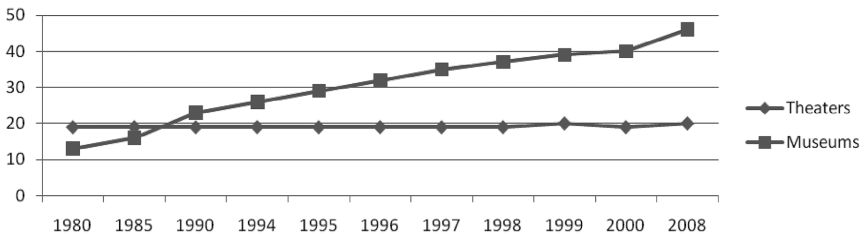
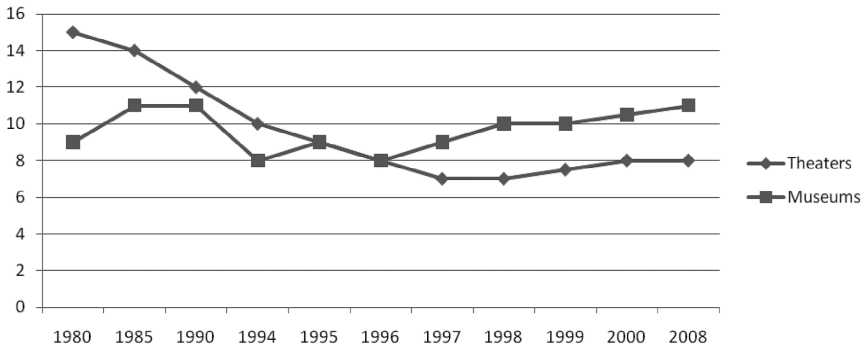


Figure 6: Number of Visitors (in hundred thousands) to Museums and Theaters in Krasnoyarsk region (1980-2008)



The decrease in museum and theater attendances seems at odds with the rising numbers of museum and theaters in Russia, however, analysis of performances shows that the total number of theater performances fell by 24% between 1988 and 2000; and the number of annual museum exhibitions declined by eight per cent in the same time (Goskomstat 2010, 214-5).

Levshina and Orlov wrote that “theatres were compelled to stage works that they would never have included in their repertoires because they held no appeal for spectators, given the specific character of the theatre audiences in their cities. It is clear that few spectators attended such performances and that the productions were soon removed from the repertoire. In fact, the State bodies responsible for culture often realized that the plays they offered to theatres had little chance of success” (Levshina and Orlov 2000, 76).

Another reason for decreased museum and theater attendance in the transition period was the public general disinterest in arts institutions. A survey, conducted by Birukova Marina at four major museums and theaters in Moscow and St. Petersburg in 1999 (see table 1 & 3), interviewed two hundred visitors (25 from each institution) to find out their opinion about the current interest of the public in museums and theaters (Birukova 2003). The sample consisted of 40% men and 60% women with a mean age of 43 which generally reflected the average museum and theater audience at that time. The education level of those interviewed was high with about 50% having a graduate university education which is typical for large cities such as Moscow and St. Petersburg. In the whole of Russia at this time the total proportion of graduates in the population was about 7% (Dadamian 1998, 31-8).

Table 3: Parameters of Some Drama and Opera Theaters in Russia

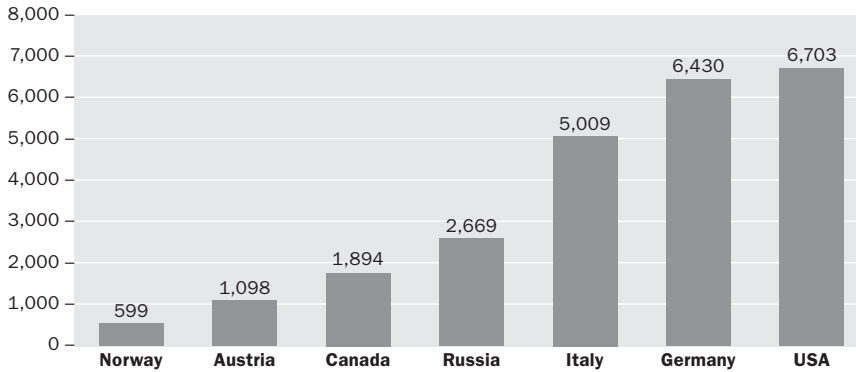
Theatre	Staff	Annual number of audience	Annual number of performances
Bolshoi Theater of Opera and Ballet, Moscow	1,724	541,187	458
Small Drama Theater, Moscow	128	197,014	418
Kirov Opera, St. Petersburg	1,326	485,392	451
Large Drama Theater, St. Petersburg	196	289,341	285

According to the survey, 64% of people regarded museums and theaters as boring places & 32% said they would attend art institutions only if they have visiting friends from other cities. Admission and tickets were said to be too expensive by 34% and they couldn't afford to visit museums and theaters with their families while 53% of respondents stated that they would only go to museums if they had some new exhibitions. In addition 45% talked about lack of facilities in museums and theaters e.g. information desks, cloak rooms, catering, etc. So we can see that the reasons for the decrease in attendance arise from the economic changes in Russia and transformation of customer needs.

Current Cultural Consumption in Russia

Nowadays the arts and culture make a significant contribution to the economic development of Russia. The art industries contribute 0.4% of GDP; in addition, art and culture creates many jobs. The total employment in art industries is 1,163,000 people which is equal to 1.8 per cent of the total employment in Russia (Goskomstat 2010, 237).

During the transition period the increasing number of arts institutions in Russia has enabled it to have a comparable number to those in many developed countries. Russia currently has 2,113 museums and 556 theaters, which is considerably more than Norway, Austria, and Canada (*Figure 7*), but less than Italy, Germany, and USA. However, the relative numbers of arts institutions per square kilometer in Russia is the lowest because of the great distances between urban centers. Thus the impact of geography on art institution density in Russia is significant.

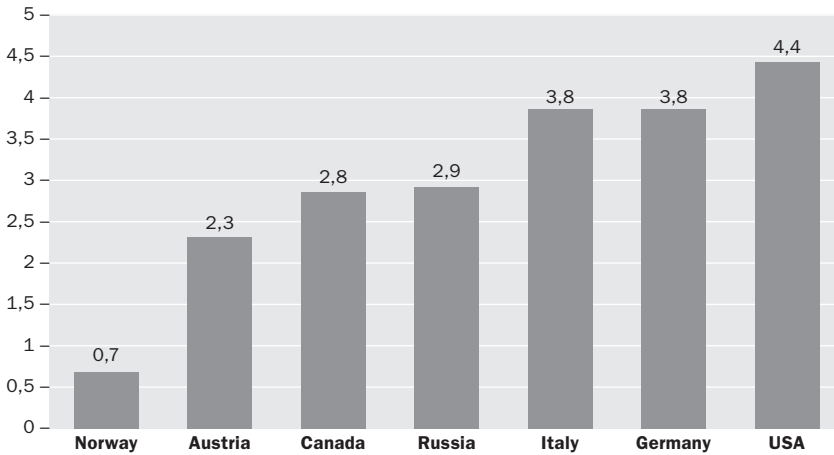
Figure 7: Total Number of Museums and Theaters in Russia and Overseas

Country	Number of Museums	Number of Theatres	Total Number of Museums and Theatres
Russia	2,113	556	2,669
USA	4,576	2,127	6,703
Germany	4,682	1,748	6,430
Italy	3,443	1,567	5,009
Canada	1,352	542	1,894
Austria	712	386	1,098
Norway	475	124	599

Source: *Russia and other countries 2008, 91-4*

Furthermore, the relative numbers of arts institutions per person in Russia is among the lowest compared with the developed countries e.g. there are 3.2 theaters per million people in Russia, while in Austria it is 24 per million, in Sweden 13.6, in France 9.6, in UK 8.9, in Japan 8.7 and in Italy 5.9 (State Institute of Arts Research 1997, 47).

During the transition period cultural consumption in Russia declined and by 2000 the level of museum and theater attendance was 10-12 times less than in Europe with one in every hundred people in Russia visiting a museum or theater once a year. Nowadays the overall level of cultural consumption in Russia remains 3-6 times lower than that in the developed countries (*Figure 8*); with museum attendance being 2-3 times lower than average in the developed countries and Russian theater attendance being 7-12 times lower. (*Figure 8, table 4*). Another survey might elucidate the possible reasons for this decrease in Russian cultural consumption.

Figure 8: Annual Cultural Attendance per person in Russia and Overseas

Country	Museum Attendance	Theatre Attendance	Total Cultural Attendance
Russia	0,5	0,2	0,7
italy	0,9	1,4	2,3
Germany	1,2	1,6	2,8
USA	1,3	1,6	2,9
Canada	1,7	2,1	3,8
Austria	1,8	2,0	3,8
Norway	1,9	2,5	4,4

Source: *Russia and other countries 2008, 91-4*

In 2008 the 1999 survey was repeated by Birukova Marina using the same four museums and theaters in Moscow and St. Petersburg and again 200 people (25 from each institution) were interviewed (Birukova 2009). This time 20% of those interviewed were men and 80% women with the average age of 38, which reflects the average museum and theater audience in 2008. It is evident that the audience has become younger with a predominance of women. The standard of education of those interviewed was much lower than in 1999 with only 32% having a graduate university education; which may partly explains the change in visitors' preferences.

The survey results revealed that the visitors' preferences have expanded and include a number of new things. They now indicated that people like to come to museums and theaters to enjoy their free time and get new

experiences and 51% of respondents said they would go to museums or theaters if their friends or families decided to meet there. Hence it is apparent that the learning objectives which were so crucial in the Soviet time have become less valuable while leisure facilities and services have become more important. At the same time competition in the leisure market is increasing every year, so museums and theaters compete not only with each other for their customers, but with a great number of music clubs, disco bars, internet cafes, dance studios, fitness facilities and so on. They compete for the customer's free time but unfortunately this is decreasing every year due to more intensive rhythm of life.

Conclusion

The cultural policy in Russia changed completely in less than 30 years, beginning from the Soviet time through a transition period till nowadays. State funding and control, new forms of arts institutions, fundraising and profitable activities underwent a significant transformation and changes in cultural consumption reflect this. Museum and theater attendance decreased considerably despite the rising number of arts institutions. The audiences were dissatisfied with exhibitions and performances and were looking for a new experience within the same museums and theaters. The arts institutions must respond to public expectations and work with their audience to provide new exhibitions and performances while also improving the quality of their services. The first step of such an improvement should be to change the organization and management of museums and theaters. Not only should they consider their artistic activities, but they must also become more customer focused (Chekova 2004). They should introduce departments that are responsible for activities such as marketing, public relations, fundraising, merchandising and catering. Museums and theaters could open restaurants, shops, friends' societies and charitable foundations to enlarge their services.

The second step must be to develop communications in this marketplace. Communication is a very important part of museums and theaters daily operation and it should be developed and improved. By developing a stronger relationship not only with their audience but also with donors, and mass media they can inform stakeholders that they are offering new experiences. Communications in arts and culture involves giving information about events and also taking opportunities to raise interest in the arts and thus increase demand for cultural products.

To promote these innovations in Russia the government should play a leading role which could include encouraging art institutions to transform their operations by distributing state grants to new projects, offering matching grants to arts institutions that raise funds from sponsors and other donors and also increasing tax benefits for both arts institutions and donors.

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Discussion

- 1) What are positive and negative aspects of the Soviet system in running the cultural institutions?
- 2) Comparing to the other developed countries, how strong is the position of Russia in attendance of cultural institutions?
- 3) How do you see the future of the cultural consumption in Russia?
- 4) Discuss the changes in the operational and financial arrangements on the example of the State Hermitage Museum.
- 5) Determine what future challenges may await cultural institutions in Russia.

BIOGRAPHY

Ekaterina Shekova obtained her first degree from St Petersburg University of Economics and Finance before undertaking research for a PhD, awarded in 2002 by St Petersburg State University. She also studied at the Repin Institute of Fine Arts and was Associate Professor at SPbSU from 2003-2011. Ekaterina has published extensively and her book “Culture Management: Russian and Foreign Experiences” was awarded the young scholars Grand Prix in 2007. Her primary fields of research are Arts Management and Marketing, while the secondary fields are Nonprofit Management and Finance. She is an author of eight books in arts and nonprofit management and more than forty articles in this field. Since 2005 she has provided consultancy and training in Russia, Europe and USA.

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3

Creation of a Social Enterprise in Rural Kenya

Natalie C. Winter & Keanon Alderson

Introduction and Background

Onesimus is a limited liability company that was formed by shareholders who were all connected with an existing non-profit organization. The founders recognized the need to provide low-income residents (80% of whom owned a cow), with a market for their milk (Tarus, A., 2009). This was accomplished by the manufacturing and management of a milk cooling plant, the creation of a market, and arranging for distribution. Onesimus is operationally profitable, and has been effective in increasing the income and standard of living for approximately 13,000 people. Many non-profit organizations have begun to search for ways to make their organization less dependent upon donations, and to be more self-sustaining. This case shows that the for-profit organizational form of a social enterprise can be an efficient and effective model in promoting sustainable societal change.

The initial goals of Onesimus were:

1. To create jobs.
2. To rally together small-scale farmers.
3. To create a strategic marketing opportunity for small-scale farmers to obtain an ongoing steady income.
4. To start a fair business for small-scale farmers (in the past, businesses have taken advantage of farmers).
5. To generate income from within the community to support the ongoing programs of Empowering Lives International (ELI), the non-profit organization to which the shareholders were connected. (Tarus, D. qtd. by Tarus, A., 2009)

The key terms and management topics used in this case will be presented below:

- **Channel of Distribution:** A marketing term to describe the journey (or channel) a product or service takes from its initial creation to the final consumer. It entails such topics as transportation types, warehousing, storage, and wholesalers or distributors.
- **Core Competency:** An organization's core competency can best be described as what the organization does well. By having a hard to duplicate core competency, the organization may develop a competitive advantage, which will enable the organization to develop a broad variety of new products and services (Prahalad & Hamel, 1990).
- **Effectuation:** In contrast to the standard entrepreneurial process of starting with a predetermined goal, obtaining the required resources, and then creating an organization to most effectively and efficiently obtain the goal, the process of effectuation starts with the already available resources an entrepreneur or organization presently has, and then locates the customer or market who may want that particular product or service. Goals are formed and updated after the process has begun (Sarasvathy, 2001).
- **Entrepreneur:** The founder of a business or organization, usually an individual. In social entrepreneurship, an organization of people may act as the entrepreneur, or what is now more commonly called corporate entrepreneurs.
- **Entrepreneurship:** There are numerous definitions for what constitutes entrepreneurship. However, most researchers agree that entrepreneurship entails taking a risk, and creating something new that did not exist before.
- **Human Capital:** An intangible asset of the organization. It can best be described as the skills, experiences, potential, and competencies of all the people within an organization. It is a way of viewing the important contribution of people to an organization's success (Becker, 1993).
- **Innovation:** is defined as a process that entrepreneurs utilize in order to take advantage of changes, and to create value enhancing opportunities for new organizations, businesses, services, or products. The process of innovation can be learned and taught (Drucker, 1985). A simplified process consists of three steps, conception, implementation and marketing (Tiwari, n.d.).

- **Opportunity Recognition:** The awareness of problems and needs, and the recognition of new opportunities are seen as one of, if not the most important functions of entrepreneurship. It is also the first stage of the entrepreneurial process. Opportunity recognition is a process consisting of ---- Many scholars believe experience, and special knowledge, increase the ability to recognize an opportunity (Shane & Venkataraman, 2000; Guclu, Dees, & Anderson, 2002; Lumpkin, Hills, & Shrader, 2004).
- **Market:** A market consists of potential customers who share a particular need or want who might be willing and able to engage in an exchange to satisfy that need or want (Kotler 1997).
- **Patient Capital:** This type of capital is different than other types of financial capital in the manner it is returned to the provider. The provider of the capital is willing to wait without financial return of the capital longer than other forms of capital such as bank loans, which have strict contractual obligations and repayment terms. The demands for the return of the “patient” capital are lessened.
- **Resources:** These assets include such things as finances, people, managerial talent, skills, equipment, land and buildings.
- **Social Capital:** The resources-such as ideas, information, money, and trust, i.e. relationships that an organization can access through other people. Social capital must be earned (Lin, Cook, & Burt, 2006).
- **Social Entrepreneurship:** The academic literature on social entrepreneurship is relatively recent and thus limited. There is no definitive agreement on what is meant by the term “social entrepreneurship” (Martin & Osberg, 2007). It has been defined as a desire to promote the social good and change society for the better (Ashoka, n.d.; Drayton, n.d.). Normatively, organizations that have a mission or organizational goal to help society have utilized the non-profit or not-for-profit organizational form. Recently, organizations have been formed that desire to benefit society, but utilize a for-profit organizational form (Dees, 2000; Drayton, 2002, b), or what has been referred to as a social enterprise (Guclu, Dees, & Anderson, 2002). The Global Entrepreneurship Monitor (GEM) defines social entrepreneurship as:

Social entrepreneurship is any attempt at new social enterprise activity or new enterprise creation, such as self-employment, a new enterprise, or the expansion of an existing social enterprise by

an individual, team of individuals, or established social enterprise, with social or community goals as its base and where the profit is invested in the activity or venture itself rather than returned to investors (Harding, 2006, p. 4).

- **Social Network:** A social structure consisting of individuals or organizations that are connected by ties (a relationship, link, or bond).

Case

As most non-profit managers have learned, partnerships are often critical to success. Perhaps this is even truer when the non-profit decides to be a part of launching a social entrepreneurship venture. In the case of Empowering Lives International, the organization found that partnership was necessary from the very beginning. It took both the American-based team, utilizing the effectuation process, to realize the need for creating a sustainable business, and members of the in-country team to recognize the types of business opportunities that existed. This partnership from the very beginning of the social entrepreneurship venture would prove to be critical for its continued success.

In October of 2008, members of the Empowering Lives International (ELI) team registered a new limited liability company in Kenya called Onesimus, meaning “useful” or “profitable” (Albright, B., personal communication, August 14, 2010). There were four equal shareholders and this new organization was founded “for the express purpose of generating profit to fund ELI ministries, stimulating the economy and providing jobs for the local community” (Albright, B. personal communication, August 16, 2010). ELI had been doing training and development work in Kenya since 1994 and had experienced ongoing success in fulfilling its mission (Empowering Lives International – History, n.d.) However, ELI team members recognized that their current cycle of fund development and disbursement limited the opportunities they had for further growth. In addition, they realized that creating a sustainable for-profit business would provide new opportunities for both the community it served and for the organization to fulfill its mission. Although it was a trip to New York in 2003 that provided the impetus for the business idea, it wasn’t until December 2008 that Onesimus began construction on milk cooling plant. In April 2009 the first milk was collected.

To understand how ELI and Onesimus created a sustainable entrepreneurship venture, it’s vital to first understand the realities of the community that ELI serves. The community lies in the Kipkaren River

Valley, an agricultural society where wealth is often associated with land ownership. A majority of the residents are farmers and ELI has dedicated itself to providing training that allows them to maximize the utility of their lands. Lessons in crop rotation, vertical gardening, dairy management (including zero grazing), poultry keeping, agro-forestry, and food security, have allowed the members of the community to increase their yield from their land, thereby improving their economic condition (Tarus, A., personal communication, August 13, 2010). At the same time, ELI has also opened and operated an orphanage that ministers to many of the children in the community whose parents have died, due in a large part to the AIDS epidemic which has devastated much of sub-Saharan Africa. This long history within the community enabled ELI to create a sustainable venture that would not only prove to be a profitable business but would continue their mission to help those in the community.

As David Tarus, a member of the Kipkaren River Valley community as well as a board member of Onesimus, says “After training local farmers for several years about dairy farming, I did not feel it was fair to continue giving them knowledge while there was no market for the milk. The market for milk in this area died 15 years ago” (qtd. by Tarus, A. 2009). The reason for this sharp decline in market demand for milk was because the farmers who had the milk did not have a way to keep the milk cool long enough for those that did not have access to milk to travel to purchase it. Therefore, farmers produced milk for their families, but there were limited opportunities for them to use this resource as a means of economic development. To address this market need, Onesimus not only built the milk cooling plant, but they began to create a business model that would allow local farmers the benefits of utilizing the cooling system. Farmers bring their milk to the plant starting at 6:00 AM and after it undergoes quality assurance testing, they are given a receipt to show the amount of milk that was received that day, as well as how much they have brought during that month. By 11:00AM, the first buyer has arrived. Often these buyers come from a town called Busia which is a three-hour drive from Kipkaren. In Busia, few people own cows and so there is a great demand for the cooled milk. If at the end of that day the milk that was deposited that day has not been sold to individual buyers, then it is in turn sold to the New Kenya Cooperative Creameries, which is the largest government-managed dairy in Kenya. The business not only benefits the farmers who have a new market for their previously unsold milk, but adjacent communities as well, as they now have access to milk that they previously were without.

While Onesimus has met with considerable success —the first day the collected 177 liters of milk, but they were quickly collecting 5,000 to 6,000 liters of milk daily — the success has not been without challenges. Inherent in the enterprise has been the tension between the for-profit and non-for-profit organizational mentality and structure, including the management of the organization's human capital. As Brian Albright, Onesimus shareholder and one of the initial proponents for the project shares:

Compensation is a difficult challenge. In business you want to be able to compensate people appropriately, which can include giving bonuses for accomplishing certain financial goals. There are certain restrictions regarding that process in non-profit organizations that must be considered. But it is also a comparative issue. If I have a cleaner at the orphanage and a cleaner in the company, do I compensate them equally? (Albright, B, personal communication, June 28, 2010).

Another challenge has been finding the capital to fund the project as most of ELI's projects are supported through donations. Onesimus received an initial capital investment in the form of a loan from ELI. Onesimus is expected to pay back this patient capital as the milk cooling plant becomes profitable. Also, there is a memorandum of understanding between the two entities detailing how the profits from Onesimus will be used to fund ELI's various ministries. In addition, Onesimus was formed with an initial capital projection of \$300,000. After raising two-thirds of the money, Onesimus began operations believing that the rest could be raised on an on-going basis. When this proved difficult, operations of the organization were negatively impacted.

In addition to the challenges with compensation and funding, another challenge that Onesimus was required to face is inherent in any organization whose mission is to accomplish a social goal, rather than merely a financial one. The business must decide which goal will be preeminent and which will be subservient. One of the ways that this manifested itself for Onesimus was in deciding how the farmers who deposited the milk would be paid. As Albright (personal communication, June 28, 2010) shares:

We decided to give the farmers an option to be paid more often (weekly as opposed to monthly) and in cash as well as direct deposit into a bank account. This is helpful to the farmers who are bringing very small amounts of milk and need funds quickly to meet their everyday needs. From a business point of view, this practice does not increase our profits, and in fact creates extra challenges and might even cost the company slightly. But because we have that social mission, we have chosen to do this.

This tension between the social mission and the profit motive can also create some unique leadership challenges for the organization. The original partnership between the Americans who recognized the need for a sustainable business and the Kenyans who created and executed the idea, must be an ongoing one so that not only the business objectives are met, but so that the needs of the community are also served. In addition, as Albright (personal communication, June 28, 2010) relates, “leaders have to be somewhat schizophrenic at times putting on their non-profit and for-profit hats at different times. The stereotypes of non-profits being ‘soft’ and mak[ing] decisions from the heart and for-profits being ‘hard’...are often true. Also, the speed at which decisions need to be made in for-profits is much quicker than in non-profits. Balancing these cultures is important” when a non-profit creates a sustainable business venture.

Finally, there is the remaining issue of how the seemingly uneasy partnership between a non-profit and a for-profit entity will sustain itself in the long run. Questions about whether the organizational structure is the right one and whether a business can be successful without an incentive for financial gain for shareholders will only be answered in Onesimus’ continued success. In addition, while Onesimus is operationally profitable, the organization must still pay back the initial capital loan that it originally received from ELI. While Onesimus has without a doubt impacted lives and changed the community, whether it can be a successful business that is profitable year after year, time will only tell.

Conclusion

The initial concept for Onesimus began as individuals connected with Empowering Lives International (ELI) desired to create a company that could help fund the philanthropic activities of ELI. Empowering Lives International’s non-profit organizational form was dependent upon donations, which limited the amount of people they could help and impact. The for-profit model was identified and chosen as the organizational form that could create a way to reduce ELI’s reliance on donations and to generate income for increased growth.

ELI had been involved in helping the Kenyan people increase the productivity of their land since 1994. This was their mission and they had expertise. As a result, ELI had a core competency in increasing the output and the utility of the local landowners (small farmers). Based on the relationships that Onesimus’ shareholders had formed over their years of service, they had earned significant amounts of social capital; they could call on a large social network to help get their new venture launched.

The trust they had developed with the farmers was key to the fast growth of the milk cooling plant.

The journey of Onesimus has been presented from the initial realization of the need to expand and grow the work of a non-profit organization, to how the local need was identified and discussed, how the specific opportunity of milk cooling was recognized was presented, and the problems and stresses of the new venture. Of course the future is not assured, there are cash flow issues, and the all important need to pay back the original loaned capital, however, Onesimus is a social enterprise that has seen fast growth by following their mission and goals in order to help the people of Kenya. It is increasing the income of the community's farmers and benefiting up to 13,000 people (Tarus, D. qtd. by Tarus, A, 2009). In this regard, the original intent of the new venture has been fulfilled; the business treats the farmers fairly, provides jobs for local residents, has fuelled growth, and has provided a way for the non-profit work to be funded through additional resources.

There are large cultural differences between a non-profit organization and a for-profit venture that can be problematic and will have to be overcome. However, non-profit organizations searching for increased growth in a sustainable manner may consider the formation of a for profit social enterprise as a way to fulfil their mission of positive social change for the betterment of people.

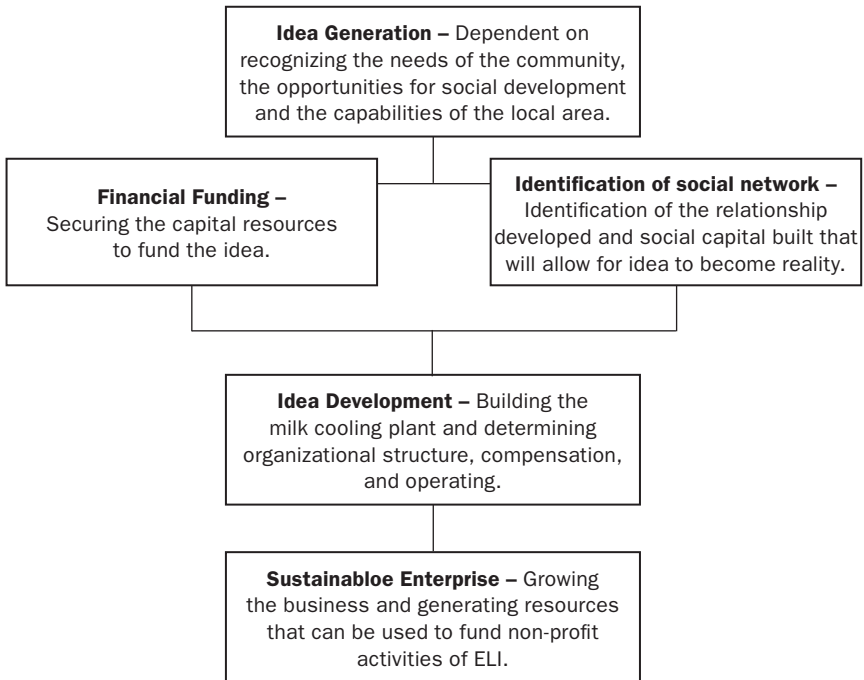
Discussion Questions

- 1) Describe the role of social capital in developing this social enterprise?
- 2) Form groups representing the various stakeholder groups (the farmers who own the cows, the customers of the milk cooling plant, Onesimus shareholders, and ELI). In these groups, discuss how Onesimus has affected you. After conducting some research of the culture in rural Kenya, propose some alternative social entrepreneurship ideas that may be developed, based on your group's role.
- 3) Identify leadership lessons from this case study that can be applied to other social enterprises.
- 4) Create a model that graphical represents the development of Onesimus. How might this model be useful for other social enterprises?
- 5) Determine what future challenges may await Onesimus. How can the organization prepare to meet these?

Discussion Solutions

- 1) The role of social capital can be seen at several instances throughout this case. First, it can be seen with the Onesimus' shareholders willing to establish a business that's purpose was to generate revenue to fund the non-profit activities of ELI. This willingness was prompted by the relationships that these shareholders had with ELI, with each other, and with the people in the Kenyan community. Secondly, the role of social capital can be seen in the operations of the milk cooling plant. The willingness of the farmers to pool their resources and the trust that they will be treated fairly in this is evidence of the operators' social capital within the community. Lastly, the fact that the managers of the cooling plants have made alternative arrangements for payments when necessary, demonstrates the value of the social capital that the cow owners have engendered with them over time.
- 2) Responses to this exercise will vary. However, the students should focus on enterprises that take into account the agricultural focus of the community, the limited technological resources, and the market needs of the community. The farmers and the community will be concerned with those ideas that will improve their economic and physical conditions. Onesimus shareholders should be focused on those ideas that will readily produce revenue so as to mitigate the financial sustainability concerns. The representatives of ELI may be more focused on those ideas that build on work that they have already done within the community. Students in each group may consider looking at the activities of ELI, and proposing ways that they could turn these identified needs into a sustainable social enterprise.
- 3) Students may identify a variety of lessons. Some of the ones that warrant further discussion are:
 - The importance of recognizing organizational differences between a for-profit and non-profit entity, specifically in the areas of compensation and organizational structure.
 - The importance of partnership in forming a social enterprise and the need to develop a strong social network.
 - The importance of financial sustainability for a social enterprise as evidenced by Onesimus' struggle for capital funding after the business was established.

4) Models developed should include the following key aspects:



5) Some of the challenges facing Onesimus include:

- Capital funding – how to generate the capital needed for continued growth and sustainability
- Ongoing cultural issues – how to manage Onesimus in such a way as to reduce the cultural conflict between non-profits and for-profit management styles
- Political instability – as political conditions in Kenya are often tenuous, and in light of the December 2007 turmoil, Onesimus must discover ways to continue operational efficiencies in a potentially volatile country
- Economic improvements/market shrinkage – if economic conditions improve and their customers are able to buy their own cows Onesimus will have to consider how to continue to add value in the marketplace.

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BIOGRAPHY



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4

A Tale of Two Institutions: Leading Change in Higher Education

William Lightfoot

Major Focus of the Case

Globalization, the Internet, and technological innovation have challenged organizations from all industries to adapt or become obsolete. Management's role today includes leading in times of uncertainty, rallying the organization to pursue a future ideal state that may be difficult - but not impossible - to achieve. This case explores two institutions of higher education that have faced obsolescence. It discusses how their leadership effectively used Kotter's 8 stages of Leading Change (1995), as well as the accreditation process to rapidly create an organizational culture that embraced change, enabling both growth and improvements in quality.

Introduction

After 4 years, Martin Jones and his partner, Jameson Smith had a great deal to be thankful for. The private college they had acquired under duress had gone through what an auditor for a leading accrediting body called a 'miracle'. When Jones and Smith assumed ownership of the college, it was literally within weeks of failure. The founding partnership was unraveling in the face of growing financial and legal issues. Perhaps even more critically, students were transferring out at an alarming rate. With a staff of just 5 administrators, and 3 full time faculty, when they acquired the College, Jones and Smith were not quite sure who got the best deal. Having successfully rebuilt the image of the College, the focus needed to shift to increasing revenue, and preparing the institution for sale to one of the large, publicly traded firms from the United States.

About the same time that Jones and Smith were reflecting on their miraculous turnaround, Sandy Craigswell was looking at the progress her team had made in creating a new vision/mission for a 157 year old non-profit

University that was struggling to compete in an ever crowded educational marketplace. Building on the backs of her successors, Dr. Craigswell had assumed leadership at an interesting point in the Universities history: her immediate predecessor had helped revitalize the school during her 15 year tenure, through effective fund raising, and through passive support of an adult degree program. She (the predecessor) had also spent most of the raised funds on new dorms and classrooms to support the small, but historically important music, and art programs. Given the history of the University and its ties to the local community, as well as the robust economy at the time, raising the funds was relatively easy, but the dorms and classrooms did little to support either growth or quality initiatives for other degree programs. When Dr. Craigswell arrived, her biggest challenges were in shifting resources to support high demand programs, while maintaining the reputation of the institution, and its historic campus.

Kotter's 8 Stages of Leading Change

Leading change is now synonymous with managing an organization. In presenting his conceptual framework, Beer wrote (1988), “international competition and deregulation have forced corporations to seek and adopt more effective approaches to management, strategic planning, marketing, and manufacturing.” (p. 1) Beer proposed that the amount of change was equal to the amount of dissatisfaction multiplied by the business model, and process for managing the change, and that it had to be seen as being greater than the cost of change. (Beer, p. 1) He further emphasized that for change to take place, the management had to be dissatisfied with the status quo - to the degree that the organization had begun to lose confidence in itself. Kotter (1995) built on Beer's (1988) work studying a number of different companies that led to his 8 stages of Leading Change. (*Table 1*)

Table 1: Kotter's 8 Stages of Leading Change

Stages	Actions Needed
1. Create a Sense of Urgency	<ul style="list-style-type: none"> • Examine market and competitive realities for potential crises and untapped opportunities • Convince at least 75% of your managers that the status quo is more dangerous than the unknown
2. Develop a Guiding Coalition	<ul style="list-style-type: none"> • Assemble a group with shared commitment and enough power to lead the change effort • Encourage them to work as team outside the normal hierarchy
3. Develop a Vision for Change	<ul style="list-style-type: none"> • Create a vision to direct the change effort • Develop strategies of realizing that vision
4. Communicate the Vision	<ul style="list-style-type: none"> • Use every vehicle possible to communicate the new vision and strategies for achieving it • Teach new behaviors by the example of the guiding coalition
5. Empower broad-based action	<ul style="list-style-type: none"> • Remove or alter systems or structures undermining the vision • Encourage risk taking and nontraditional ideas, activities, and actions
6. Generate short-term wins	<ul style="list-style-type: none"> • Define and engineer visible performance improvements • Recognize and reward employees contributing to those improvements
7. Don't let up	<ul style="list-style-type: none"> • Use increased credibility from early wins to change systems, structures, and policies undermining the vision • Hire, promote, and develop employees who can implement the vision • Reinvigorate the change process with new projects and change agents
8. Make it stick in the organizational culture	<ul style="list-style-type: none"> • Articulate connections between new behaviors and corporate success • Create leadership development and succession plans consistent with the new approach.

1. See <http://www.kotterinternational.com/KotterPrinciples/ChangeSteps.aspx> retrieved Feb 25, 2011

The Tale of Two Institutions

Kotter (1995) insists that there is a sequence to leading change and it starts with creating a sense of urgency, based on identifying crisis and opportunities in the markets an organization serves. In higher education perhaps the greatest challenge is in applying business management concepts to an academic environment. Administrators deal with the daily financial challenges - whereas faculty often do not. While faculty are often aware of, and frustrated by the financial situation of the institution, they may not have the background or experience or be fully involved in the decision making process to understand why certain decisions have been made. Getting faculty to have a sense of urgency that serves as a catalyst

for change can be difficult in an environment where people are used to persistent financial challenges. Many businesses face the same challenge.

The College

When Jones and Smith took over the College, the reality of their situation was so compelling that creating a sense of urgency was not an issue. The real issue was in getting the right leadership team on board who would embrace an uncertain future long enough to help the organization become financially sustainable. They were fortunate to find two people who joined them on the executive committee of the College to form a guiding coalition. With this guiding coalition in place, the challenge became crafting a vision that (1) redefined the college as a viable academic institution; (2) attracted students and faculty; (3) generated sufficient cash flow so as to be interesting to potential buyers. One critical short term challenge faced by the guiding coalition was the immediate need to perform a self study for the Colleges accrediting body. The change in ownership triggered the need for the self study automatically. This turned out to be an excellent process that unified the team, and helped the executive team methodically review, revise, and in many cases, replace policies and procedures that either weren't enforced, or that had been developed based on internal needs, rather than external best practice.

As the executive team came together as a guiding coalition, they began to look for short term opportunities that would help the entire team embrace the changes needed. The executive responsible for graduate education and the President met with community members, and adjunct faculty asking for their support. Four major initiatives came together as a result of these meetings that served to lay the groundwork for the 'miraculous' turnaround:

1. One of the master's degree programs earned position #99 on a top 100 ranking list by one of the leading publishers of graduate program rankings.
2. A graduate student – with the support of faculty, developed a community based mentoring program.
3. An undergraduate student – again with the support of faculty, established an annual conference that attracted as many as 400 community leaders, faculty, and students from around the world to the Colleges campus.
4. The culmination of all of the change efforts by the College was when the College received one of the top global accreditations for its

graduate programs. This - coupled with the ranking – literally put the College on the global map for higher education.

These initiatives which began in year one, and carried through to year three, helped keep the College stakeholders focused on change, while also providing periodic reasons to celebrate success.

The University

Dr. Craigswells situation was a bit different. Building on the legacy of an historic institution, as well as assuming responsibility for a fully functioning organization can lead to complacency, and a lack of urgency. And despite warnings from Wall Street about economic bubbles, as well as projections of a decline in the number of traditionally aged students, most of the team at the University had little reason to be concerned about the future - of the institutions, or of their position within the institution. It would take three years and the combination of new leadership in selected roles, a recession that led to a layoff, and a 3 year reaffirmation process for the Universities main accrediting body to create a sense of urgency, and solidify a guiding coalition before a new vision could be fully developed.

During this three year period, Craigswell had led the development of a new vision, and had worked hard to secure the support of the trustees. However, a lack of urgency amongst the general University faculty and staff delayed any significant implementation, and led to a growing amount of confusion and dissatisfaction with the leadership, as many did not see the purpose for a new vision. A new Chief Financial Officer, Provost, and 2 new Deans, coupled with a recessionary economy and the three year accreditation self study process served to bring a sense of urgency to the University that helped (1) redefine the vision and mission; and (2) flesh out the details of a strategic plan that provided more guidance and support for broader initiatives across all departments in the University. Craigswell also charged the academic Dean's with the responsibility for restructuring the University in support of its vision.

Building momentum for change at a University can be a great deal more challenging than that faced at a smaller College. The University – with its 4 academic divisions, 157 year history, and strong identity linked to past performance – required a longer term process of active effort based on patience, and persistence on the part of the President, and her team. Through the focus on accreditation, the guiding coalition was challenged to get the entire faculty and staff on board to insure reaffirmation. This served as a perfect mechanism to both generate ideas, and to ensure

that most stakeholders had an opportunity to participate in the change initiatives.

Like the College, several key initiatives served to provide the University community with early momentum that has helped keep the focus on implanting the change:

1. A widely applauded major revision of the general education curriculum centered around three pillars, consistent with the mission was implemented in the second and third year of President Craigswell's time at the University.
2. The University continuously increased its position in one of the most highly used rankings – moving up over 25 places over a 3 year period into the top tier of its category.
3. Despite a difficult economy, overall enrollment continued to increase each year helping to offset financial losses due to endowment funds being under water, and limiting layoffs to one relatively small one in the fourth year of the President's time at the University.
4. Receiving high marks on the reaffirmation of its accreditation, and being cited as a model for developing a continuous improvement plan related to student learning outcomes was extremely well received by the University community.
5. Finally, the University was identified as one of the top 10 places to work by the leading academic publication, which was a clear sign that the employees – despite all of the change were quite satisfied with the University.

Many important, but typically discipline specific successes were also realized during this time frame that with the support of an excellent communications team, helped employees and stakeholders recognize that positive change that was taking place at the University.

The Critical Role of Accreditation

Both the College and University faced accreditation reaffirmation. In the case of the College, the reaffirmation was triggered by the change in institutional ownership. The Universities reaffirmation of accreditation process was based on a 10 year cycle of reaffirmation mandated by the accrediting agency. The timing of the accreditation - in both cases - was critical as it further defined the sense of urgency as not just an external, market based urgency, but instead, one that per accreditation standards, required involvement of all faculty, and staff. A failure to be reaffirmed

meant a loss of financial support - through the combination of lost tuition dollars due to a declining enrollment, and in the worst case, a loss of federal financial aid that supported students tuition.

On a pragmatic level, the accreditation process - which in both cases took place over four years, led to the adoption of a philosophy of continuous improvement. By first focusing on the current state of the organization from enrollment management practices to the awarding of degrees, and by engaging and empowering all faculty and staff to analyze the data together, the College and the University were able to uncover areas of excellence - and recognize people for their strengths, while also identifying opportunities for improvement. Once current state was locked down, then the vision and mission could be further defined, setting in motion a process for articulating specific goals - from enrollment to quality improvements - that could be supported financially, and through a reallocation of resources (including faculty).

Selecting the Right People

The biggest challenge toward sustaining change lies in the people who are responsible for making it stick. The University was careful in hiring new leadership that shared a common set of values - values of commitment, work ethic, and drive, but also of collegiality, and interdisciplinary focus. The College on the other hand, hired opportunistically - if a person seemed to bring some new capabilities to the College which Smith and Jameson thought would somehow strengthen the value of the College - they would often hire them - even if there were concerns about their ability to work collaboratively, and in a collegial manner. And while they were not afraid of firing anyone, they would not do so if the person contributed to the financial growth of the organization.

Craigswell too had her issues with leadership but was able to overcome this by creating a strong enough coalition of new and old employees to overcome any significant obstacles. Leadership that was not on board with the new vision either left the University, were marginalized in their roles and responsibilities, or got on board with the coalition as they saw the change initiative picking up steam. An experiment in changing the academic structure was abandoned after two years, as it led to too much autonomy for the colleges and not enough strong representation on the executive council of the University. Rather than pulling together toward a common set of goals, the experimental structure often led to the colleges competing with one another without apparent linkages to the mission or

strategic plan. New executive leadership was brought in to help ensure thoughtful deliberation, and longer term planning became a core part of the academic leadership's operational processes.

Smith and Jameson ultimately fulfilled their primary goal of rebuilding the College, and selling it. Unfortunately their decision to retain people based on financial concerns, may have led to an erosion of their image based on quality, which led to a sales price that was lower than desired. While the College's brand and quality of instruction had improved dramatically, a final push to secure the highest accreditation possibly failed due to financially motivated decisions that led to questionable educational practices in a specific academic program. Overall, a College that a decade ago was on the verge of closing is now part of a large, global education group with a strong leadership team.

Summary

Globalization, and the Internet coupled with rapid changes in technology across many industries have created a scenario in which the need for change is compelling - management today is about managing and leading change. This is as true in Higher Education as it is in business. Colleges and Universities of all sizes, and incorporation status face financial challenges, as well as persistent questions about the value they add, and the quality of the programs they deliver. This challenges institutions to continuously adapt their education models or run the risk of becoming obsolete.

To remain viable, institutions of all sizes and business models need a team of committed individuals who embrace a compelling vision to lead organizational change. Change in and of itself may not lead to desirable outcomes. Change based on an understanding of the market, and of challenges and opportunities that the organization faces as a result can. In the education industry, using the accreditation process can help an organization develop a greater sense of organizational urgency and commitment. By its nature, the process of renewal that comes as a result of the accreditation process accelerates the process of change, and challenges faculty and staff to embrace the institutions vision/mission.

Businesses can also use processes similar to the accreditation process. Standards bodies such as the International Standards Organization and their ISO family of standards are considered an 'international consensus on good quality management practices'. (International Organization for Standardization, 2011) Companies that decide to pursue certification for successfully implementing standards such as ISO 9000 can use it like the

accreditation process to get their employees engaged in the process of change.

Using Kotter's 8 stages (1995), motivated by external accreditation can provide the tools and framework that enables leaders to empower their employees, securing commitment to change. Finally, selecting the right people - based on values that fit with the organizational culture - will help ensure that the change is sustained.

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Discussion

1. Discuss the specific challenges most colleges and universities face in today's world. Identify the key factors that students look for in a college or university. What would you look for in a college or university if you were to go to another school?
2. Does the size and structure of the organization matter? If so, how? Are some structures easier to change than others?
3. What are the key characteristics of a leader, when faced with an urgent need to turn a business around? How does a leader get a large or small organization involved in creating a compelling mission/vision? Does the current or previous image of the institution matter?
4. What value does accreditation have in helping both initiate change, and also ensure that it 'sticks'? Can a focus on being ISO 9000 certified have a similar effect for an organization? In what situations might the pursuit of certification or accreditation actually negatively affect an organization?

Key Leadership Lessons

1. Creating a vision is never enough; a sense of urgency that impacts the majority of people is critical to getting people on board with the guiding coalition.
2. Not everybody needs to be on board with change; those who are not become obvious as they fight to keep the old policies and procedures in place.
3. Always use vision/mission as a guide for the decision making process.
4. A focus on continuous improvement through the lever of accreditation or an external certification process is critical in securing commitment to the process of change.
5. Recognize the short term wins and accomplishments of the individuals AND the team as commitment is secured, and improvement is realized.

BIOGRAPHY

Dr. W. S. Lightfoot has over 30 years of experience in family run businesses, new ventures, global corporations and higher education. He has lived and worked in North America and Europe, and frequently travels to Asia, Central America and the Middle East. He is currently the Dean of the College of Business & Mass Communication at Brenau University in Gainesville Georgia, and serves as the founding Director for the Universities Discovery Incubator – an interdisciplinary body designed to facilitate the development of new initiatives that enhance the overall academic experience for Brenau’s students and faculty. Having taught students from over 80 countries, He has a BSEE from Bucknell University, an MBA from the Kenan-Flagler School of Business at the University of North Carolina-Chapel Hill, and a PH. D. in Organization and Management from Capella University.

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5

Changing a School District Through Appreciative Inquiry

Gervase R. Bushe

Overview

The case follows the first two years of a cultural change process in a large diversified urban school district. The same organizational change process was used at 8 sites (three were single high schools, two were combined elementary and high school sites, one was an adult learning centre, and two combined all three types of institutions in common geographical areas). There was a large variation in results: half showed transformational outcomes, a quarter showed incremental changes and a quarter showed no change at all. Comparing the experiences at the different sites leads to conclusions about situational conditions and elements of the change process that supports transformational change.

Introduction

A new superintendent and a new school board at the Metropolitan School District wanted to find a way to change the organization's dominant discourse that emphasized labor discord, teacher-employer conflict, and a government that was strongly focused on measuring student achievement. They wanted, instead, to emphasize collaborative learning communities and make the experience of the individual learner the centre of the discourse. The Superintendent facilitated a consensus inside the "District Planning Group" (approximately 40 people representing all stakeholder groups) to involve everyone in the District in an inquiry into "What Do We Know About Learning". Though he had no experience with appreciative inquiry (AI), the Superintendent suspected it was the right method for his organizational change objectives. His initial image of AI was that of conventional action research with a positive focus. A senior District Level administrator was given responsibility for a \$720,000 budget, and two

teachers were appointed to be District AI Consultants. All three attended one of my two-day courses on AI. After the course I was asked to consult on the project. We designed an AI that eventually involved 21 schools in eight sites in the first three phases of the 4-D model between January and April 2006, including two-day AI Summits for each site.

A Brief Description of Appreciative Inquiry

Appreciative Inquiry emerged out of the Department of Organizational Behavior at Case Western Reserve University in the 1980's as a response to the limitations of the action research model for organizational change. Rather than focus on problems and problem-solving, AI focuses attention on what people want more of. The concept's originator, David Cooperrider, for many years resisted defining "how to do" appreciative inquiry, preferring to focus on the "know why" and let others innovate with "know how". As a result many different forms of appreciative inquiry practice have, and continue to be, developed and it is inaccurate to say there is one way to do it. However, during the late 1990's the "4-D Model" of appreciative inquiry appeared and has come to be strongly associated with it. Prior to this, AI practitioners had relied on the initial set of 4 principles (Cooperrider & Srivastva, 1987) which stated that positively transforming an organization should utilize an inquiry that is **appreciative** and **collaborative** and result in ideas that are **provocative** and **applicable**. The paper called for a collective discovery process using

- 1) grounded observation to identify the best of what is,
- 2) vision and logic to identify ideals of what might be,
- 3) collaborative dialogue and choice to achieve consent about what should be, and
- 4) collective experimentation to discover what can be.

Most early AIs focused on what gave "life" to the group or organization by asking participants to describe the time in their organizational experience they most felt alive, energized, and excited in that organization. These stories were then used to create a platform for participants to identify their ideals and propose "provocative propositions". These were statements about how the organization should be that were intended to be inspirational but not necessarily attainable, more in the spirit of strategic intent (Hamel & Prahalad, 1989) than a strategic plan. As the idea of appreciative inquiry spread and was used by more organizations, many inquiries shifted from looking at the "life giving properties" to focus on specific organizational concerns, like customer service or workplace safety. It wasn't until 1997

that the 4 D model was born which persists to this day (Barrett & Fry, 2005; Cooperrider, Whitney & Stavros, 2008). To understand the change theory behind appreciative inquiry see Bushe (2012), Cooperrider, Barrett and Srivastva (1995) and Cooperrider & Whitney (2001).

During phase 1, **Discovery**, organizational members interview each other about the best experiences they have ever had related to the focal topic. For example, if the inquiry is about improved customer service, participants might inquire into their best experiences as a customer, or the best experiences of their customers, or study the best customer service organizations they can find. The extent to which the fruits of this inquiry are then analyzed or summarized varies widely by application. During Phase 2, **Dream**, participants are asked to imagine their group, organization or community at its best and an attempt is made to identify the common aspirations of system members and to symbolize this in some way. The amount of preparation and the degree to which clarity about that common dream are sought vary widely by application. In phase 3, **Design**, participants are asked to develop proposals for the new organizational state they wish to create. How that is organized varies widely but in most cases participants are asked to make concrete proposals that identify how the system will work when it is achieving its dream. Then in Phase 4, **Destiny**, people take the steps required to make those proposals happen. How that is managed varies widely as well.

Some practitioners argue that the 4D model omits an important first step in the AI process of identifying the focus of the inquiry itself. The Clergy Leadership Institute in the U.S. suggested “Define” as the first step and some AI models refer to a 5-D model. Cooperrider’s dissertation called this the “affirmative topic” and many models have retained that label. How, exactly, that topic is defined has not been well articulated but is generally regarded as essential to the overall success of the effort.

Project Roles

Eighteen secondary schools (grades 8-12), 88 elementary schools, and seven adult learning centers were invited to apply to be part of the learning inquiry. Members of the District Management Team, the elementary and secondary school teachers’ unions, and the Internal AI staff chose eight out of 20 or so applications. Some of these were from a single high school. A few were combined elementary and high school submissions. One was an adult learning centre, and two combined all three types of institutions in common geographical areas. At the District level, the Associate

Superintendent responsible for the site was the District Sponsor, and a principal at the site was made the Site Sponsor.

Each site had one teacher who was given release time to be the site AI coordinator/ change agent. To support him/her, each site created an AI team that included administrators, teachers, students, and, in some cases, parents and school support staff. The two District AI Consultants, along with their manager, were the District AI team and worked with each site. Money was provided for teacher release time to attend team meetings, for interviews, and for attending the summit.

AI Application

The external consultant spent considerable time at the front end educating the Sponsors and District AI team about AI and their roles. In particular, he worked to change the normal relationships between the teachers on the District Team and the senior managers in the District utilizing the ODR model of Sponsors-Change Agents-Targets (Conner, 1993). Normally, teachers in head office staff roles, who were members of the teacher's union, did not attend senior management meetings and felt awkward and intimidated acting as consultants to senior managers. Senior managers were educated about the need to think of the AI team as change agents and consultants, not project managers, and about the crucial role they would play in advising the sponsors on the issues and activities the sponsors needed to engage in. He facilitated a number of conversations between the sponsors and change agents about their roles and relationships and over time the District AI team developed effective consulting relationships with key senior managers.

Together with the consultant, the District AI team devised a plan for utilizing AI within the sites that was agreed to by the district management team. It involved creating AI teams at each site, having each team run a separate Discovery phase at each site, followed by a 2 day event where a large number of site members would engage in Dream and Design. Destiny would follow depending on what happened at the event, steered by the site and district sponsors.

Soon after being chosen, AI site teams of 6-10 members were formed, and they attended a two-day training course run by the external consultant. During the training they were taught the philosophy of AI, the design of this inquiry, and their tasks and roles. In addition, they participated in an AI process to develop the two Affirmative Topics that would guide every inquiry in the District. Just before noon of the second day, members of

the District Planning Group (DPG) came to the training and, in the midst of site teams busily creating Design Proposals for the affirmative topics, the DPG members were given a short introduction to Appreciative Inquiry. All proposals were put on the wall and explained, and then everyone (approximately 100 people) used sticky dots to indicate their preferences. The 20 DPG members then fish bowled a decision-making meeting, led by the Superintendent, and chose the two affirmative topics. These were: “what do educators do that create exceptional learning experiences?” and “what choices and options offered in educational settings most enhance learning?”. This sponsorship process was widely seen as innovative, transparent, energizing and empowering. The Superintendent later described it as a high-point in his career. The AI process got off the ground with a lot of positive energy and strong sponsorship.

Each site was encouraged to create a local affirmative topic and communicate this to the District AI team who crafted the AI interview guide for each site. For example, one of the multi-site inquiries focused on the transition from elementary to high school around “collaborating to create confident math learners”. One of the high schools focused on “creating a healthy community of lifelong learners”. Along with the district wide questions, each site created one or two questions specific to their interests that were part of the interview guide used at their site.

Phase 1: Discovery The purpose of the Discovery phase was to capture people’s interest in the inquiry, draw out the best stories about learning and use these to engage people in a process of thinking together about what they did know about learning while building relationships. *Figure 1* shows an example of some interview questions used at all sites.

Figure 1: **Example of Appreciative Interview Questions**

In this next set of questions I want to explore with you what educators do to create exceptional learning experiences. By educators, I mean anyone in a school system who contributes to student learning.

Please tell me about the most exceptional learning experience an educator ever created for you or others, and what that educator did to make the learning experience so exceptional?

- (If the person describes the educator’s personality or traits, like they were very caring, ask what they did that seemed caring, or how their caring showed up in their actions).
- Why do you call this an exceptional learning experience?
- What other things did you see this teacher do that you think helped to create such a high quality learning experience?
- What does this story teach us about creating exceptional learning experiences?
 - 2) What do you think are behaviors required for educators to consistently produce exceptional learning experience in students? What is it they have to do?
 - 3) What is the best way to organize schooling to support educators producing exceptional learning experiences? Are there ways to manage and organize the classroom, the school, and/or the district that can help educators act in these ways every day?

Assuming there would be uneven levels of enthusiasm and some cynicism towards the inquiry, the site teams were coached to create a stakeholder map and target high status individuals in each important sub-group to interview. Interviewees were asked for stories of their “best of” learning experiences, and the interviewer would choose the best one to write up and give this to the site coordinator for later use. Each interviewee was asked if they would be willing to interview two other people as well as attend an event where Dream and Design would occur (2 day AI Summit - Ludema, et. al. 2003). It was hoped this “viral interviewing strategy” would generate a large number of stories, create interest and enthusiasm in the AI process, and in itself begin changing the discourse towards the hoped for direction in each site (Bushe, 2001).

Approximately 3 weeks before each AI Summit the site team organized one or more synergogenesis meetings, a technique for working with appreciative interview data (Bushe, 1995; 2007). At these meetings small groups would read one story together to catalyze a search for creative answers to the affirmative question. Once the energy ran out, they would read another story and keep going until no more ideas were being generated. The output

of these synergogenesis sessions was captured, and a “Discovery Document” created that was circulated throughout the site. The effort put into these sessions, and the resulting quality, varied considerably.

The site sponsor together with the AI team decided on whom to invite to the 2 day AI Summit held off-site, away from the school. Schools were given funds to hire substitute teachers to cover for those attending the Summit. With a few exceptions, summit participants had also participated in interviews. Summits, held in March and April, varied considerably in composition. Those with multiple schools tended to be more administrator heavy, and the ratio of teachers varied for a variety of reasons. There was always a fair percentage (approximately 20%) of students. There were a few parents and the occasional board member or union official. The District Sponsors varied in how much time they spent at the summits, though all were on hand for the final half day. The Superintendent made an inspirational speech at each summit. Summit size averaged around 80, with one as small as 50 and some as large as 100.

The external consultant designed the Summit and they were facilitated by the District AI Team. Summit design evolved over the first three summits and from the fourth on the process described here was used. All Summit participants were asked to read the Discovery Documents before attending. Upon entering, people began by milling about and describing what most excited them about their experience during the Discovery phase. Participants were pre-assigned to small groups to maximize a diversity of views. These groups were asked to sit at round tables and discuss what they had learned about the affirmative topic from the Discovery process. Then the large group discussed what had been learned.

Phase 2: Dream About an hour before lunch, participants were taken into the Dream phase using guided imagination. They were asked to relax and close their eyes and imagine they were five years in the future and that their school(s) had attained their highest goals and expectations (related to the affirmative topic) and to imagine what was happening and what had taken place to make that happen.

In the same small groups as in the morning, they described their individual dreams, and the groups pulled out common themes. Over lunch these groups devised skits to act out their common dream elements for the rest of the participants. After lunch the skits were presented, usually with high energy and lots of laughter. Afterward, the large group discussed the main themes coming out of the skits. These were captured and consolidated into 10-14 dream themes. Participants were invited to choose one theme to

work on, and people self selected themselves into small groups and given art materials to produce a visual image that captured their part of the collective dream. These were assembled on a large sheet of butcher paper taped to a wall, with an aboriginal “dream catcher” drawn in the centre. Describing each part and assembling the “Collective Dream” ended the first day. Sites were encouraged to take their Dream Mural back to their schools and post them in a conspicuous place after the Summit.

Phase 3: Design Once participants were gone for the day, the District AI team and external consultant met with the site team to devise the “organizing model” that would be used on the next day for Design. The “organizing model” was 8 to 12 categories that captured all the key elements required for a design appropriate to the affirmative topic. For example, the “BHS” site, which combined all 3 types of institutions, had the affirmative topic “Site Collaboration to Enrich Success through Relationships and Engagement”. Their organizing model included the following elements: grade 7/8 transition, secondary/ adult transition, education partnerships, physical facilities, school schedules and organization, diversity of programming and instruction, community/ parent engagement, connections and partnerships, experiential learning, and celebrating varieties of success. After a quick check in, the second day began with the site team laying out the organizing model, explaining their rationale for it, and adjusting it according to comments from participants. Very few adjustments were made.

Participants were then asked to go to the element of the organizing model they wanted to build a design statement for. Design statements were described using the metaphor of blueprints for building a house: each design statement described, in as much detail as possible and in the present tense, what a room looks like in the ideal house. The first drafts of Design Statements were posted and participants milled around, reading the design statements and writing feedback on what they liked and what they wanted changed on post-it notes they left by the Design Statement. The teams reviewed the feedback and then rewrote their Design Statements and all of them were then read out. An example of a final Design Statement at BHS is shown in *Figure 2*.

Figure 2: **Design Statement for the design element
'Diversity of Programming and Instruction'**

At BHS, in addition to strong academic programs, we believe in training and teaching essential skills in fields students are interested in. We promote and provide a variety of programs suiting our student' diverse needs, wants and abilities. Adding on to our existing options at BHS we have developed several new programs. These include

- 1) a sports academy emphasizing high performance training,
- 2) a media arts program including film/television, magazine publishing and digital arts program,
- 3) a partnership with post secondary trades in food, businesses and automotives
- 4) aestheticians program with business partnerships,
- 5) visual arts programs,
- 6) a junior program emphasizing common leadership, experiential education and academics.

These new and diverse programs have flexibility in time tabling and include work to school and apprenticeship training while recognizing the different potential and multiple intelligences of our students as well as providing the opportunity to bring forth community and school unity through a multitude of activities

Phase 4: Destiny The Destiny phase commenced by describing improvisational style used in this AI (Bushe, in press; Bushe & Kassam, 2005), contrasting that with the typical implementation style of change. They were told that upon returning to school, it was up to them to make their dreams come true. There wouldn't be any action teams formed or plans made by managers. They were not to wait for permission, and just do what they thought was right. Participants were asked to go to the Design Statement they wanted to contribute to making a reality. The resulting groups were asked to discuss and note what needed to happen for each design to come into being, and then each person was given 5X7" cards and asked to write down what they were personally willing to do to make something happen. A "Roadmap to the Future" made of butcher paper was taped to a wall and people attached their 5X7" cards at the point in time where they aimed to complete their commitments. Participants milled around and read the cards on the roadmap, and the Summit ended with the variety of sponsors in the room (usually 3-5) each describing their experience of the summit and what they were personally committing to do in the coming months. The expectation was that the Design Statements would be taken back to the school and put on display and that the Roadmap would be typed up and distributed.

At the end of the school year each site was asked to submit proposals for funding change initiatives related to their Design Statements (most were funded). Over the following year the District AI team organized three events for the coordinating teams of each school to meet and describe what they were doing and learning. Another round of proposals and funding took place. District level sponsors continued to work with school principals and follow up on the design statements with varying degrees of motivation.

Outcomes at the end of the School Year

In most sites the process engendered a heightened sense of community, empowerment and informal, distributed leadership. Five key themes emerged from all the inquiries and became the answer to the initial question of “what do we know about learning”, published in a report prepared by the District Ai Team: create caring, supportive relationships; demonstrate passion in teaching; offer experiential and out of classroom learning opportunities; address diverse learning styles; and provide flexibility and choice. A variety of projects and processes were proposed at the change sites. The process was widely seen as successful. During the summer the District committed approximately \$150,000 in its budget to support these initiatives and almost \$400,000 for new Appreciative Inquiries into learning. Later revenue shortfalls reduced the money for new inquiries.

As part of a study of this process, structured observations and surveys were completed at each summit. Survey ratings indicate the summits created high levels of optimism and hope across sites. Table 1 shows some of the items from the survey and the lowest average score at any site was 4.07 out of 5. In most sites, teachers and administrators commented on the important contribution that students’ voices made to the summit. A common observation was that the students kept the adults honest. Some opened doors that the adults might have left closed. A few students had powerful ideas. Increased opportunities for student leadership were developed at many of the sites.

Table 1: Average Ratings from all Summit Participants

I am confident that good things are going to happen as a result of this Summit.	4.24
I am excited by all of the potential and opportunity that I see to make positive changes	4.26
At this stage, I feel positive about the future because of my participation in the Appreciative Inquiry process	4.30

(5 = strongly agree)

Most of the design statements were long run in nature and few could be implemented by the time the summer recess began. The uneven levels of leadership, site engagement, and site team competence led me and others to expect not all sites would be successful. I expected the two month summer break to reduce momentum for change considerably. At the end of the school year predictions were made about the level of success expected at each site. None were expected to be transformational.

One Year Later¹

Follow up interviews in the spring of the following school year found that half (4) of the 8 sites showed convincing evidence of transformational change in areas related to student learning. Examples of transformation include redefining the role of teachers in the lives of students, breaking down boundaries between elementary and secondary schools to the point where they were coordinating curriculum, a complete revamping of the structure of grade eight, revolutionary changes in the use of technology in an elementary school and a complete change in the encouragement of student leadership throughout all grades in a secondary school.

Two sites showed evidence of positive incremental change. These were sites where changes were less dramatic, and were best described as a continuation of changes that were already in progress. Two sites showed not much change at all. Finding a 50% transformational success rate was way beyond expectations. This distribution of outcomes allowed for some interesting findings in sorting out what contributes to transformational effects of appreciative inquiry.

Transformational sites had passionate leadership from either administrators or respected teachers and a widely shared concern or issue that the Appreciative Inquiry addressed. In both incremental sites, there were respected leaders but the majority of participants were happy with how things were prior to the summit. There were no pressing issues requiring resolution. In the six change sites there were informal leaders who played significant roles in the success of the effort, and these were absent in the no change sites. As well, there was a relationship between the degree of change and the legitimacy of site coordinators who were change agents. In both the no change sites there were problems with how the leaders of the effort (site sponsors and/or site coordinators) were perceived by teachers, causing a lack of engagement. This seemed to be the common difference in the no change sites. In one of the no change sites, the focus of the inquiry

¹ A fuller report exploring these findings in more detail, with a review of the actual data and statistical analysis, is available in Bushe, 2010.

appeared to be too narrow to engage most of the staff while in the other there didn't seem to be a widely shared, agreed on problem that needed attention.

There was little difference in summit outcomes (all were very positive) and few summit variables seem to account for degree of change. All transformational sites had affirmative topics that focused on students and learning. Three of the other four sites, on the other hand, had topics that were more general, vague or focused on other ideals. How well the Discovery process was managed appeared to make a difference. In particular, the quality of insights generated and communicated seemed tied to transformational change. There is some indication that the level of understanding of the AI process created in the school before the summit, and the degree of support for design statements, might have been related to degree of change.

Appreciative Inquiry was effective at building relationships between groups if the outcome of the summit supported the emergence of a common identity. This latter finding is consistent with the pre-identity, post-identity hypothesis about the effects of appreciative inquiry (Bushe, 2002). In sites where participants came from a variety of groups that did not identify with each other, the transformational effects came from developing a common identity and increased collaboration amongst those groups. In those sites where participants already identified with each other, changes were directed entirely toward the effectiveness of the schools.

One result that was important to the School District was the emergence of a number of informal leaders in the various sites who continue to champion change and the AI process. It was noted that this was very different from a culture of seniority, where leadership tends to come with age and tenure. During the AI process some younger, energetic teachers emerged as leaders for specific initiatives.

This fit in well with the philosophy of "distributed leadership" that school district leadership had embraced and wanted more of. Two things seem to account for increased motivation to offer leadership. Consistent with AI theory, some felt encouraged to act on their dreams, so they engage creatively. For others it was the appreciative philosophy itself that animated their new or renewed effort to engage.

The Appreciative Inquiry process had transformational effects beyond the sites themselves. There are numerous instances of the District, and individual schools throughout the District, taking an appreciative approach to issues since the initial Learning Inquiry. One of the most transformational

is in the engagement of teachers in school planning processes. Prior to the Appreciative Inquiry, the teachers' unions in this district were against the government mandated school planning process and in most schools teachers did not participate. Subsequently, many schools adopted appreciative approaches to school planning and the union endorsed teacher participation in those processes. Another impact has been the five key learnings that emerged from the inquiry, described above. They became central to the District's mission and strategy and are used as a template for all District planning and reporting.

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Questions for Discussion

1. In most change processes a small group of experts interviews organizational members and then feeds back what they have learned but in AI everyone is both an interviewer and interviewee. What differences do you think that makes?
2. In this case, the approach to Discovery focused more on identifying new, creative ideas than on analyzing how things currently are. What do you think the effect of that was on the change process?
3. To what extent could the way this Dream process was managed really result in a “shared dream”? How important would it be for a large group to find complete agreement on a “dream”?
4. What do you think the effect of posting the Dream Mural and the Design Statements in the schools was? How could they best be used to enhance the effectiveness of the change process?
5. At many points in the Summit people self-selected the part of the change initiative they wanted to work on. What do you think the pluses and minuses are to this approach?
6. When would an improvisational approach to the action stage of a change process be most likely to work and when would it most likely not work?

Key Leadership Lessons

1. Generativity of a change effort may be the most important determinant of transformational change. Generativity could be defined as the creation of new ideas (new to the people creating them) that are highly motivating to act on. In a generative change process, instead of new ideas being brought from the outside, new ideas emerge from inside the target group.
2. In this case the level of “positive energy” during the inquiry was not a predictor of the level of change. Since all sites showed high levels of positive beliefs and feelings at the completion of the summits, it might be that positive energy isn’t really important, or is a necessary but not sufficient condition for transformational change.

3. AI is widely described as opposed to problem-solving and to focus “on the positive” – strengths, possibilities, opportunities. But how much energy and commitment are people willing to put into change efforts if there isn’t some pain? Transformational change probably requires that there is a widely shared problem to be addressed, but instead of using problem-solving, AI approaches it through generativity.
4. Forcing people to attend an AI Summit is at odds with the philosophy of equality and engagement inherent in AI, so some way of making people want to attend is required. The viral interviewing strategy accomplished the three objectives (generate a large number of stories, create interest and enthusiasm in the AI process, and begin changing the discourse in the sites) where it was competently executed.
5. The personal stories were extremely powerful in capturing people’s attention and in generating positive dialogue among and between various stakeholders. The story telling process supports full engagement as it levels the playing field: everyone has a story to tell and sometimes the most powerful stories come from the least powerful people in the system. It also helps build relationships, particularly between groups of people that don’t know or trust each other
6. Using an “improvisation” as opposed to “implementation” Destiny phase and encouraging individual action, was highly energizing for both followers and leaders. For leaders, it took the burden off their shoulders and put the onus for action on those who have to make the changes. For participants it was empowering to know they could act without waiting for a plan or permission.

BIOGRAPHY



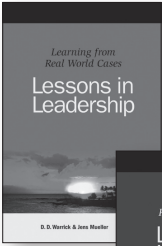
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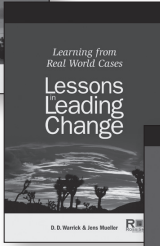
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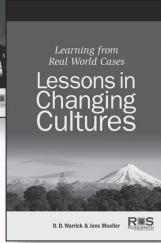
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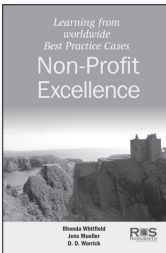
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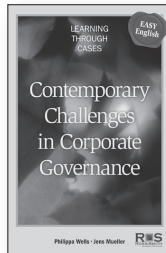
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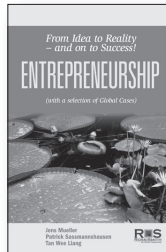
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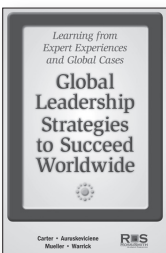
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