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SPECIAL EDITION:
Best Global Practices in Internal OD

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Letter from the Editor:

Best Global Practices in Internal Organization Development

By Thiet (Ted) K. Nguyen, Johnson & Johnson

I write this letter to conclude the third and final volume of the special global edition of the OD Journal from the city of Dubai, United Arab Emirates, one of the fastest growing business centers in the Middle East.

Yesterday, as I was waiting to board my plane from JFK airport, I had a chance to relax in the Emirates lounge. There, I saw an entourage of Middle Eastern dignitaries (with an even larger number of American bodyguards) – presumably heading home on the same flight. With an hour to spare before departure to Dubai, I picked up the Financial Times and read a headline that revealed Warner Bros, the largest Hollywood Studio, has made Abu Dhabi, the capital city of this country, its entertainment hub. With an unprecedented investment in the breadth and scope of activities, Warner Brothers expects to create a 6,000-acre theme park, movie studio, hotel, multiplex cinemas, videogames, and infrastructure for Abu Dhabi's digital transformation. Abu Dhabi will contribute $500 million to co-finance Warner films, a 50-50 joint venture on broad-appeal films. Together, Warner Bros and Abu Dhabi are exploring opportunities in additional areas such as production facilities, digital content distribution, and retail opportunities in the Gulf region. I boarded the plane smiling to myself as I considered the phenomenal growth opportunities in the Middle East.

When I finally arrived here in Dubai 14 hours later, I took a short tour of the city. Knowing that I had arrived during the observance of the Holy month of Ramadan, a Moslem religious tradition where people fast from sunrise to sunset, I was fascinated to see that the Mall of Emirates was full of people enjoying fun activities, like snow skiing inside – in an environment controlled at 2 degrees C while the outside temperature was 40 degrees C. The hotel I am staying is directly across from the large American Hospital (actual name of the hospital), and a five-minute drive to Healthcare City, where I am scheduled to meet with senior Johnson & Johnson business leaders from the Pharmaceuticals, Medical Devices and Diagnostics, and Consumer sectors. Our meetings are scheduled for Sunday, which is the first workday of the week here.

This morning, as I enjoyed breakfast and read the Gulf News, a local newspaper, I saw a headline in the Business section that read "India Now Outsources Outsourcing." The article described how India is now outsourcing outsourcing in this global economy, now that its own wages are rising and demands for its services are increasing. India is facing competition from newly developing countries seeking to emulate its success in back office support to wealthier nations. This is driving leading Indian companies to establish their operations in those competing countries in order to outsource work to them. Infosys Technologies described its outsourcing strategy this way: "to take the work from any part of the world and do it in any part of the world." (Gulf News, p. 30, September 29, 2007)

To me, the interesting part of this outsourcing article was not about how Infosys Technologies is becoming a global matchmaker by outsourcing its work to low wage countries, such as China, Czech Republic, Philippines, Poland, Mexico, and Thailand. It is about how it and other Indian companies are outsourcing its work to low-cost regions of the United States. Americans from US universities accepted a novel assignment from Infosys to come to India to learn computer programming so they can return to the US to work on back-office assignments. A rising number of Indian companies are opening back offices in Boise, Phoenix and Atlanta, where wages are relatively lower than other parts of the US. Wipro is opening a software development center in Atlanta and will hire 500 programmers during the next three years. Wipro's Chairman informed Wall Street analysts that "he was considering hubs in Idaho and Virginia, in addition to Georgia, to take advantage of 'states which are less developed.'" (Gulf News, p. 30, September 29, 2007)

The world has changed and will continue to change at exponential rates. The marketplace is already global. Many US corporations are experiencing faster international growth rates than domestic, and they continue to invest heavily in emerging markets including Russia, India, China, and Brazil. Companies in emerging markets are facing rising competition from lower wage markets and are beginning to invest in those markets and in client countries. Yesterday there was serious concern that the US had lost a lot of jobs due to outsourcing. Today, it appears that the US is beginning to gain new jobs from a number of countries to which it has outsourced, like India and China. What will the world look like tomorrow?

I passionately believe that we, as OD practitioners, can shape and influence tomorrow by leveraging our core competencies in change management, organizational design, and leadership development. We can shape the external environment through our work in developing future leaders and guiding companies through change. I believe we must continually upgrade our skills and reinvent our knowledge to be effective in guiding our clients. By publishing this global Special Edition, we expect to achieve our goal to help drive change and grow our profession.

This Special Edition will benefit the HR/OD community in several ways:
- Academic community – The academic community will find the content of these contributions of value to raise the awareness of current best internal practices with specific applications. Program directors can be informed and encouraged to strengthen their curriculums and research directions. Graduate students may use this edition to leverage their classroom experience, as they prepare to enter the OD profession and compete for opportunities in the global marketplace.
- Current practitioners – Both internal and external practitioners can use this knowledge to guide and grow their practice areas, enhance their skills, and strengthen their core competencies, by learning from other OD professionals.
- Our clients and business partners – Potential and existing clients can be better informed of the capabilities OD professionals can bring to enhance employee engagement and organizational growth and vitality.

Content like this has never been captured or disseminated because internal practitioners do not have the luxury of time to write. This is the first time many of these authors took the time to document their work, secure the support of their companies to release the information, and share their internal efforts with all who are interested. We applaud all our authors for their trust in us, and their willingness to provide working papers without the benefit of professional editors. In this global Special Edition, readers will experience truly authentic voices of internal practitioners worldwide who share their stories from a place of caring and eagerness to advance the field of organization development.

While this series is titled a best internal OD practice edition, no one associated with its production has judged or evaluated "a best global practice."   Rather, authors were encouraged to share what they perceived to be a best

practice within their organization, whether that organization is a start-up company in India, a non-profit organization in the US, an energy company in Africa, or a hi-tech company in China. We also chose not to judge whether an article fit the definition of organization development, since there are variations among the definitions of OD. We recognized, too, that OD is practiced differently across geographies, countries, sectors, industries, organizations, groups and contexts.

To share additional insights into their workplaces, many authors have generously provided a reflection section outlining their working environment, the benefits of the intervention as described in their paper, and finally, to share their perspective of the overall outcome.

This final special edition is the collaborative labor of love of more than 30 authors and co-authors, and an all-volunteer team of 105 practitioners, led by the highly dedicated leadership team from the New Jersey OD Community. We became actively engaged because of our passion and burning commitment to enhance the capabilities and reputation of our profession. Collectively, we share the common goal of advancing the field of organization development. We have worked collaboratively with our colleagues from top corporations in China, UK, Brazil, the Netherlands, Germany, Switzerland, Singapore, Finland, and Korea to bring this publication from concept to reality.

The team has invested over 5,000 hours over the last 14 months that it has taken to prepare these three special volumes. We have worked many long night and weekend hours to ensure the highest quality professional publication. If I were to estimate the dollar value of the time the team has invested, it would total well over $1 million. However, it is impossible to put a price tag on our passion and dedication, not to mention the time each of us could have spent with our families and loved ones instead of guiding authors and creating this 3 volume special edition set of the OD Journal.

We are very proud to share this third and final special edition as we close out this project and our involvement with the OD Institute, publisher of the OD Journal. As leader of this team of illustrious and generous professionals, I express our appreciation for the opportunity to contribute to the internal OD body of literature and to advance the field of organization development. We wish you the very best.

Ted Nguyen
Dubai, United Arab Emirates
September 2007

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The Future of Organization Development in the Nonprofit Sector

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Abstract

The following summary of results from a survey of nonprofit leaders conducted by the nonprofit and research teams of the Global Committee on the Future of Organization Development is juxtaposed with a case study from The Dwight Stuart Youth Foundation to illustrate how effective Organization Development practices can be applied to and strengthen a nonprofit organization.

Survey results reveal nonprofit leaders see increasing opportunity for OD-related work that is critical to the future of civil society. Since there is considerable room for improvement in the effectiveness of nonprofit organizations in areas that organizational leaders consider very important, and the field of OD possesses competencies in these same areas, this paper is a *call for action* for OD practitioners to help close the gaps that are identified in this study.

Overview

Civil society in the United States has many aliases – third sector, nonprofit, volunteer, to name but a few – and includes organizations formed to take "uncoerced collective action around shared interests, purposes and values" (London School of Economics, 2004). These nonprofit groups are also referred to as the "independent sector" to emphasize their unique role in society, distinct from business and government (Applegate, 2002). According to *The New Nonprofit Almanac* (Urban Institute, 2002), almost 6 percent of all organizations in the United States are in the nonprofit sector, and the entire nonprofit sector represented 9.3 percent of all paid employees in the United States in 1998. The entire nonprofit sector had a 6.7 percent share of national income, or a total of $485.5 billion.

In a highly competitive environment, leaders in the civil sector are challenged to simultaneously demonstrate their competency and worth, identify new opportunities for growth and innovation, and remain agile and responsive as they continue to lead nonprofit organizations in:

- Supporting multi-culturalism and globalization;
- Developing productive, performance-based work environments;
- Building organizational capabilities to fulfill future needs;
- Accommodating new and ever-changing forms of regulation;
- Leveraging and integrating new technologies to support the mission of the organization; and
- Meeting increasing expectations for socially responsible and sustainable organizational practices.

Additionally, because the world's problems do not neatly confine themselves to the private, nonprofit, or public sectors, nonprofit leaders are being increasingly asked to collaborate across sectors to improve social, human, and environmental conditions through strategic partnerships – and to transform themselves into sustainable enterprises within this larger ecosystem (Wirtenberg, Abrams & Ott, 2004). To succeed in meeting these daunting and complex world problems, all organizations – whether private, public or nonprofit – "share the challenges and opportunities of integrating values when balancing the underlying importance of people with the achievement of their goals" (Seashore & Seashore, 2006, p. xxiii).

Organization Development practitioners are well positioned to help diverse nonprofit organizations adapt to changing environments, identify priorities, and strengthen leadership in ways that are consistent with underlying values of social justice, individual respect, and collaboration (Seashore & Seashore, 2006). With proven tools like systems theory and action research, Organization Development practitioners can assist nonprofit leaders meet the growing demands on nonprofit organizations by providing "an integrated set of theories, ideas, practices and values" (Marshak, 2006, p.14) that facilitate continuous learning and self-empowerment to enable the entire organization to acquire the confidence and competence it will need to manage – on its own – similar and even greater challenges in the future.

Volumes 1 and 2 of *Investing in Leadership* published by Grantmakers for Effective Organizations (Hubbard, 2006) underscore the importance of strengthening the leadership capacity, whole-system change, and continuous leadership support, including training, peer learning, coaching and other ongoing support. Finally, interviews with executives who have played leadership roles in both for profits and nonprofits reveal the critical differences between the two and how business executives underestimate the complexities of leading a nonprofit: "Too many business CEO's just don't get it…it goes beyond underappreciated. CEO's are often disdainful of nonprofit management. They think it is undisciplined, nonquantified. But in fact, it's harder to succeed in the nonprofit world" (Silverman & Taliento, 2006, p. 37).

Defining the Opportunity

The opportunity appears to lie in convergence of the challenges reported by nonprofit organizations on one hand, and the opportunity and resources that OD brings to meet them. As Bradford and Burke (2004) assert in a special issue of the Journal of Applied Behavioral Science (JABS), "OD has much to offer…. It has developed many valuable approaches" (p 372).

This opportunity is the starting point for our work as a special team of Organization Development practitioners who have organized as a volunteer research team of the Global Committee on the Future of Organization Development. It is our mission along with the thousands of OD practitioners who are our colleagues to better understand the needs and gaps in the nonprofit sector in order to shape and shepherd our field of Organization Development to: (1) align the field more closely with the substantive challenges facing the

sector; (2) add value by leveraging the strengths OD can offer nonprofits; (3) blend theory with practice; and (4) create a significant and positive impact on civil society by infusing values and process expertise that are the building blocks of the interdisciplinary field of OD.

Setting the Context

This article describes the results of Phase 2 research conducted by the research team of the Global Committee on the Future of Organization Development[1]. These Phase 2 results follow up on Phase 1 findings (Wirtenberg et al., 2004), which analyzed the perspectives of OD practitioners toward their own professional field of OD, and complement Phase 2 findings which focused on Business Leaders in the **for profit** sector (Wirtenberg, Lipsky, Abrams, Conway & Slepian, 2007). The Phase 1 study was accomplished by a survey with more than 900 OD practitioner respondents, an extensive literature review, and in-depth interviews with more than a dozen business leaders, and yielded six key integrated themes (KITs) which organized substantive challenges and opportunities for leaders and their organizations:

1. Globalization and multicultural and whole system perspective
2. Building a great workplace, productivity, and performance culture
3. Leveraging technology and worldwide integration
4. Corporate social responsibility
5. Building leadership and organizational capabilities for the future
6. Regulatory environment and new organizational forms

Results suggest that OD practitioners believe their greatest strengths lie in the following:

- the *systemic orientation* they bring to organizations
- their ability to assist in *managing change*
- the *techniques and processes* they use; i.e., supporting teamwork and leadership development, and
- the *values* they bring to their OD practices.

To balance their positive self-assessment, OD practitioners acknowledged that their profession embraces opportunities to develop skill and reputation in the following areas:

- Refine the **definition and distinction** of the OD field of practice
- Enhance the **quality control** of practitioner skills
- Increase opportunities for OD practitioners to enhance their **business acumen including the ability to accurately identify and meet customer needs**
- **Measure and communicate** the return on investment **(ROI)** and /or the perceived **value** of OD work to the business.

We believe that there is no doubt OD practitioners can, and do make contributions within and across these broad areas of challenges. However, in this Phase 2 study, we sought to explore and define in greater detail the __relative importance__ of specific challenges associated with each of the Key Integrated Themes (KIT's) as well as the __extent of the performance gaps associated__ **with these challenges**, from the perspective of the nonprofit leaders, rather than the Organizational Development practitioners who were our primary focus in Phase 1 of our study. In this way, we hoped to find specific value-added domains for OD practitioners to close these gaps, and in so doing, add more value in those areas that Nonprofit Leaders want and need most.

Research Methodology

Survey Design and Distribution

The Internet-based survey of for profit business leaders was designed and piloted with GCFOD Communities of Practice (COP's) between mid-December 2004 and early January 2005. After the for profit version of the survey was finalized (Wirtenberg, Lipsky, et al., 2007), the Nonprofit Team of the GCFOD worked with the Research Team to modify the questions and response categories to apply to and use the language of the nonprofit sector (focusing, for example, on mission rather than financial goals in question 1 and on mission effectiveness rather than competitive advantage in question 9). While recognizing that not all questions could be perfectly adapted for a nonprofit in doing this, all agreed on the importance of developing parallel surveys to facilitate a comparative analysis between the for profit and nonprofit sectors.

The survey vendor, Quantisoft, conducted a beta test of the instrument to ensure that there were no technological barriers to its administration and to data capture of the responses. Data from the pilot test and beta test were summarized, analyzed and reviewed and appropriate enhancements were made to the draft questionnaire to produce the final version for web administration. To ensure anonymity, the survey responses were stripped of any personally identifying information and returned to Quantisoft for processing. The survey was administered between May 15 and August 15, 2005, by the third-party survey vendor, Quantisoft.

Survey Distribution

A networking strategy targeted at executive directors of national, local, and regional nonprofit organizations was used to distribute the questionnaire to leaders in the nonprofit sector. Information about the questionnaire and links to the survey were sent through list serves, email, and electronic newsletters. Membership associations asked to participate in this effort included the Alliance for Nonprofit Management, National Council of Nonprofit Associations, Association of Fundraising Professionals, Aspen Institute, ARNOVA, Charity Channel, and national nonprofit organizations including Girl Scouts, Planned Parenthood, and the Urban Institute. Members of the Global Committee's Nonprofit Sector Team also forwarded survey links to their actual or potential clients, and submitted names anonymously to supplement these distributions. In addition, newsletters of five sponsoring organizations, GCFOD newsletters and notices, and emails and letters to Advisory Board members and others included notices with connecting links, numerous announcements were made at various meetings and conferences, and recipients of the survey were encouraged to forward the survey to their personal networks.

In total, the for profit survey was administered via the Internet to a large volunteer (non-probability) sample of Fortune 1000 business leaders (approximately 16,500) and the nonprofit survey to approximately 5,000 nonprofit senior executives. Of the 235 total respondents, 120 were from the for profit sector and 115 from the nonprofit sector. We report the nonprofit results here and the for profit results were previously reported (Wirtenberg, Lipsky, et al, 2007) in the *Organization Development Journal.* Respondents were representative of the targeted demographic profile in all dimensions: size, function, level of management, age, gender, and dispersion across the nonprofit sector (Exhibit 1).

Exhibit 1. Demographics and Key Sample Characteristics of Nonprofit Respondents

Respondent Sample (N)	115

Gender

Female	N = 64 (57%)
Male	N = 49 (43%)

Age

60 or over	N = 17 (15%)
50 – 59	N = 51 (45%)
40 – 49	N = 31 (27%)
30 – 39	N = 11 (10%)
20 – 29	N = 3 (3%)

Country

United States	N =108 (94%)
Outside the US	N = 7 (6%)

Primary Focus[1]

Arts, culture, humanities	N = 3 (2.5%)
Education	N = 11 (10%)
Environmental and animal protection	N = 3 (2.5%)
Health	N = 20 (17%)
Human services	N = 26 (23%)
Public and societal benefit	N = 14 (12%)
Religious and spiritual	N = 2 (2%)
Other	N = 28 (24%)
No answer	N = 8 (7%)

Functional Areas

General Management	N = 71 (62%)
HR/Personnel	N = 7 (6%)
Training/Education	N = 5 (4%)
Program	N = 4 (3%)
Research & Development	N = 3 (2.5%)
Marketing	N = 2 (2%)
Legal	N = 2 (2%)
Finance/Planning	N = 2 (2%)
Other	N = 12 (10.5%)
No answer	N = 7 (6%)

Footnotes

[1] The survey included eight possible categories (including "other"), which were distilled by the Center of Philanthropy at Indiana University from NTEE codes (National Taxonomy of Exempt Entities, which was developed by the National Center for Charitable Statistics). NTEE codes provide for 26 primary classifications and many secondary classifications under each primary category.

Level of Management:

Executive	N = 78 (68%)
Middle	N = 27 (24%)
Other	N = 4 (3%)
No Answer	N = 6 (5%)

Annual Budget

Less than $500,000	N = 24 (21%)
$500,000 – $999,999	N = 14 (12%)
$1,000,000 – $1,999,999	N = 20 (17%)
$2,000,000 – $4,999,999	N = 17 (15%)
$5,000,000 – $9,999,999	N = 10 (9%)
$10,000,000 or more	N = 24 (21%)
No answer	N = 6 (5%)

Number of Employees

Under 50	N = 69 (60%)
50 – 249	N = 18 (16%)
250 – 499	N = 5 (4%)
500 – 999	N = 6 (5%)
1000 or more	N = 14 (12%)
No answer	N = 3 (3%)

Company Life Cycle [2]

New Venture	N = 4 (3%)
Expansion	N = 29 (25%)
Prime	N = 34 (30%)
Early Bureaucracy	N = 13 (11%)
Declining	N = 8 (7%)
Revitalization	N = 25 (22%)
No Answer	N = 2 (2%)

Footnotes

[2] Company Life Cycles were defined in response categories as follows:

- New Venture (developing and implementing a business plan, building commitment, highly flexible)
- Expansion (rapidly growing, developing systems and processes, highly flexible)
- Prime (sustaining growth and profitability, balancing flexibility with control systems, corporate culture drives creativity and innovation)
- Early Bureaucracy (stable, strong financial position, searching for next growth opportunity/diversification; has lost the creativity, innovation and flexibility that took it to Prime)
- Declining (organization has lost flexibility and is bureaucratic; reduced demand for traditional products/services; considering strategies such as downsizing or mergers to ensure organization survival)
- Revitalization (organization engages in change initiatives to restore flexibility and reduce bureaucracy that is limiting competitiveness; change initiatives result in a return to the Prime stage)

The patterns and trends reported here are internally consistent and indicative of the perceptions of 115 nonprofit leaders who represent a broad spectrum of nonprofits across the United States.

Caveats and Limitations

As actionable research, the survey produced consistent data trends that support actions that can be taken to improve leadership in the 21st century in the content areas of the survey. However, certain limit ations should be noted:

- Sampling – Self-selection (many people sending from many directions, including newsletters, emails, list serves); the lack of fool-proof methods for certifying that targeted nonprofit leaders actually completed the survey and did not dele- gate its completion to someone else, and the demographically skewed population favoring middle-aged women in civil sector leadership positions may have individually or collectively affected the sample.

- Necessity of non-probability sample vs. probability sample –The GCFOD is a voluntary organization without the name recognition and branding of established firms that conduct surveys in the non profit sector and was not able to obtain a complete sampling frame of nonprofit leaders. This reality necessitated the use of a non-probability sample – in this case the sample was a convenience (voluntary) sample. Convenience sampling (some times called *grab* or *opportunity* sampling) is the method of choosing items (respondent targets) in an unstructured manner from the frame. It is the method most commonly employed in many practical situations.

- Resource limitations prevented telephone follow- up – If the voluntary GCFOD organization had sufficient resources, follow-up interviews would have been included in the survey project plan so

Exhibit 2. Areas of Potential Support by Organization Development Practitioners

1. Aligning and executing strategies in a way that advances the mission and is consistent with core values
2. Effectively addressing organizational culture for collaboration and strategic alliances
3. Effectively applying organizational change principles
4. Aligning strategies, people, systems and processes organization-wide to enhance productivity and sustainability
5. Developing and maintaining the commitment of staff and volunteers to the goals of the organization for better overall performance
6. Clarifying purpose and mission to inspire and engage staff and volunteers
7. Attracting and retaining top talent
8. Leveraging and aligning existing information technology with business and people strategies
9. Facilitating adoption and use of new information technologies for mission effectiveness
10. Using information technology to support learning and innovation
11. Enhancing reputation among communities where we work, and with clients, employees and donors/funders
12. Enhancing employees' commitment by focusing on service and contributions in the community
13. Ensuring accountability for values and ethics among employees and volunteers
14. Building leadership capacity for now and the future
15. Solving organizational problems systemically as opposed to solving them on a piecemeal basis
16. Establishing collaborative relationships and partnerships among public, private and nonprofit sectors
17. Increasing speed of response to emerging client and stakeholder needs through shared commitments and organizational values

that further probing could be conducted. Such in-depth probes could have produced additional insights about issues facing nonprofit leaders, the sources they turn to for help, and their plans to commit resources in the future for OD.

- Nonprofit associations and organizations that participated in efforts to distribute information about the survey are predominantly more progressive, social justice organizations, which may have skewed the population.

Nonprofit Leaders' Greatest Challenges and Opportunities

The first section of the survey of nonprofit leaders focused on seventeen statements (Exhibit 2) that stemmed from the six key integrated themes. For each of the statements, leaders were asked to rate the *importance* to their organization of this key area as well as the *effectiveness* of their organization's performance in it. The survey validated the six key themes, since scores on all 17 items were rated above 4 on a five-point scale for importance.

The effectiveness scores were consistently lower than importance (ranging from 3.24 to 4.04, with only two items scoring above 4.0). Respondents indicated that nonprofit leaders were not very satisfied with their organization's performance in most of the areas cited. By arraying all seventeen items on an Importance by

Effectiveness 2x2 matrix (Exhibit 3), it is easy to see which constitute the most urgent and the highest priorities for nonprofit leaders, as well as particular weaknesses that must be addressed.

Urgent Opportunities

Items identified as urgent consisted of those items high in Importance (mean of 4.45 or greater), but relatively low in Effectiveness (mean = 3.7 or less). For this group as a whole, five items surfaced as needing urgent attention, all of which had a gap of 1.0 or higher between importance and effectiveness.

1. *Building leadership capacity (Item #14 – Importance = 4.75, Effectiveness = 3.30, Gap= 1.44 (p<.001))*

The organization success factor with the largest gap between the importance and effectiveness (1.44) was building leadership capacity for now and the future. Nonprofit leaders, like their for profit counterparts, identified the development and management of emerging leadership as the most neglected critical activity in their organizations. Twelve respondents specifically mentioned limited resources, especially funding and their organization's small size, as responsible for the difficulties in developing leadership capacity. On a positive note, six respondents commented that their organizations were addressing

Exhibit 3. Key Findings on Importance and Effectiveness
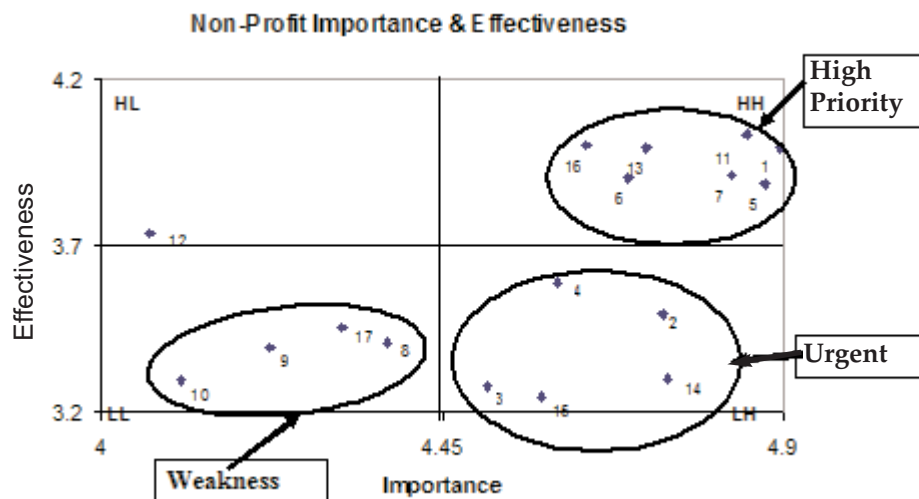
leadership development despite the lack of formal resources. As one noted, "This (activity) is critical for both paid staff and volunteer leadership. With a small staff, the internal leadership opportunities are fairly limited; so we work hard to offer external leadership opportunities for personal growth." Six respondents indicated that a lack of resources (e.g., staff, money, advancement opportunities) prevented them from leadership development, while three respondents said that their constituent communities, boards and other nonprofit leadership did not see this item as a priority.

2. **Solving organization problems systemically as opposed to solving them on a piecemeal basis** *(Item #15 – Importance = 4.58, Effectiveness = 3.24, Gap = 1.33 (p<.001))*

Although two respondents said that they "do not have the time (or) necessity for this approach to all problems," most commented that systemic problem-solving was necessary, though obstacles in the way included a tendency towards "fire-fighting" (n=3); the need for more money and resources (n=1); and turnover in leadership (n=1).

3. **Aligning strategies, people, systems and processes organization-wide to enhance productivity and sustain ability** *(Item #4 – Importance = 4.74, Effectiveness = 3.49, Gap = 1.25 (p<.001))*

Written comments from five respondents indicated that they are actively engaged in developing new systems and strategies, but four others said that day-to-day service needs and priorities take precedence over the development of new systems, processes, and strategic priorities. On a separate note, three respondents indicated ambivalence regarding the meaning and value of "alignment" with one noting: "I do not believe it is always healthy to always be aligned. Variety and novelty can be driven out."

4. **Effectively applying organizational change principles** *(Item #3 – Importance = 4.51, Effectiveness = 3.28, Gap = 1.24 (p<.001))*

Five respondents mentioned that nonprofits must continually change to sustain and achieve their mission. One suggested that effective change entails: "Determining (and) communicating vision, observing others in the system as they attempt to translate vision into action, coaching for action, educating to overcome resistance, identifying the important dissatisfactions, (providing) reasons for the change – and providing

ongoing communication about those dissatisfactions." Four respondents noted that change is particularly challenging for nonprofits given their "be nice" culture; one said that "Intentional improvements, and even unexpected changes brought about by external factors, have seemed very disruptive to staff. The organization's staff is relatively inexperienced, and funding challenges make it difficult to hire and maintain more experienced folks."

5. **Effectively addressing organizational culture for collaboration and strategic alliances** *(Item #2 – Importance = 4.60, Effectiveness = 3.59, Gap = 1.01 (p<.001))*

While six respondents indicated that collaboration is valuable, they noted that it is often neglected or ignored. Perhaps because "there are so many details that we attend to, often our collaborations and alliances are put on the back burners, even though they can be very beneficial to our overall mission." Another six comments indicated that it is a challenge to create a collaborative and trusting culture, with one noting, "Our service units are often at odds, pulling for their own cause, not the bigger picture."

High Priority Items

Items identified as High Priority were rated high in Importance (mean of 4.45 or greater) and somewhat lower in Effectiveness (mean = 3.7 or higher). Seven items surfaced as high priority, all of which had gaps between 0.65 and 0.99. While these High Priority items were not rated as relatively low in Effectiveness as the Urgent items, given their relatively high Importance scores, leaders could profitably focus attention and resources on these seven areas.

Mission and Values. Most high priority items address what nonprofit leaders indicated should be a core competency of nonprofit organizations – linking their mission and values to the work of their organizations. Four high-priority items *(Item #s 1, 5, 6, & 13)* concern advancing mission and direction in ways that are consistent with core values.

Respondents agreed that item 1 is critical *(Aligning and executing strategies in a way that advances the mission and is consistent with core values: Importance = 4.90, Effectiveness = 3.99, Gap = 0.91 (p<.001)).* Five noted that the details of the work and the passion and interests of the staff and board members often make it difficult to maintain strategic focus. Sample comments include:

"where we get less effective is due to occasional mission creep, driven by the passions and commitment of field staff," and "Nonprofits depend on boards that are voluntary and based on affinity to a cause (which) is not enough to achieve an organization's mission." Six said that external factors such as funding mandates and clients' emerging needs often complicate this process, yet are critical for success: "Mandates of current funding sources impact daily actions…."

Item 5 *(Developing and maintaining the commitment of staff and volunteers to the goals of the organization: Importance = 4.88, Effectiveness = 3.88, Gap = 0.99 (p<.001))* had the highest gap among high-priority items. Comments reinforced the importance of this item, while recognizing the difficulty in maintaining goal commitment due to differing priorities between staff and volunteers.

About Item 6 *(Clarifying purpose and mission to inspire and engage staff and volunteers: Importance = 4.70, Effectiveness = 3.90, Gap = 0.79 (p<.001))*, three respondents commented that "inspiring and engaging the entire community is central and critical." While one added, "we work hard at insuring that our purpose and mission resonate with everyone involved in driving the organization," three others noted that "mission statements are often problematic in focusing shared commitment and action."

For Item 13 *(Ensuring accountability for values and ethics among all employees and volunteers: Importance = 4.72, Effectiveness = 3.99, Gap = 0.75 (p<.001))*, nine respondents indicated sensitivity and progress in their organizations in this area, with one noting "My experience is that people attracted to nonprofits that benefit society are more aware than other workers about values and ethics." Four respondents indicated that nonprofits need to do more work in this area: as one said, "Many nonprofit leaders and their followers get bogged [down] in the pool of what's right and wrong, and by whose standards." Three commented that "Nonprofits … need to balance ethics and values with accountability."

People. Two of the high-priority items above *(5 and 6)* – focus on the link between mission and values and people – staff and volunteers – as does Item 7 *(Attracting and retaining top talent: Importance = 4.83, Effectiveness = 3.91, Gap =: 0.90 (p<.001))*. Themes here included five respondents' comments about funding and salary constraints making it difficult to attract and retain top talent (e.g., "'you are working for a charity' so you can't have better pay is the sector's overall attitude"); four peoples' comments about the need for non-monetary compensation (e.g., meaningful work, recognition, education, quality of life); and five respondents' comments about the challenge of assessing and identifying "top talent," cost-effectiveness of using external consultants (outsourcing), and succession planning, when appropriate.

Community Connection. The two items *(16 and 11)* concern links to the larger community. Nine respondents commented on item 11 *(Enhancing reputation among communities where we work, and with clients, employees and donors/funders: Importance = 4.85, Effectiveness = 4.04, Gap = 0.81 (p<.001))*, including five saying "We need better staff/more $/focus on this area to accomplish this goal" and three noting, "This is critical to getting our work done and sustainability." Item 16 *(Establishing collaborative relationships and partnerships among public, private, and nonprofit sectors: Importance = 4.64, Effectiveness = 4.00, Gap = 0.64 (p<.001))* resonated with several respondents, with two noting that "(This is the) key to sustainability in the 21st century."

Sources of Expertise and Support: To Whom do Nonprofit Leaders Turn to for Support?

For each specific item related to the six key integrated themes, nonprofit leaders were asked, *"To whom do you/would you most likely turn for support?"* For nine of the 16 items, nonprofit leaders turn to internal management first, and to their internal OD Department second. This is true for the three items related to creating a performance culture (Enhancing workplace, productivity and performance culture; Fostering employee engagement and commitment; and Building skills for innovation and flexibility in the workforce), for the three items related to building leadership and organizational capabilities (Identifying, attracting, developing and retaining leadership talent; Fostering leadership courage, decision making and problem solving (e.g. doing what is right and making hard decisions); and Managing and resolving conflict), and for both items related to social responsibility (Developing skills and competencies in supporting socially responsible business practices, ethics, and governance; and Embedding socially responsible values and results in corporate drivers and key metrics), although nonprofit leaders also rely significantly on outside expertise in these areas. The ninth item, "Fostering continuous learning and knowledge sharing in organizations" is a subset of "Leveraging and Integrating Technology, the second item of which, "Helping people and organizations adapt to changes and be more resilient as they integrate new technologies," breaks that pattern and shows that leaders depend primarily on outside expertise for support in this area, when consulting firms,

nonprofit management support centers, external OD, and other are combined.

For issues dealing with globalization, multi-cultural, and whole system perspective, nonprofit leaders turn to line management first, others second, and internal OD third for support with "Positioning collaboration and strategic alliances for success from a cultural perspective" and "Successfully working in a global, multi-cultural environment." For the third area in this category, "Building skills and competencies in multi-cultural sensitivity and diversity," there is no clear preferred source of support, although nonprofit leaders do look to internal OD slightly more often than they look to the other five possible sources of support listed.

While continuing to turn to line management for support for issues related to "Regulatory Environment and New Organizational Forms," nonprofit leaders do depend significantly on HR for support in this area. In contrast, for help "Building new models in public-private partnerships" and "Supporting collaborative partnerships across organizational boundaries (i.e. organizations, sectors, industries)," nonprofit leaders depend heavily on outside experts. The only time nonprofit leaders turn **first** to outside experts (external consultants) for support and second to internal management, however, is to "Stimulate awareness about alternative organizational forms (e.g. networked, virtual, matrix.)" Overall, nonprofit leaders depend heavily on internal resources and most significantly on internal management first for support, listing them as the first recourse in all but two of the 16 areas.

OD Investment Intentions: Plans to Grow Organization Development

Fifteen percent of nonprofit respondents had a distinct OD department; among those who did, it most often reported to HR. Despite – or possibly because of – their dissatisfaction with the current effectiveness, almost 58% of nonprofit respondents said they were either very likely or somewhat likely to invest in OD over the next three years. Over 90% said they planned to invest more or about the same as in 2004.

Creating a Strategic Grantmaking Initiative at Dwight Stuart Youth Foundation:

The Contribution of Organization Development

This case study expands on results from the Nonprofit Leader Survey, by demonstrating how an external OD practitioner can help a nonprofit address challenges and opportunities important to their success. In this particular case, the challenge and the opportunity was to help the Dwight Stuart Youth Foundation move from "responsive" to "strategic" grantmaking, a major change in its "business strategy" as a nonprofit foundation making grants to support other nonprofits. The Foundation's consultant, as suggested by the Survey findings, began by focusing on the client's needs and on the larger environment through which the client wants to affect change, and then helped the organization move forward.

Context: Foundations in the Nonprofit Sector

Foundations are an important part of the nonprofit sector in the United States. After an initial wave of professionalization and enormous growth beginning in the 1980s, these institutions are now much more visible to researchers, consultants (there's now a professional organization for foundation consultants, the National Network of Consultants to Grantmakers), legislators and the general public. In 2006, the more than 71,000 American foundations gave $40.7 billion to the nonprofit sector (Foundation Center, 2007). Dean of American philanthropy studies Joel Fleishman, in his book *The Foundation*, argues for the importance of "specific decision-making processes and progress-checking systems that foundations need to employ if they wish to increase the impact of their charitable money" (2007, p. xv).

One of the significant "business model" decisions a foundation can make is to move from responsive grantmaking, where nonprofits apply for funding based on their self-determined needs and some general guidelines from the funder, to strategic grantmaking. In the latter, the foundation determines much more specifically what kinds of projects it will support and from whom. Often the grantmaking is focused on a particular group of nonprofits through a carefully-planned "initiative."

This case study tells the story of how one foundation created such an initiative – and how it used outside consultation based in an organization development perspective to do so. While the case study is told in

the specific terms of one very specialized kind of non-profit, a grantmaking foundation, the lessons from this experience are relevant to any nonprofit organization wanting to "change its business model," or make other significant changes.

About the Dwight Stuart Youth Foundation

The Dwight Stuart Youth Foundation is a family foundation, a particular type of American foundation in which the governing body of trustees are all family members. It was endowed in the late 1990s by the late Dwight Stuart, former CEO of the Carnation Company and grandson of the company's founder.

Now in its sixth year of grantmaking, the Foundation has total assets of more than $80 million, and gives grants totaling more than $4 million a year to non-profit organizations in Southern California that serve disadvantaged and underserved children and youth. Its grantmaking has four areas of emphasis – education enrichment, mentoring, leadership and community service, and school readiness. The Foundation's Board of Trustees is composed of Mr. Stuart's four sons and his sister. It has a professional staff of two, and is headquartered in Beverly Hills, California.

Deciding to Change

Until 2007, the Foundation was largely a responsive grantmaker, as defined earlier. But in 2005, the Trustees began to consider moving to a more strategic style, hoping for more direct and measurable impact. Internal discussions with staff identified a possible topic for a strategic grantmaking initiative: capacity building for Southern California youth-serving non-profits, especially those to which the Foundation already have given grants to support services.

Capacity building involves training, technical assistance and other ways to strengthen nonprofits so they better achieve their missions. Examples include paying for training programs for staff or board; or providing financial support for enhancing facilities, technology or other aspects of the nonprofit's infrastructure. This is an arena in which many foundations have been active over the last 15 years (Backer & Bare, 2000).

As a first step, the Foundation retained the services of a consultant (the second author) to help them think about whether such a move would be desirable and feasible. During 2005, the consultant met regularly

with the Trustees and staff, reviewed grantmaking documents and conducted interviews with Foundation grantees and thought leaders in the community.

The consultant had worked in the OD field both in the public and private sector since the early 1970s, had studied and consulted in philanthropy for nearly 20 years, and had conducted extensive research on non-profit capacity building. This background provided a unique perspective to a consulting relationship that allowed the Foundation to weigh its options fairly thoroughly without any significant financial commitments. It also opened the door to using an OD approach, even though this was not overtly the reason for engaging the consultant.

Role of the OD Consultant

Like many family foundations, Dwight Stuart Youth Foundation has a small staff, so hiring a consultant reflected concerns by the Board of Trustees that considering this new initiative not take away too much staff or Board energy from the main grantmaking role. The consultant and the Foundation's program director (the third author) had worked together previously in the field of capacity building, so there was a natural fit.

There was immediate interest by the Foundation in better aligning people, systems and processes focused on nonprofit capacity building, not only within their organization but also in the environment in which it operates. This would enhance productivity by increasing the impact of grants made to youth-serving non-profits. Helping the Foundation's Trustees learn about capacity building as a subject area would help build their leadership skills for the future, and increase community leadership by connecting them more with the community. And moving to a strategic grantmaking approach would help the organization engage in its core "business" of grantmaking in a more systemic way. The process of internal education and debate, and gathering significant data from the community, reflected shared values of the Foundation and its consultant about the importance of building a platform of community involvement and participation for any investment the Foundation would make in future grant-making.

Building the Initiative

After the initial consultation, the Foundation decided to move forward in 2006, and awarded a pilot study grant to the consultant's organization (the nonprofit

Human Interaction Research Institute, which has studied innovation and change in the nonprofit sector since 1961, www.humaninteract.org). The initiative to be created could later be adopted or not, as the Foundation saw fit. The following activities were undertaken:

1. The Foundation's previous grantmaking was analyzed by the consultant, and six focus groups were conducted. Four were with Foundation grantees, and two with Southern California foundations (one group of foundations that fund nonprofit capacity building, the other a group that fund services for children and youth). Their input helped assure that nonprofits really wanted funds made available for capacity building, and build understanding from other grantmakers about how to do this. In particular, the grantee focus groups helped convince the Foundation that there was significant readiness among youth-serving nonprofits for this type of activity.

2. A brainstorming session then was conducted with the Trustees, presenting findings from the focus groups and grantmaking analysis, and exploring best practices in nonprofit capacity building. Both the consultant and the Foundation's program director used stories from their past experiences with nonprofit capacity building to help the Trustees understand better both the opportunities and costs associated with grantmaking of this type. Out of this session came an "options report" discussing major choices the Foundation could consider (in addition to grantmaking, they included providing information and self-assessment resources for local youth-serving agencies on the Foundation's website).

3. Two community convenings later were held, bringing together grantees and funders to review what was learned from the focus groups, and to provide further input. Then the Foundation's Trustees met to approve a draft initiative.

4. Beginning in January 2007, the Foundation has implemented this initiative, with support through a three-year grant to the Human Interaction Research Institute. The initiative includes direct grantmaking to Southern California youth-serving nonprofits, opportunities for them to network with each other and with funders, information resources offered on the Foundation's website, and evaluation to help improve the initiative as it moves along.

Lessons Learned

Over the last three years, the Dwight Stuart Youth Foundation's development of a capacity-building grantmaking initiative has put it into a new position of leadership in Southern California. The lessons learned from this experience are relevant to what nonprofit leaders see as among their most "urgent opportunities":

1. Building leadership capacity

The first step in this multi-part intervention was to educate the Foundation's Trustees about capacity building, and about strategic philanthropy. The consultant's national research background in capacity building, and work with other foundations supported this education process, as did the expertise of the Foundation's program director (who had developed a similar initiative for another foundation). Trustee education also came from data gathered in the Foundation's own operations, and from the community of grantees and funders to which it relates.

2. Solving organizational problems systemically

The intervention strategy, with a strong OD flavor as discussed here, moved from an extended management consultation, to a pilot study, to full implementation of a detailed, written plan that had been commented on not only by the Foundation's Trustees and staff, but also by a large cadre of community leaders. At each stage, the Foundation could review the opportunities offered and decide whether to commit resources to continuing.

3. Aligning strategies, people, systems and processes organization-wide

The Trustees, program staff, grantmaking procedures, and even the website of the Foundation all were aligned carefully to support the new initiative, as part of the developmental process outlined above. This involved changing both grantmaking procedures and the internal communication style of the Foundation, increasing the level of intentionality in what was already a well-organized institution.

4. Effectively applying organizational change principles

Though it was never identified specifically as such, the consultant from the beginning took an OD perspective on this work, because it represented significant change for the Foundation from its previous operations and

values. Four principles well-known to OD consultants were followed: (a) the involvement of decision-makers (the Trustees) was enhanced by taking a "step-by-step" approach that reduced anxieties about their making an investment in a field they didn't initially know well, and by providing examples of success from peers; (b) involvement of community stakeholders was used in developing the change strategy, both to win their support and to get their ideas for improving it (Backer, Smith & Barbell, 2005); (c) peer learning was used to increase both the quality of the change strategy and the acceptance of it by leadership (Backer, in press); and (d) a "learning strategy" was created for the Foundation, to weave together internal and external input in a more planful way (Backer, 2005).

5. Effectively addressing organizational culture for collaborations and strategic alliances

Peer learning groups of Southern California foundations interested in youth-serving nonprofits created by the Foundation have resulted in ongoing networking relationships. Opportunities for additional collaborations and strategic alliances are already being explored. These will be refined as the peer network originally created for the 2006 pilot study is expanded through regular convenings.

As of this writing, letters of inquiry from local youth-serving agencies have been coming in for capacity-building support under the new initiative, and the Foundation is nominating some nonprofits for special invited grants. In 2008, the Foundation will begin its annual convening of funders and nonprofits, as part of the initiative's effort to benefit the entire Southern California community. And evaluation findings will help re-shape the initiative as it moves along.

If evaluation shows that results are positive and nonprofits continue to apply for funding under this initiative, more resources may be added in the future. The natural evolution of the Foundation over the last six years has been to nurture long-term relationships with a "family" of grantees. This new initiative, guided by the OD-style intervention described here, is likely to increase both the quality of the first grants to be made, and the strength of these relationships – plus those with the larger community of nonprofits and grant-makers in Southern California.

Discussion and Implications

Nonprofit leaders see increasing opportunity for OD related work that is critical to the future of civil society.

Overall there is more agreement than disagreement about what's important and where they most need assistance. There are clear trends about their "pain points" and opportunities. Both the nonprofit leader survey results and the Dwight Stuart Youth Foundation case study pointed to five areas where there are significant opportunities for contributions by OD practitioners: building leadership capacity; solving organizational problems systemically; aligning strategies, people, systems and processes organization-wide; effectively applying organizational change principles; and effectively addressing organizational culture for collaborations and strategic alliances.

Even though it is widely recognized that "organizations that invest adequately in their infrastructure and long-term planning are the ones that will survive and continue to serve" (Light, 2004, inside cover), nonprofits are challenged as never before by the paucity of resources available for organization development and capacity building.

As respondents' comments indicated, scarcity of funding and resources among nonprofits necessitates focusing on the immediate and urgent, which precludes investing in longer-term priorities, including people, leadership development, and infrastructure that could support the efficacy and sustainability of the organization. As Clara Miller (2005), president and CEO of Nonprofit Finance Fund, notes,

> The nonprofit rules of business largely prohibit investment needed to increase efficiency as growth occurs…. Funds to defray costs that all of us – nonprofit or for-profit – consider a regular, sensible cost of business and a desirable investment in greater efficiency are frequently unavailable, ill-timed, and considered a cost "above and beyond" the real cost of providing services…. The inability of nonprofits to invest in more efficient management systems, higher skilled managers, training, and program development over time means that as promising programs grow, they are going to be hollowed out, resulting in burned out staff, under-maintained buildings, out of date services, and many other symptoms of inadequately funded 'overhead'. (pp. 52-54)

Further complicating the task of building effective nonprofits is that critical differences between the nonprofit and for profit sectors are not fully understood by the increasing number of business executives entering board and staff leadership positions, who often underestimate the complexities of leading a nonprofit (Silverman & Taliento, 2006). In this context, nonprofit

leaders are being asked to address seemingly intractable social problems and provide solutions, services and products that contribute to a more just, equitable and sustainable society.

OD professionals, regardless of whether they are internal or external, can be helpful to nonprofit leaders as they try to step up to these formidable challenges. OD professionals can ensure that foundations, nonprofit boards, and staff encourage investments that build organizational capacity and leadership competencies. At the same time, as the design of the Dwight Stuart Youth Foundation project illustrates, OD practitioners can help nonprofit leaders recognize the interconnectedness of the individual, the organization, the communities it serves, and society and support nonprofit leaders in evaluating whether the espoused values are congruent with the behavior and actions of the organization as a whole.

Successful organizations prepare and plan for long-term change, even as they operate in the present. Again, a scarcity of funding and scale of nonprofit operations often necessitates that the focus is on the immediate and urgent -- therefore nonprofit organizations too often do not make time to pause for an in-depth examination of the organization, its environment, its future, or for a searching look at organizational effectiveness. The inability to hire outside expertise may further hinder effectiveness, efficiency, growth, and ability to advance mission.

A clear strength of OD is its whole systems perspective, and there are numerous possibilities for OD professionals to contribute and add value in the nonprofit sector. OD professionals can leverage this strength by supporting board and staff leadership in becoming "whole system thinkers" and helping them to understand that every organization, no matter how large or how small, is a system. Organizational problems are linked together, and change in one area often affects other areas of the whole system. Discovering the links and how they fit together and affect each other is the foundation of holding a whole systems orientation.

OD practitioners can also identify and utilize sector-appropriate best practices and formulate processes for strategic thinking about the future, so that even in the midst of change there is a focus on direction and impact. Furthermore, OD practitioners can facilitate processes to ensure that nonprofits clearly define their mission, vision and core values, and adopt ambitious but realistic strategic objectives and organizational goals along with ongoing planning and evaluation mechanisms that ensure timely and effective imple-

mentation and oversight. Finally, OD practitioners can help to build skills and competencies in cultural competency and foster inter-organizational collaborations and relationships across sector boundaries.

Conclusions

Civil society faces challenges as never before. Nonprofit leaders need real time practical help and support. There is considerable room for improvement in areas that leaders consider important. This article highlights specific areas of urgency and high priority in the nonprofit sector and points the way for practitioners (OD, internal staff, and external consultants) to add value where it is needed the most. Currently, it is important to note that OD as a distinct field or function is barely even on the radar screen. Much of the work that OD could and should be helping with is just not getting done. Our view is that OD needs to work closely with nonprofit leaders to support them, transfer knowledge, and exhibit the utmost degree of flexibility to make it happen (including letting go of the term OD altogether if that is appropriate to get the job done).

These findings call for further inquiry as to OD's fundamental identity, marketing, branding, and positioning with nonprofit leaders. Our intention is to use these findings as we have been doing to engage in discussions with OD practitioners, nonprofit leaders, professional organizations, academic institutions, and other key stakeholders to help set new priorities that increase the ability of more nonprofits to advance their missions effectively and efficiently.

Summary

In summary, we believe that OD practitioners need to work closely with nonprofit leaders to understand the challenges and opportunities they are facing, and come to agreement on how OD tools and practices can enable the entire organization to acquire the confidence and competence it will need to capitalize on challenges and opportunities and manage – on its own – similar and even greater challenges in the future. By adding their unique values-driven contributions around vision, leadership, change, systems theory, culture, coaching, learning, development, and so forth, Organization Development practitioners can help create a more purposeful, life-giving, humane, productive and sustainable civil sector.

Addendum: A Comparison of For Profit and Nonprofit Results

A comparative analysis of for the profit results (previously reported in Volume 25, No. 2, 2007) issue of the *Organization Development Journal* and the nonprofit results reported in this journal, yielded some interesting findings, which are briefly described here.[2] Both nonprofit and for-profit surveys validated all six of the key integrated themes. For profits ranked 15 out of the 17 above 4 on a 5-point scale, and nonprofits ranked all 17 items above 4 on a 5-point scale.

For both nonprofits and for profits the effectiveness scales were consistently lower (2.92 to 4.18 for-profit and 3.24 to 4.04 nonprofit) than importance with only one item ranked above 4 for the for-profit and two items ranked above 4 in the nonprofit results. For profits ranked two items as Urgent (high in importance/low in effectiveness) while nonprofits ranked five items as Urgent.

It is significant to note that the most urgent areas (with the largest gaps) in both sectors are: *"Building leadership capacity for now and the future"* and *"Effectively addressing organizational culture … during organizational realignments, industry consolidations, and M&A's"* (for profit), … *"for collaboration and strategic alliances"* (nonprofit). Both sectors identified lack of time and resources and the for-profit respondents also noted conflicting philosophies regarding talent recognition and problems defining, recognizing and rewarding leadership competencies. The nonprofit sector respondents noted the lack of advancement opportunities and the size of the organization as barriers to building leadership. [Notably, for this study small nonprofits were defined as those with annual budgets of less than $500,000 while small for profits had annual budgets under $25 million; and large nonprofits had annual budgets of $10 million or more while large for profits had annual budgets of $25 billion or more.]

The second item ranked as Urgent by the for-profit respondents was *effectively addressing organizational culture,* and it was also among the five Urgent items ranked by nonprofit respondents. Both sector respondents indicated that the role of culture is neglected or ignored.

The second item ranked by nonprofit respondents as Urgent was *solving organization problems systemically as opposed to solving them on a piecemeal basis,* and it was ranked as the number one weakness and received the lowest effectiveness rating among the for-profit respondents. The items addressing the use and leveraging of information and technology received the lowest effectiveness rating among the nonprofit respondents.

Interestingly, nonprofits rated every item higher in *importance* than for profits (except for Item # 13 *(ensuring ethics),* which was for profit respondents rated at 4.82 in importance and nonprofit at 4.72), with three statistically significant differences (p <.05) including: *Establishing collaborative relationships and partnerships among public, private and nonprofit sectors* (4.6 nonprofit vs. 3.9 for profit); *Enhancing reputation among stakeholders* (4.9 nonprofit vs. 4.4 for profit); and *Effectively applying organizational change principles* (4.5 nonprofit vs. 4.1 for profit).

Overall, nonprofits rated most items higher in *effectiveness* than for profits with six statistically significant differences (p<.05) including: *Establishing collaborative relationships* (4.0 nonprofit vs. 3.4 for profit); *Attracting and retaining top talent* (3.9 nonprofit vs. 3.5 for profit); *Clarifying purpose and mission to inspire and engage …* (3.9 nonprofit vs. 3.5 for profit); *Effectively addressing organizational culture* (3.6 nonprofit vs. 3.2 for profit); *Enhancing reputation among stakeholders* (4.0 nonprofit vs. 3.7 for profit); *and Solving organizational problems systemically as opposed to solving them on a piecemeal basis* (3.2 nonprofit vs. 2.9 for profit).

Endnotes

2. Complete Results for the For Profit and Nonprofit Sectors are available at www.whenitallcomestogether.com. For further information on the Nonprofit sector, contact Beth Applegate at beth@applegateonline.com; or Tim Lannan at tim@timlannan.com.

Acknowledgement

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