

SUMMARY

The researcher undertook exploratory research to see whether characteristics of visionary organizations, as discovered in research undertaken by Collins and Porras (2000), are present and applicable to non-profit organizations in Gauteng, South Africa.

The characteristics are:

- a core ideology (core purpose and core values)
- big hairy audacious goals
- a cult-like culture
- purposeful evolution and continuous self improvement
- management continuity
- alignment.

A schedule was used to interview directors of ten non-profit organizations. Some staff in each organization were given a questionnaire to see whether their answers correlated with the director responses.

The research indicated that most characteristics are present, to some degree, in the non-profit organizations. These characteristics could however be explored more thoroughly in further research. The research includes recommendations for management of non-profit organizations to implement, to become visionary organizations.

List of key words:

- non-profit organization
- welfare organization
- visionary organization
- management
- core ideology
- core purpose
- core values
- continuous self improvement
- alignment

Abbreviations:

NPO – non-profit organization

NPO's – non-profit organizations

SA	–	South Africa
USA	–	United States of America
UK	–	United Kingdom
CEO	–	Chief Executive Officer
P&DM	–	Graduate School of Public and Development Management, University of the Witwatersrand
FTE	–	full time equivalent
BHAG	–	big hairy audacious goal

CHAPTER ONE

GENERAL ORIENTATION

1.1 PROBLEM STATEMENT

Courtney, writing about the United Kingdom voluntary non-profit sector in 2002, says that it has recently experienced substantial growth. He believes that expansion led to “changes in expectations of how voluntary non-profit organizations should be run” (2002:5) and he goes on to say that voluntary non-profit organizations (NPO’s) are looking for “models and tools that will help them to manage and develop their organizations in a way that is true to their mission and values.” They “need to find appropriate ways to address some of the most fundamental questions about the purpose of the organization, what it is trying to achieve and how it is going to determine and achieve its mission and goals” (Courtney 2002:5).

Patti, writing about the social welfare sector in the United States of America (USA) in 2000 says that this sector has also experienced large growth and that the policymakers looked for ways to “improve the performance of organizations and make them more accountable” (2000:4). She goes on to say that the social welfare sector looked to business for ideas. Patti explains that “management, or what managers do or cause to happen, is critical to the development, implementation, and effectiveness of social welfare services” (2000:3).

The researcher struggled to find any information on the size or growth of the non-profit sector in South Africa. This lack of research is confirmed by Kraak (2001: 130) and Habib (in Swilling and Russell 2002:vii). Kraak (2001: 130) writes that there is a “paucity of sound research on the sector” and that this has resulted in a “persistence of significant gaps in our knowledge of the sector”. Habib (in Swilling and Russell 2002:vii) writes that the research “South African Non-Profit Sector Study at P & DM” is “the most comprehensive attempt to map the size and shape of the civil society sector” (2000:vii). Therefore it is difficult to obtain comparative data to discuss the growth of the non-profit sector in SA.

Data obtained by Swilling and Russell (2002) indicate that the South African non-profit sector is a very large sector in the South African economy as it effectively employs more full-time equivalent people (FTE) which is made up of full-time, part-time, and volunteer workers, than other significant sectors in the economy such as mining, construction, transport and financial intermediation, insurance, and real estate (Swilling and Russell, 2002:16). In 1998 the non-profit sector in South Africa had operating expenditure of 9.3 billion Rand which represents 1,2% of the gross domestic product. The study shows that the social services sector comprises the highest number of NPO's (23%) (Swilling and Russell 2002:28).

Letts *et al* (1999:193) ask the question, “(w)hat would it take to turn the tide in the non-profit sector, so that non-profit leaders are not forced to manage upstream? So that funders, policy, board priorities, and organizational cultures supported, rather than thwarted, the efforts of managers to create high performing organizations?” They go on to explain that to achieve this “the non-profit sector will need to mobilize behind an agenda that promotes organizational performance as a critical resource for creating large-scale social impact” (1999:193). Letts *et al* (1999:193) explain that this will require “education, research, and investment in and about the organizational capacity needed for high performance”. The lack of research and education in the field of NPO's is also applicable to SA as seen in the words of Mabin (in Swilling and Russell, 2000:v) “vital to social development in South Africa,

the non-profit sector . . . has long lacked comprehensive research.”. Habib (in Swilling and Russell, 2000:x) comments on the lack of education: “It is striking that there is not a single Honours or Masters teaching program designed primarily for the non-profit sector”.

Therefore there seems to be a need in the non-profit sector to look critically at management practices and what can be done to expand the organizational capacity of NPO’s. This might entail looking to the profit sector for ideas and seeing what has been successful in profit organizations and determining what management practices could be transferred into the non-profit sector. This viewpoint is supported by Letts *et al* (1999:193).

Collins and Porras (2000: 1) conducted research in the USA to discover the characteristics that make an organization visionary. They defined visionary organizations as organizations that were the leading companies in their industries and that were “widely admired by their peers and having a long track record of making a significant impact on the world around them”.

Collins and Porras discovered that the following were the distinguishing characteristics of visionary organizations:

- A clearly defined core ideology consisting of core values and a core purpose (2000:73)

- Big hairy audacious goals (2000:93)
- A cult-like culture, that is, a pervasive distinguishing culture that employees all buy in to and to which they adhere (2000:122)
- Engaging in purposeful evolution, which embraces a philosophy of “try a lot of stuff and keep what works” (2000:140) and a culture of continuous self-improvement whereby improvement and change are encouraged and rewarded (2000:186)
- Management continuity whereby managers come from within the organization and not from other organizations (2000:173)
- Alignment which means that the company translates “its core ideology ... into the very fabric of the organization – into goals, strategies, tactics, policies, processes, cultural practices, management behaviours, building layouts, pay systems, accounting systems, job design – into everything that the company does” (2000:201).

The characteristics that they discovered not only had applicability to profit organizations but also to NPO's. The preface to the 'Built to Last' (Collins and Porras: 2000) explains that the book is “not a business book, but a book about building enduring, great human institutions of any type” and the principles have been applied to such diverse

organizations as “school districts, colleges, universities, churches, teams, governments and even families and individuals” (2000:xviii).

The researcher wants to do exploratory research to examine NPO’s that function in the welfare field in Gauteng to see if the above-mentioned characteristics of visionary organizations are present and applicable.

1.2 VALUE OF THE RESEARCH

The researcher believes the research will be valuable in the field of NPO management because:

- it could reveal aspects of visionary management that are already in place in NPO’s in Gauteng
- it could highlight aspects of management that need to be worked on to develop and maintain visionary NPO’s
- it could challenge NPO management to think about building organizational capacity.

1.3 AIM AND OBJECTIVES OF THE RESEARCH

1.3.1 Aim

To explore whether or not the characteristics of visionary organizations are present in and applicable to welfare NPO's in Gauteng.

1.3.2 Objectives

1. To discover what the current literature or body of knowledge around visionary NPO's is.
2. To assess whether or not characteristics of visionary organizations determined by Collins and Porras (2000) are present in welfare NPO's in Gauteng, South Africa.
3. To look at whether or not these characteristics are applicable to welfare NPO's in Gauteng.
4. To make recommendations and put forward suggestions to NPO managers about developing and maintaining a visionary NPO.
5. To identify areas of visionary NPO management that require further research.

1.4 RESEARCH DESIGN

1.4.1 Introduction

Courtney (2002:143) writes that “what is missing from the literature on strategy in the voluntary non-profit sector, however, is the rigour of academic empirical research.” Singh (in Courtney 2002:143) explains that “very few empirical studies have been conducted in the general areas of strategic planning effectiveness in either public or non-profit human service organisations.” Lubelska (in Courtney 2002:143) believes that “we need much more research into strategic management in the sector” and that “we need to know when, where and how to apply global success factors from other sectors.”

The literature review conducted by the researcher did not identify much information, research or theories on management of NPO’s and of NPO’s in South Africa in particular. Therefore the researcher wants to conduct exploratory research into the management of NPO’s in Gauteng.

1.4.2 Data collection

Ten NPO's in the welfare sector in Gauteng will be researched using a combination of both qualitative and quantitative methods including interview schedules and questionnaires. (For detailed analysis of the research design see Chapter 3 – Research Methodology).

1.4.3 Data presentation

The data will be presented in the form of themes and tables. (For detailed analysis of the data presentation see Chapter 3 – Research Methodology).

1.4.4 Limitations of the research

The sample is small (only ten NPO's) and convenience sampling was undertaken because of resource limitations. Therefore the sample is not representative of the NPO population of South Africa and results cannot be generalised to all NPO's in South Africa.

Furthermore because the research included mostly self-reporting of directors about their organizations (and they may have skewed their answers or highlighted strengths rather than weaknesses to ensure that their organization looks more like a visionary organization than it really is) the results are not completely objective.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This research is exploratory in nature and an analysis of literature forms an integral part of the research. From this literature analysis an overview of the current ideas and practices in NPO management can be established.

This research uses the characteristics of visionary organizations discussed in the book "Built to last" by Collins and Porras (2000) to investigate NPO's in the welfare sector in Gauteng, SA.

In this literature review the researcher will first give an overview of this book and summarize the main aspects of the characteristics of visionary companies that Collins and Porras discovered. The researcher will then highlight aspects from other sources that support these characteristics and highlight ideas about visionary companies that differ from those identified by Collins and Porras.

en highlight aspects from other sources that either support the characteristics of visionary companies identified by Collins and Porras (2000) or provide different ideas or thoughts on visionary companies or NPO's.

2.2 REVIEW OF "BUILT TO LAST" BY COLLINS AND PORRAS (2000)

Collins and Porras (2000) identified eighteen visionary companies. They did this by asking Chief Executive Officers (CEO's) of seven hundred companies in the USA to identify up to five companies that they thought were "highly visionary" (2000:13). A sample of seven hundred CEO's from Fortune 500 industrial companies, Fortune 500 service companies, Incorporated 500 private companies and Incorporated 500 public companies was used. Once the visionary companies were identified the authors did research into that sector to identify companies to which they could compare the visionary companies.

The comparison companies the researchers looked at were companies that:

- were founded in the same era
- had similar founding products and markets
- had fewer mentions in the CEO survey
- were not total failures or poor performing companies (Collins and Porras 2000:15).

The researchers then extensively examined the history and evolution of both the visionary and comparison companies to identify characteristics that were common to the visionary companies but were absent in the comparison companies. The researchers sought to identify "timeless, fundamental principles and patterns"

(2000:17) that had wide applicability across different eras. Once they had identified these key characteristics they tested their assumptions in practice to ensure that they were relevant and applicable to modern companies.

Collins and Porras (2000:23) explain that two of the greatest myths about visionary companies that they discovered in their research were that to found a visionary company requires a great idea and that a visionary company requires a visionary, charismatic leader. They go on to explain that visionary companies, rather than focusing on developing great ideas or being a platform for a visionary leader, focused on developing a great company and that the company itself was the "ultimate creation" (2000:89). Codrington (2000:3) in a book review of "Built to last" explains that a key concept of visionary companies identified by Collins and Porras (2000) was that visionary companies "built a company that could outlast the individuals involved as well as outlive a multitude of economic conditions and product or service life cycles." Collins and Porras (2000:42) called this process "clock building".

Another interesting discovery by Collins and Porras (2000:44) was that visionary organizations don't force themselves to choose between two seemingly opposite dimensions. Collins and Porras refer to this as the "tyranny of the OR". They said visionary organizations find a way to embrace both options and they refer to this as the "genius of the and".

The key characteristics of visionary companies that Collins and Porras identified were:

- Core ideology

Collins and Porras (2000:54) write that the core ideology is “a set of basic precepts that plant a fixed stake in the ground,” and that it tells people “(t)his is who we are; this is what we stand for; this is what we’re all about.” They go on to comment that it “is so fundamental to the institution that it changes seldom, if ever.” The core ideology consists of a core purpose and core values.

The core purpose is the organization’s “fundamental reasons for existence, ... not to be confused with specific goals or business strategies” (2000:73). Collins and Porras (2000:78) explain that they did not find “an explicit and formal statement of purpose in all our visionary companies. We sometimes found purpose to be more implicitly or informally stated”.

The core values are the company’s “essential and enduring tenets” or their “general guiding principles; not to be compromised for financial gain or short-term expediency” (2000:73). Collins and Porras found that the core

values were not the same across the sample of visionary companies. They concluded that the content of the values was not as important as the fact that there were clearly defined core values.

Collins and Porras (2000:207) refer to one of the comparison organizations in their research and comment that the “company touted values and visions and all the rest, but there was a big difference between rhetoric and reality,” and they go on to comment that in the visionary organizations there is no difference between the rhetoric and the reality lived out by the staff.

Collins and Porras (2000:82) also made the interesting discovery that in visionary companies the core ideology did not change but was always preserved. They explained that it is “essential not to confuse core ideology with culture, strategy, tactics, operations, policies or other non-core practices. Over time cultural norms must change; strategy must change; product lines must change; goals must change; competencies must change; administrative policies must change; organizational structure must change; reward systems must change. Ultimately the only thing a company should not change over time is its core ideology – that is, if it wants to be a visionary company” (2000:82).

- Big hairy audacious goals (BHAG's)

The visionary companies set BHAG's. These were not ordinary goals but were rather "huge daunting challenges" that became "unifying focal points of energy" (Collins and Porras 2000:94). The BHAG's were "clear and compelling ... requiring little or no explanation" and were achievable, although at considerable risk to the company (2000:111). The BHAG 's were always consistent with the core ideology. Collins and Porras (2000:100) write that a "goal cannot be classified as a BHAG without a high level of commitment to the goal".

- Cult-like culture

The visionary companies had the following characteristics:

- a "fervently held ideology"
- "indoctrination" of new employees into this ideology
- a "tightness of fit" between employees and the company ideology and goals
- a sense of "elitism" (Collins and Porras 2000:122).

The visionary companies were almost cult-like and were like a "tight knit family group" (Codrington 2002:9).

They were not wonderful places for everyone to work but rather wonderful places only for those employees who fit with the culture and bought into the company ideology (Collins and Porras 2000:123).

Collins and Porras (2000:135) explain that the visionary organizations translate their beliefs and culture into "tangible mechanisms aligned to send a consistent set of reinforcing signals" to the employees and outside people.

Examples of the mechanisms used to reinforce the culture of the organization are (2000:136):

- orientation and training
- 'on-the-job socialization by peers and immediate supervisors'
- recognition and awards of good service and upholding core ideology of organizations
- "tight screening processes"
- "incentive and advancement criteria" tightly linked to core ideology
- celebrations that reinforce "successes, belonging and specialness"

- “constant verbal and written emphasis on corporate values, heritage and the sense of being part of something special”.

- Purposeful evolution and continuous self-improvement

Collins and Porras (2000:141) explain that "(i)n examining the history of the visionary companies, we were struck by how often they made some of the best moves not by detailed strategic planning, but rather by experimentation, trial and error, opportunism, and – quite literally – accident". However they explain that creating the environment that allows for and facilitates this experimentation is purposeful and it is important to create a culture where employees are encouraged to try new things and are given "the room they need" to do so (Collins and Porras 2000:183-184). This requires that management "accept that mistakes will be made" (2000:183). Collins and Porras (2000:185) sum this characteristic up by explaining that the visionary companies put in place "tangible mechanisms working in alignment to stimulate evolutionary progress".

Collins and Porras (2000:186) explain that the visionary organizations also created a culture of continuous self-improvement and ensured that this philosophy was "ingrained into the fabric of the organization and reinforced by tangible mechanisms that create discontent with the status quo". The visionary organizations put in place

mechanisms that encouraged change, growth and development before the external environment demanded this change (Collins and Porras 2000:187).

Collins and Porras (2000:210) explain how one of the visionary organizations achieved this objective: they “provide a well-defined objective, give the person as much freedom as possible in working toward that objective, and finally provide motivation by seeing that the contribution of the individual is recognized throughout the organizations”.

- Management continuity or home grown management

The visionary organizations ensured that their top management came from within the organization and not from outside the organization. They had "management development processes and long-range succession planning in place to ensure a smooth transition from one generation to the next" (Collins and Porras 2000:183). The main reason for not bringing outsiders into top management positions is that they might "dilute or destroy the core" (2000:183). Maintaining the core ideology and culture of the organization is a distinguishing feature of the visionary companies.

- Alignment

The visionary organizations ensured that the "company creates a total environment that envelops employees, bombarding them with a set of signals so consistent and mutually reinforcing that it is virtually impossible to misunderstand the company's ideology and ambitions" (Collins and Porras 2000:202).

Collins and Porras (2000:238) write that creating alignment consists of two processes. Namely:

- 1) "developing new alignments to preserve the core"
- 2) getting rid of "misalignments ... that drive the company away from the core ideology and those that impede progress toward the envisioned future".

Although the visionary organizations aligned all aspects of the organization to the core ideology they also continuously strived for improvement and Collins and Porras (2000:82) called this "preserving the core yet stimulating progress".

2.3 REVIEW OF OTHER LITERATURE

2.3.1 Introduction

The researcher will now summarize other literature that is relevant to the management of NPO's.

Section 2.3.2 will look at some thoughts of various authors on the management of NPO's and the need for further research in this area.

Section 2.3.3 looks at the "Differences between the profit sector and the non-profit sector." This highlights some unique aspects of the non-profit sector that could be relevant to the research.

Section 2.3.4 looks at "Arguments against using management practices from the profit sector in the non-profit sector" and then Section 2.3.5 looks at "Arguments for using management practices from the profit sector in the non-profit sector".

The sections that follow will examine literature that is relevant to the key characteristics of visionary organizations namely:

- 2.3.6 Core ideology
- 2.3.7 Big hairy audacious goals
- 2.3.8 Cult-like culture
- 2.3.9 Purposeful evolution and continuous self-improvement
- 2.3.10 Management continuity
- 2.3.11 Alignment.

Then the last two sections of the literature review will look at:

- 2.3.12 General aspects regarding the management of NPO's
- 2.3.13 An overview of the general findings of the literature review.

2.3.2 Some general thoughts on NPO management

Magretta (2002:6) states that “as the world economy becomes increasingly knowledge based and global, work will continue to grow more specialized and complex, not less and management will play a larger role in our lives, not a smaller one”. She goes on to say that “(m)anagement’s business is building organizations that work” (2002:7).

Letts *et al* (1999:198) comment on the non-profit sector in the US in 1999 and say that, “(t)he nonprofit sector is facing its own crisis consisting of legitimacy and effectiveness. It can respond by wrapping itself in the nonprofit flag – preaching the social virtues of volunteers, compassion, and service – or it can begin to search for additional leverage in solving social problems.”

Letts *et al* (1999:200) also suggest that NPO's should ask the question “(h)ow do business practices need to be adapted in order to be useful to nonprofit organizations?”. “Working together, nonprofit practitioners and researchers could begin to develop a “Theory of Practice” that will help nonprofits understand how organizational capacity can support performance” (Letts *et al* 1999:200). However they say “(t)he challenge for nonprofit organizations is to build strong organizations without compromising their commitment to social goals. (Letts *et al* 1999:201).

2.3.6 Some differences between profit sector and non-profit sector

The thoughts and viewpoints of various authors on the differences between the profit sector and the non-profit sector will be discussed and then the key thoughts will be summarized.

Paton and Cornforth (1992) and Leat (1993) in Courtney (2002:45) examined and put forward several characteristics that distinguish the voluntary non-profit sector from the private sector and that therefore have been used as a basis for arguing that the voluntary non-profit sector needs to be managed differently from the private sector.

1. Profit-making versus non-profit making

Some NPO's do make a profit but perhaps a key difference is that they do not distribute the profit "to anyone with a beneficial interest in the organization, such as staff, trustees, members", whereas in the profit sector many organizations distribute profits to shareholders or owners (Courtney 2002:46).

2. Indicators of success

A distinctive characteristic of voluntary NPO's is the lack of any clear indicators of success. Anheier (2000) in Courtney argues that the "problem is not ... that voluntary NPO's do not have a bottom line, but that they have multiple bottom lines" (2002:46). However, in the profit sector indicators of success may also not be

clear and “many voluntary NPO’s have put in place very well-developed performance indicators” (Courtney 2002:46) so this distinction is not as clear cut as it might initially appear to be.

3. Multiple stakeholders

Several authors argue that perhaps the “lack of goal clarity in the voluntary nonprofit sector is caused by the multiple stakeholders that a voluntary NPO is expected to satisfy and be accountable to”, compared to the private sector which “only has to satisfy the customer and the shareholder” (Courtney 2002:46-47).

Courtney then lists some of the stakeholders an NPO has to satisfy : “multiple funders, individual, corporate and statutory as well as regulatory bodies, customers, trustees, volunteers, staff, the media, and the local community, etc.” (2002:47).

Edwards and Hulme (1992:259) propose the following to help satisfy the expectations of stakeholders and ensure that they correlate with the expectations, plans and purposes of the organization:

- Management should cultivate a strong sense of mission within the organization
- The organization should encourage participation of all stakeholders in the formulation of values, goals, policies and programmes

- The organization should develop clear values and principles and ensure that they are adhered to
- The organization should ensure that clear accountability mechanisms are put in place
- The organization should employ staff who are skilled and committed to the core ideology of the organization.

4. Resource acquisition transactions

“In the private sector there is a trading relationship where a customer purchases a product or service from the company and pays the price agreed” (Courtney 2002:47). Whereas in the non-profit sector the person who receives the product or service doesn’t usually pay for it or perhaps pays only a minimal amount. Therefore compared to the profit sector where there is a “two-way flow of resources” in the non-profit sector there is a “one-way flow of resources from funder to voluntary NPO to client” (Courtney 2002:47). However again this may be oversimplified because many clients do pay a fee for services and some funders do “require a return on their investment in the form of branding, publicity, etc.” (Courtney 2002:47).

Courtney (2002:28) highlights another difference between profit organizations and non-profit organizations when he explains that governments often impose various accountability measures on organizations that receive their funding. "These monitoring and evaluation processes often impose a framework, similar to the management approach which is dominant within the statutory body itself and which emphasizes the articulation of goals, objectives, outcomes, performance indicators and budgets, as well as the establishment of monitoring and control mechanisms" (Courtney 2002:28).

The Department of Social Development in SA published a discussion document entitled "Policy on financial awards to service providers". In the document the Department of Social Development explains various financing options available to organizations who provide services to people in SA. In the document they also present a situation analysis of the situation in SA and discuss the needs of the people in SA and explain the imbalance of resources and the previous skewed distribution of resources to the different race groups. The Department of Social Development explains their goal of trying to correct these imbalances and explain that they will focus their limited resources on the most needy in the country. To achieve this goal they have established the following principles that will be taken into account when deciding how to distribute money from the government (Policy on financial awards to service providers: 8 - 9):

- The goal of equity of all people is pursued
- Transparency is important which means that organizations need to ensure that people have access to information about the organization and there is an openness about “administrative and management procedures”
- Organizations are providing services that are appropriate for the particular “social, economic, cultural and indigenous and political conditions’ of the communities that they serve
- There is wide participation in the “programme and policy design” by the various stakeholders namely “management, clients, staff, stakeholders and community representatives”
- Organizations adhere to and comply with “all legislative, policy and financial regulations”
- The organization is accessible to the community it serves in various ways for example physical position, times it is open and the language that services are provided in
- No person should be excluded from the service “on the basis of inability to pay for the service”
- Objectives set should be achieved in the most “cost effective manner”
- The organization should operate in “partnership” with the “government, civil society and the business sector to deliver services”

- The policies and programmes should promote “social justice” and move South Africans towards a more socially integrated society.

Furthermore the “Policy on financial awards to service providers” (Page 28) specifies that a contract will drawn up, between the government and any organization that they provide money to, in which expectations and obligations of both parties are put in writing. The contract will also cover “the service provider’s obligations in respect of deliverables (outputs), reporting and accounting, and monitoring, and evaluation procedures to ensure accountability for public funds received”

The “Policy on financial awards to service providers” (Page 29-30) also specifies that procedures for monitoring and evaluation need to be put in place to ensure that the following aspects are monitored:

- financial
- customer satisfaction
- internal organizational processes to ensure objectives are met.

This continuous monitoring and evaluation needs to result in learning and ensure that the organization continually evolves “its products and services to the customers to keep pace with the latest developments and the demands for service” and “that it keeps pace with the changing needs of the communities served”.

Heimovics *et al* (1993:419) has something interesting to add to this point of resource acquisition. They say that they believe that research has shown that NPO’s are particularly vulnerable to external events, for example: government funding and are “highly dependent on the efforts of their top executives to find resources for and to revitalize the missions of the organization”.

Bigelow *et al* (1996:34-36) comment that “nonprofits receive funds from several sources, each of which has its own goals and procedures” (1996:34) and that the “funding composition – fees, donations, or government grants and contracts – provides the critical context within which decision making takes place” (1996:34-35). Bigelow *et al* (1996:35) go on to comment that “funding sources vary in their stability and in the degree of control they exercise over the NPO”.

5. Cooperation versus competition

Pater (1980) in Courtney (2002:48) argues that “the private sector is characterized by ... competition”.

However Herman (1994) in Courtney (2002:48) argues that competition is also present in the non-profit sector because there is competition “between voluntary NPO’s for funds, volunteers and contracts”.

Courtney (2002:44) examines voluntary NPO’s in the UK. He explains that he selected the organizations according to the following four criteria:

1. Organizations needed to be formal which means that they had a “structure, a constitution and a set of rules” and were registered with a government as a voluntary NPO.
2. Organizations needed to be “constitutionally and institutionally independent” of the government which means that they each had their own decision making structures.
3. The organizations needed to be organizations which did not distribute their profits to members or shareholders.
4. The organizations needed to “benefit to a meaningful degree from philanthropy or voluntary citizen involvement”.

Courtney (2002:110-111) then highlights some facts from Neuman and Wallender (1978) that constrain voluntary non-profit organizations:

1. Services are often intangible and therefore are hard to measure
2. Customers might struggle to influence the organizations because their payment of fees for services provide only a small portion of the total income of the organizations
3. Sometimes employees are more dedicated to the general welfare field or to a particular cause within the field and their allegiance to their employing NPO takes second place to their allegiance to the cause. This means that the employee would easily move to another organization which served that particular cause rather than show loyalty to that particular organization
4. Resource providers, for example funders and government, might sometimes exert excessive influence on the management of NPO's
5. As a result of the intangible services where outcomes are difficult to measure and the possible greater allegiance of employees to the cause rather than the organization, the determination of rewards and punishments based on outcomes or dedication and loyalty to the organization will be more difficult to establish.

Letts *et al* carried out research and conducted a cross-sector analysis in which they examined key aspects of the non-profit sector and the profit sector. A key finding was that "for – profit managers are not inherently better managers, they are better supported managers" (Letts *et al* 1999: 29 & 30).

The research also highlighted other interesting points:

1. The importance of excellent management practices and that these practices help an organization achieve its mission in both the profit and the non-profit sector.(Letts *et al* 1999:30)
2. In the non-profit sector where resources are scarce it is often viewed as a problem if funds do not go directly into service provision and it is therefore a battle to invest money in organization development and training (Letts *et al* 1999:31)
3. In the non-profit sector many employees place more value and emphasis on service than on analysing, measuring and evaluating organizational performance (Letts *et al* 1999:33). They go on to say that "organizational development may seem not only uninteresting, but like an indulgence that will deprive beneficiaries of resources" (Letts *et al* 1999:33).

2.3.6 ARGUMENT AGAINST USING MANAGEMENT PRACTICES FROM THE PROFIT SECTOR IN THE NON PROFIT SECTOR

Patti (2000:7) documents that some people believe that "social welfare management is a distinctive variant of general management."

Courtney writes that there is "concern amongst some people that voluntary non-profit organizations have been becoming increasingly like businesses and have therefore been losing their distinctive identity and values as the boundaries of the sectors become increasingly blurred". He goes on to say "that some people feel the non-profit sector is losing its soul" (2002:5).

Batsleer (1995) in Courtney (2002:30) also believes that there is a concern that should NPO management adopt practices from the profit sector it would be like the Trojan horse, "infiltrating alien systems and practices and undermining the perceived autonomy, cherished values, core identities and distinctive working methods of individual organizations and the sector as a whole."

Lyons (1996) and Leat (1995) in Courtney (2002:32-33) make the point that using management practices from profit organizations will probably be “too elaborate and too time consuming” for NPO’s or will create the need for “expensive management training and use of external management consultants”.

Many opponents to transferring strategic management ideas from the profit sector to the nonprofit sector argue that the NPO’s will lose their traditional values.

If the ideas from the research done by Collins and Porras are adapted, then the values of the NPO’s would remain as values forming an integral part of visionary organizations.

Another point raised by Leat (1995) in Courtney (2002:32) is that using business management will result in a failure to promote internal candidates to management positions. This directly contradicts the findings by Collins and Porras in that the visionary organizations almost exclusively promoted to top management positions from within the organization and not by bringing in people from outside the organization (Collins and Porras 2000:183).

2.3.6 ARGUMENT FOR USING PROFIT SECTOR MANAGEMENT PRACTICES IN THE NPO SECTOR

Courtney (2002:6) suggests that strategic management of the profit sector could provide "a useful set of tools and techniques to draw on" but the non-profit sector would have to adapt them to "enable them to be more focused" for the non-profit sector.

Paul B. Firstenberg was the executive vice-president and chairman of the finance committee of the board of Children's Television Workshop (CTW) in the USA when he wrote an article in which he explained how CTW manages their affairs in such a way that it can make a profit. The difference between it and a profit organization is that a profit organization would distribute the profit to shareholders but CTW puts the profit into new educational programmes for children (Firstenberg 1979:10). Firstenberg explains that the "different use to which the workshop puts profits doesn't make its need for them any less urgent" (1979:10), because he believes profits give them flexibility and independence to perform in the manner they want. Therefore striving to achieve a profit may possibly enhance the ability of an organization to achieve its purpose and maintain its values rather than this profit motive inhibiting its values and purposes. It is also important to ensure that revenue sources are diversified (1979:11).

Finally Firstenberg explains that an NPO needs “to be a hybrid: a classical charitable organization in purpose and successful business enterprise in mode of operation” (1979:12). He goes on to explain that the “ultimate responsibility for assuring businesslike management of a nonprofit enterprise rests with its board of trustees” (1979:13).

Patti (2000:7) writes that “the most essential elements of the management craft are enduring and transferable, adaptable across sectors” and that growth leads to performance and more accountability which is similar to business”.

This view is supported by Hatten (1982:89) who writes that “(n)ot-for-profit managers can indeed benefit from the application of the strategic management concepts originally developed for profit making corporations”.

Patti (2000:7) gives her opinion about the NPO sector: “(e)ven though specialized academic programs have produced a generation of people specifically trained for this sector, people trained in business management technologies and perspectives may still be considered the most effective managers for social welfare organizations”.

Handy 1988 in Courtney (2002:31) advises that voluntary NPO's should look at management of businesses and see what is applicable and can be used because there are similarities between business and NPO's:

- "both have clients
- both provide services
- both have to finance themselves in one way or another".

Bigelow *et al* argue that corporate political strategy can be used in an NPO context. They state that in NPO's the "basis of the competition is similar in many respects to that experienced in the for-profit sector as nonprofit organizations compete for funds, users, and personnel as well as for influence and prestige" (1996:29).

They go on to argue that part of corporate political strategy is influencing stakeholders and influencing "stakeholders in such a way as to advocate rules or norms and values that support an organization's mission and goals" (1996:31).

Therefore what other authors (Drucker 1990 and Courtney 2002) say is a difference between NPO's and profit organizations, that is, numerous stakeholders, Bigelow *et al* argue is actually a commonality between NPO's and profit organizations (1996:29). Hence both can employ similar corporate political strategies designed to influence stakeholders to ensure that the organization's mission and goals are promoted and not hindered.

Leat (1995) in Courtney (2002:33) summarizes the arguments for using management techniques from the profit sector in the non-profit sector:

- “they create ... efficiency and cost effectiveness
- they raise the status and recognition of the voluntary nonprofit sector
- they increase confidence in the voluntary nonprofit sector especially amongst funders
- they provide new concepts and tools to improve management and performance
- they increase the learning across sectors”.

2.3.6

2.3.6 CORE IDEOLOGY

2.2..1 Introduction

Bryson (1998:163) writes that "(s)trategy may be thought of as a pattern of purposes, policies, programs, actions, decisions, and resource allocations that define what an organization is, what it does and why it does it."

It seems as though authors (Bryson 1998) use the word strategy compared to the words core ideology used by Collins and Porras and give it a similar meaning. Therefore quotes and references to strategy have been included in this section on core ideology.

Magretta (2002:91) explains that strategy is important in NPO's because they need to "make critical choices about what they will do and just as important what they won't do." She goes on to say that NPO's can't "succeed by trying to be all things to all people." Therefore having a clear core ideology would be just as important in an NPO as it is in a profit organization.

A possible problem in NPO's is that growth could lead the organizations to "extend themselves too broadly," as "initiatives are added piecemeal with the idea that each will contribute new revenues but in the process organizations

could blur their positioning, and, thus, ... damage their performance.” Magretta calls this "mission creep” (2002:92).

Magretta goes on to explain that often NPO's “pursue funding from well-intentioned donors who want to support initiatives that don't fit with the organization’s strategy” (2002:92) but she believes that "it is critically important” to say no "to money or donations when they do not fit with the organization’s mission” (Magretta 2002:93).

Bryson believes that "before an organization can define its mission and values, it must know exactly what it is required to do and not do by external authorities”. This is set out in "laws, ordinances, articles of incorporation or charters" (Bryson 1988:93). He goes on to say that it is also important to clarify what is "not ruled out" which means that all boundaries need to be clarified so as not to unnecessarily limit the organization (Bryson 1988:94).

2.2.52 Core purpose

Bryson believes that the mission of an organization is its purpose. The mission explains why an organization does what it does (1988:96).

Scott et al (1993:4) define mission as the “core purpose for which a person, team or organization is created”.

Mission therefore seems to be another term used by authors (Bryson 1988 and Scott *et al* 1993) but given the same or a similar definition as Collins and Porras give core purpose. Therefore quotes or references to mission will be used in this section on core purpose.

Drucker also believes in the importance of mission statements and says that NPO's exist to "bring about a change in individuals and in society" (1990:3). Bryson writes something similar when he says that an organization's mission "provides its ... social justification" (1988:49).

Magretta (2002:144) writes "(w)hether we're talking about a business or a NPO, performance is impossible without a mission."

Drucker (1990:19) says that many leaders assume "what they do and why they do it ... (is) obvious to everyone in the organization," but he writes that the "first task of the leader is to make sure that everybody sees the mission, hears it, lives it," (Drucker 1990:33).

Letts *et al* write about the importance of everyone in the organization being clear about the mission or purpose of the organization when they write "best practice organizations are organizations with a good image people can describe". These organizations have a purpose that is clearly written out and "everyone in the organization delivers the same message about mission, goals and strategies" and there "is consistent print image . . . and customer service and fulfilling promises are high priorities" (1999:95).

Magretta (2002:14) expresses a similar view when she writes that "everyone in the organization must be focused on a common reality, even though it may be far from obvious to everyone what the reality is." This differs slightly from what Collins and Porras (2000:77 & 135) write because they discovered that the visionary organizations they examined had a clear core purpose that everyone in the organization was well aware of and that everyone bought into.

Quinn (1988) in Courtney (2002:60) suggests that effective strategies "develop around a few key concepts and thrusts which thereby provide cohesion and focus". This ties in with the importance of developing a clear core purpose as identified by Collins and Porras (2000:7-8).

Krauft *et al* (1991:119-120) also support these ideas when they write that for the "nonprofit organization in search of excellence, there is no substitute for a clearly articulated, broadly understood mission statement." They also write that the mission statement:

- "is the non-profit's guidepost"
- defines "the purpose and scope of the organization's activities"
- creates the "standard and overarching goal of the organization"
- is the "starting point for the development of plans and programs"
- helps judge "the appropriateness of new and old programs"
- is the "rallying point for commitment".

Oyster (1995) in Courtney (2002:181) believes that a mission statement fulfils three main purposes:

1. "it describes the boundary of the organization
2. it motivates staff, volunteers and donors and creates a sense of unity and focus for all stakeholders
3. it helps in the process of evaluation of the organization".

Bryson (1995) in Courtney (2002:183) explains an organization's vision should:

- “clarify the purpose of the organization”
- “be stretching and challenging”
- “reflect the culture and values of the organization”
- be “widely known”
- be “used to make or shape decisions of the organization”.

Many of the above mentioned issues, that is:

- the vision should show the purpose and values of the organization
- the purpose should shape organizations’ decisions
- the vision should be widely known

tie in with the characteristics of visionary organizations that Collins and Porras discovered (2000:73-78).

Scott *et al* believe that organizations that have a clear purpose are able to cope better with fluctuations in customer demand and changes in the market place (1993:6).

Scott *et al* assume that organizations do and should revisit their core purpose or core identity periodically. They call this process “visioning” and believe it entails relooking at the values and mission of the organization (1993:7). This

differs from Collins and Porras' research, which showed that visionary organizations usually maintained and kept the same core purpose from the time that the organization was founded (2000:78).

Krauft *et al* explain that the "excellent organization strives to keep its mission alive in the hearts and minds of volunteers, staff and board," and then go on to list ways in which this can be done:

- "print mission statement on all brochures and publications" and, the
- "back of all business cards"
- put up "poster sized copy" of mission statement in "all offices and affiliations," (1991:119-120).

Bryson (1988:49) believes that a clear mission can "reduce conflict in the organizations" and "help organize and increase productivity of stakeholders, particularly employees."

Bryson also believes it is important to perform a "stakeholder analysis" before drafting a mission statement" (1988:52). He defines a stakeholder as a "person, group or organization that can place a claim on an organization's attention, resources, or output or is affected by that output" (Bryson 1988:52). He explains that "(a)ttention to

stakeholder concerns is crucial because the key to success in NPO's is the satisfaction of key stakeholders" (Bryson 1988:52).

Bryson (1988:52) then goes on to explain that the process involves:

- "identifying stakeholders
- determining the stake they have in the organization
- determining the criteria they use to evaluate the organization
- determining how well the organization currently performs according to these criteria
- determining how the stakeholders can affect or influence the organization
- determining what the organization requires of the stakeholders."

This then provides the framework within which a specific mission statement can be determined that will satisfy the stakeholders and thus bring success to the organization.

Batsleer *et al* (1992:41) write that the staff of NPO'S are "often committed more to the cause than to the organization itself." They are of the view that this is "perhaps an unseen advantage of NPO's" who can foster a

"strong personal commitment" and "dedicated involvement" of the staff to the purpose of organization. However it could also be a disadvantage if the organization needs to be built and developed as is necessary in a visionary organization (Collins and Porras 2000) and the staff are more focused on the wider cause rather than on the organization.

2.2.5.3 Core values

Scott *et al* define values to be “the principles, the standards, the actions that people in an organization represent, which they consider inherently worthwhile and of the utmost importance. They include: how people treat each other, how people, groups and organizations conduct their business and about what is most important to the organization” (1993:4).

Scott *et al* call organizations that are “organized around a deep sense of values, mission and vision ... essence-driven organization(s)” (1993:6).

Scott *et al* (1993:25) believe that values form the “foundation for the strategy, the mission and the structure” of an organization. They mention that the root of the word values is “valor, which mean strength” and they go on to make the point that “(v)alues are a source of strength”. Other points raised by Scott *et al* about values is that they:

- form the “bedrock of corporate culture”
- provide “employees with a sense of common direction”
- provide “guidelines for day-to-day behaviour” (1993:19).

In explaining the importance of values Scott *et al* (1993:21) explain that the process or path taken to achieve goals is as important as the goals themselves and that values set the parameters within which employees operate to achieve the goals of the organization.

Scott *et al* make the point that often organization values are not conscious and are “not openly explored or discussed”. They go on to say that verbalizing and discussing values “enhances agreement and connection” between employees and the organization (1993:25).

The importance of determining core values is also documented by Peters and Waterman (1982) in Courtney (2002:74) where they stress the need to be “value driven” and that leaders need to “articulate the company vision and values”.

Courtney (2002:184-185) quotes former CEO of IBM, Thomas Watson Jr, as saying that any organization that has lasted many years probably owes “it’s resilience not to its form of organization or administrative skills, but to the power of “beliefs and the appeal these beliefs have for people”.

Peters and Waterman (1982) in Courtney (2002:185) also confirm the importance of values when they say that “shared values are one of the seven key elements of an excellent company”. Bryson (1995) in Courtney believes that clarifying an organization’s values will “enable an organization to maintain its integrity” (2002:185).

Courtney (2002:186) writes that it is important to assess the “extent that ... values are being applied in practice” and he mentions a few ideas to help transmit values to employees and volunteers “induction and training, the good example of leaders; and ... regular referral to the values”.

Magretta (2002:200) writes that values are abstract and intangible but when “set in stories they come alive”. She believes that stories “have the power to inspire, offering ordinary people the chance to become heroes” and she suggests rituals and symbols to promote and clarify values. Magretta (2002:205) also writes that if values fit with or reflect the values of the employees then they will “contribute to performance by giving guidance and inspiration to the people inside the company”.

The above mentioned authors raise several points about values that are highlighted by Collins and Porras, namely:

- Values are very important and are principles which guide employees (2000:73)
- Values affect the culture of an organization (2000:73 & 122)
- It is important for the leaders of an organization to articulate support and adhere to the values of the organization (2000:214)
- Having clear values that are adhered to are key to excellent organizations (2000:135-136)
- Values need to be clearly communicated to the employees and regularly reinforced (2000:136).

2.2.6 BHAG's

Drucker doesn't speak about BHAG's but does speak about the importance of goals. He says they should be "ambitious" and explains the "objectives should be twice as high as one hopes to accomplish because one will always fall short by fifty percent". He says that they should be "high enough so ... we've got to stretch but not too high as to demoralize staff" (1990:46).

2.2.7 CULT-LIKE CULTURE

In an article in the Business Week culture is defined as creating a "pattern for a company's activities, opinions, and actions" (Corporate Culture 1980:148). It goes on to explain that this "is instilled in employees by managers' example and passed down to succeeding generations of workers. The CEO's words alone do not produce culture; rather, his actions and those of his managers do" (1980:148). They explain that the culture of a company influences staff members' "actions towards customers, competitors, suppliers, and one another" and that this culture is not often written down but is "more often . . . tacit" (Corporate Culture 1980:151).

The article states that a “corporation’s culture can be its major strength when it is consistent with its strategies” (Corporate Culture 1980:151). They go on to explain that another aspect of creating a successful company is to ensure that all aspects of the company’s culture are consistent (1980:151).

The article explains that when trying to implement change in an organization culture must be taken into account. Change cannot merely be brought about by educating staff or by “hiring new staff, by acquiring new businesses, by changing the name of the company or by redefining its business” (Corporate Culture 1980:151). The article further explains that even “exhortations by the chief executive to operate differently will not succeed unless they are backed up by a changed structure, new role models, new incentive systems, and new rewards and punishments built into operations” (Corporate Culture 1980:151).

Magretta (2002:200) writes that “(c)ulture building is hard work. It requires communication, communication, and, then more communication. It thrives on simple messages, repeated again and again.” This ties in with discoveries that Collins and Porras made that the visionary organizations engaged in many activities to ensure all employees knew about the culture of the organization, for example the strong indoctrination of the ideology and mechanisms to ensure adherence to culture (2000:122).

2.2.8 PURPOSEFUL EVOLUTION AND CONTINUOUS SELF IMPROVEMENT

2.2.8.1 Introduction

Drucker believes that there is “(u)sually no lack of ideas in nonprofit organizations but that the problem is a lack of willingness and not being able to convert ideas into effective results”. He believes that organizations should be looking for opportunities all the time, both inside and outside the organization, and in particular leaders need to be continually looking for change (Drucker 1990:51).

However, Courtney (2002:100) warns that developing a "large number of innovations and experiments can result in a lack of direction, without a clear vision." Therefore the characteristic of a core ideology (core values and core purpose) and the characteristic of alignment whereby all aspects of an organization are arranged to ensure the core ideology is sustained will prevent Courtney's concern of a confusion in direction occurring.

Magretta (2002:154) writes that “(w)e can all learn to practice innovation”. “(G)ood managers don't just place bets and then wait around to see how things will turn out. Through innovation, they create new opportunities to bet;

then they actively work those bets, focusing on the uncertainties that matter most in order to turn the odds in their favour,” (2002:172).

Magretta (2002:26) writes that an organization should, “(n)ever assume that the best way to do something is the way it has always been done”. She writes about 3M which is a company that forces divisions to develop new products by setting targets, for example they need to earn “twenty five percent or more of their revenue from products or services that have been developed in the past five years”. In 1993 this target was increased to “thirty percent in the last four years” (Magretta 2002:153). Magretta writes that the “numbers 3M has chosen may be somewhat arbitrary, but the need for mechanisms or incentives to force us into the future is not,” and “organizations ... need disciplines to propel them into the future” (Magretta 2002:152-153).

Porter (1985) in Courtney (2002:69) reinforces the importance of “not only gaining competitive advantage but ... making this sustainable over the long-term, usually by continual improvement”.

Courtney (2002:98) also supports the point raised by Collins and Porras (2000:163-184) that management needs to consciously put in place structures and processes that will support innovation and continuous improvement.

Letts *et al* (1999:3-4) believe it is not good enough for an organization to only develop programs. They believe organizations need to “operate, sustain, improve, and grow them” because it is the “capacity for strong performance ... that provides the foundation for lasting social benefits”. They go on to acknowledge several reasons why NPO’s perhaps haven’t focused on building and developing organizational capacity for example “deeply ingrained behaviour, public policy, funding systems, and the culture of nonprofit service,” (1999:4). Letts *et al* stress the need to build a strong organization as this provides the foundation for future, improved services (1999:4).

Drucker believes that organizations should create “constructive discontent” (1990:149) which ties in with the characteristic of continuous self improvement identified by Collins and Porras (2000:187).

Several aspects of purposeful evolution and continuous self improvement, were raised in the literature and these are discussed below under their particular headings.

2.2.8.2 Learning school

Lampet (1998) in Courtney (2002:100) highlights the main aspects of the learning school:

- Organizations “learn from failure and successes”
- Organizations don't adhere to the saying "if it ain't broke, don't fix it"
- Staff closest to the "design, manufacture, distribution and sale of the product are regarded as possessing important information about the product”
- There are systems in place to “share knowledge”
- The organizations look "outside their own boundaries for knowledge".

The characteristic of not accepting and being content with the status quo and ensuring that learning and knowledge is shared is similar to the characteristic "continuous improvement" identified by Collins & Porras (2002:188).

Drucker believes that development of people is very important and not just development for the organization or for the job but generally just developing people, looking for their gifts and potential and developing this (1990:28).

2.2.8.3 Product development

Letts *et al* (1999:60) speak about the importance of putting systems of product development into place to build organizational capacity that will lead to high performing NPO's. They explain that the "benefits of ... deliberate

product development could be significant not only to create a large supply of better programs, but also to achieve more success in implementing those programs." They furthermore write about the importance not just of developing new programs but also of creating "continuous improvements" (Letts *et al* 1999:60). They explain that high performing NPO's create "the environment that supports creative, passionate individuals" (Letts *et al* 1999:60).

Letts *et al* do mention a problem with the program development in NPO's and that is that the process of program development attracts very little funding (1999:61). They explain that funders look for low overhead and administration costs when awarding grants.

2.2.8.4 Benchmarking

Letts *et al* (1999:86) explain that benchmarking is a process whereby "an organization that has defined an opportunity for improved performance identifies another organization (or unit within its own organization) that has achieved better results and conducts a systematic study of the other organization's achievements, practices and processes."

Letts *et al* (1990:96) expound on the value and importance of benchmarking:

- It can help "maximize the value of what ... (NPO's) do with the resources they use"
- It can help NPO's "measure and improve value"
- It can "provide information for trustees and funders ... in the accomplishment of mission"
- It "increases organization's problem-solving capacity"
- It "allows for corrections and improvement in services that can increase effectiveness and impact"
- It can "help reduce cost of existing services".

They go on to surmise that NPO's often value collaboration and therefore might be more open to benchmarking with each other than profit organizations (Letts *et al* 1999:99). However they acknowledge that it might be difficult for an NPO to allocate funds to benchmarking.

2.2.8.5 Innovation

Light (1998) in Letts *et al*" (1999:18), writes "the social sector ... focuses too much on innovation and not enough on innovativeness – the capacity to innovate repeatedly. This is an important characteristic of the visionary organizations researched by Collins and Porras – developing capacity and putting in place structures that encourage innovation and improved performance (2000:186).

2.2.8.6 Beating yesterday

Magretta (2002:188) speaks about the importance of "beating yesterday" and having the "faith that you could keep on making work more efficient." She writes about ledgers that Wal-Mart stores have to keep which are actually called "Beating Yesterday" ledgers which record sales day by day to monitor improvements (Magretta 2002:189).

She writes that organizations need to "find the right measures of performance", and they need to "track them" and then "work systematically to improve them, all the while dreaming up new solutions and testing them to see if they work" (Magretta 2002:191).

2.2.9 MANAGEMENT CONTINUITY

Drucker believes that a "leader of a nonprofit doesn't have much time to establish himself or herself". He surmises that they possibly only have a year to do this and goes on to say that it is very important that the leader fits the organization's mission and values). Drucker also believes the leaders shouldn't think or build on themselves but rather think of the organization (1990:13).

Drucker believes a leader should not choose a successor alone because he would often choose a person who was like himself twenty years ago and he remarks that “carbon copies are weak” (1990:19).

The focus on the organization rather than on the leader is a characteristic that Collins and Porras found of the visionary companies they researched (2000:8). Furthermore a leader should only be chosen if they “fit with a core ideology” (2000:71).

Drucker writes that leaders should ask themselves three important questions:

1. “Are we attracting the right people?”
2. “Are we holding them?”
3. “Are we developing them?” (1990:120).

Krauft *et al* believe that “(t)he presence of an effective leader is a sign of a truly excellent organization” (1991:127) and they go on to highlight six characteristics of quality leadership which they derived from a focus group of consultants and non-profit executives (1991:127):

1. “Presence of a long-term guiding vision”

2. “Ability to convey vision to others, to motivate and excite them”
3. “Strong self-understanding, integrity, candor, maturity”
4. “Strength of convictions and toughness to stand by them”
5. “Willingness to take risks, to be daring, and to learn from mistakes”
6. “Ability to master the organization and its context, rather than surrendering to it”.

Krauft *et al* mention several other aspects of effective leadership:

- The “best leaders ... embody their organizational mission” (1991:8)
- “clearly articulate and transmit it to others with a sense of excitement, even if mission was originally developed by a board or a founder long since departed,” (1991:8)
- An ability to motivate and “inspire various stakeholders” for example staff, clients, volunteers and boards (1991:110)
- “Mission directed” (1991:11)
- Effective communicators (1991:12)
- Focus attention on the organization and give glory to the organization rather

than to themselves (1991:12)

Krauft *et al* (1991:16) also make the comment that a critical time in any organization is one when a strong leader leaves and then explain a problem NPO's often face: "nonprofit organizations are typically leanly staffed, often with no deputy director or analogous position for incubating a successor" (1991:16). Krauft *et al* then give their opinion that even if no leader is being currently groomed the current leader needs to prepare the organization for the transition.

2.2.10 ALIGNMENT

Margretta writes about the importance of ensuring that the design of an organization should be such that it matches the mission (2002:112).

Walker writes that "elements of the organization" should be integrated "so as to achieve concerted action toward a common purpose" (1983:41).

Walker makes a comment that ties in with the characteristic of alignment identified by Collins and Porras (2000:122) that explains that strategic management is “systematically matching structure, strategy and people, restricting the range of acceptable behaviours and attitudes” (1983:43).

Bryson (1995) in Courtney (2002:185) believes that only strategies that are “consistent with the philosophy, core values and culture of an organization are likely to succeed”. This ties in well with the characteristic of alignment that Collins and Porras discovered in the visionary organizations they researched (2000:202).

Hatten (1982:91) believes that it is part of the general managers’ role to ensure that the strategy of the organization is consistent with the “environment, resources and values of the organization” which is what Collins and Porras articulate as alignment (2000:202).

Scott *et al* (1993:11) believe it is very important to ensure alignment between “group values, mission and vision” and those of individual employees. They believe this creates a power and commitment towards achieving the purpose of the organization. They go on to explain that when these personal and organizational values are aligned, a person’s “energy, motivation, desire and will to achieve even the most difficult tasks seem to emerge” (Scott *et al*

1993:25). Scott *et al* (1993:11) also add that when values of the staff and the organization are not aligned it results in the staff experiencing “tension and frustration.”

2.2.11 GENERAL

Letts *et al* believe that “(o)rganizational capacity can be a powerful resource that enables a nonprofit organization to honour its mission and values by obligating itself to perform better for its constituents, its staff, and its funders” (1999:196).

Letts *et al* list a number of processes that can be engaged to try and build organizational capacity:

- Developing an adaptive capacity through continuous learning (1999:23)
- Engaging in excellent management practices (1999:30)
- Getting involved in processes such as benchmarking (1999:40)
- Information analysis (1999:48)

- Ensuring there is continuous product development by encouraging staff to come up with better ideas and develop better implementation (1999:59)
- Ensuring employees are undergoing continuous development to advance organizational goals (1999:59)
- Creating a culture of performance in the NPO board (1999:131)
- Leaders lead by example of high performance (1999:145)
- Investing in organizational capacity and not just program development (1999:170)
- Developing a culture of performance, which makes it desirable and motivates employees to perform (1999:193).

Courtney (2002:73-74) refers to a study by Peters and Waterman where they “studied 43 successful American businesses” to identify the characteristics of excellent organizations. They identified the following characteristics:

- Build on the “core competencies” of the business
- Interact with customers to identify what they want and reward employees who meet customer’s needs
- Ensure that employees feel they belong to a “close-knit organization”
- Systems that recognize “autonomy and initiative”
- Leaders that “lead by example and exemplify the company’s vision and values”

- Systems that allow employees to “try out new ideas”
- “Simple, flexible organization structure with decentralized decision-making”

Courtney (2002:74) summarizes the characteristics by explaining that there are simultaneous loose-tight properties – that is a tight control of finances and core values and a high emphasis on initiative and risk-taking.

Several of these characteristics tie in with the characteristics of visionary companies identified by Collins and Porras:

- Ensuring belonging ties in with the “cult-like culture” characteristics (2000:122)
- Vision and values ties in with the characteristic of a core ideology consisting of core values and core purpose (2000:73)
- Systems fostering initiative and experimentation tie in with the characteristics of continuous self-improvement and purposeful evolution (2000:47)

- The last point about systems simultaneously being loose-tight sounds similar to the concept identified by Collins and Porras as embracing the “genius of the and” and not giving in to the “tyranny of the or” (2000:43).

Peter Senge (1990) in Courtney (2002:99-100) argued that organizations that would excel in the future would be “the organizations that discover how to tap people’s commitment and capacity to learn at all levels in an organization”. He identified certain key characteristics of this type of organization:

- “Systems thinking” which involves recognizing that organizations are complex systems
- “Personal mastery” which means developing not only work-related skills, but rather the “transformation of individuals so they accomplish things they really care about”
- Ensuring the organization is driven by “fundamental values and principles”
- Developing a shared vision which involves the “co-creation of a shared vision of the future”
- “Team learning” which involves a process of dialogue and discussion, whereby new ideas are explored creatively and then narrowed down to the best alternatives.

Several of these aspects were discovered by Collins and Porras (2000) in their research:

- The realization that the organization is a complex system and to create an excellent organization, alignment of all aspects of the organization should take place (2000:201)
- Ensuring that the organization has a clear core ideology consisting of clear core purpose and clear core values (2000:73)
- Sharing of ideas and creating systems and processes that facilitate experimentation and initiative (2000:147).

CHAPTER 3
RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter will explore and look at the research design and particular research methods chosen and why they were chosen. The chapter also explores the sample selection and units of analysis that were chosen and the reason for these choices. Then the methods of data collection are described and an overview of how the data collected will be presented is given.

3.2

As a result of the researcher finding so little information on visionary management of NPO's and in particular NPO's in South Africa and in light of the comments on the need for research into strategy and management of NPO's by Courtney (2002:143) and Singh and Lubelska in Courtney (2002:143) the researcher decided to undertake exploratory research.

Neuman (1997:19) explains that exploratory research is conducted when the topic is new or when there is little written on the topic. He goes on to identify several goals of exploratory research that also fit with the goals of this research (1997:19-20). The goals are to:

- “become familiar with the basic facts”

- “(d)velop a well-grounded mental picture of what is occurring”
- “(g)enerate many ideas and develop tentative theories and conjectures”
- “determine the feasibility of doing additional research”
- “develop techniques and a sense of direction for future research”.

A combination of both qualitative and quantitative methods will be used in the research.

3.2 QUALITATIVE RESEARCH METHODS

Qualitative research methods “are designed to help researchers understand people and the social and cultural contexts within which they live”

(Myers: <http://misq.org/misqd961/isworld/index.html>). Neuman (1997:329) explains that data in qualitative research is “in the form of words from documents, observations and transcripts” and concepts “are in the form of themes” and that analysis “proceeds by extracting themes or generalisations from evidence and organizing data to

present a coherent, consistent picture.” The specific methods that will be used to obtain the qualitative data in this research are an interview schedule and a questionnaire (see Section 3.3, Methods of data collection).

3.3 QUANTITATIVE RESEARCH METHODS

Neumann (1997:329) explains that quantitative data is “in the form of numbers” and that analysis “proceeds by using statistics tables, or charts and discussing how what they show are related to hypotheses.” The methods that will be used to obtain quantitative data in this research are an interview schedule and a questionnaire. (See Section 3.3 Methods of data collection.)

3.4 SELECTION OF THE SAMPLE AND UNITS OF ANALYSIS

Several NPO’s will be chosen for analysis in terms of the variables or themes discussed in Chapter 1 Page 7.

The researcher will use non-probability sampling for the selection of the NPO’s. The reasons for using this sampling technique is that this is exploratory research and the researcher wants to determine how applicable and

relevant these characteristics of visionary companies are to NPO's in Gauteng and therefore convenience sampling and possibly snowball sampling will be employed.

Neuman explains convenience sampling to be “select(ing) anyone who is convenient” (1997:205). Five NPO's in Johannesburg and five NPO's in Pretoria will be selected. The areas of Johannesburg and Pretoria have been selected for convenience.

Blaikie (2000:205) explains snowball sampling to be “network, chain referral or reputational sampling”. This will be used if the organizations interviewed suggest other organizations in Johannesburg or Pretoria that they think are highly visionary.

Other reasons for using non-probability sampling is that it will be less time consuming and less costly than working out the entire population of NPO's in Gauteng and getting them to identify the organizations that they think are visionary and then interviewing and examining these organizations. If this research yields results that show that these characteristics are valuable and applicable to NPO's in Gauteng, then more extensive research can be undertaken using probability sampling.

Organisations that will be examined and interviewed are:

- Gauteng
 - Childline
 - Family Life Centre
 - Hospice
 - Johannesburg Parent and Child Counselling Centre
 - St. George's Children's Home

- Pretoria
 - FAMSA, Pretoria
 - Pretoria Child Welfare
 - Restorative Justice
 - Stabilus Kliniek
 - Vroue Federasie

3.5 METHODS OF DATA COLLECTION

3.5.1 Interview schedule

An interview schedule (see Appendix A) will be used to interview the directors of the ten NPO's in Gauteng. The directors have been chosen because they probably possess the most knowledge about the management affairs of the organization. An interview schedule "is a set of questions read to the respondent by an interviewer, who also records responses" (Neuman 1997:231-232). Neuman further explains that variables in research need to be conceptualised and operationalised into the questions in a questionnaire (1997:232). Collins and Porras (2000) identified several key characteristics of visionary companies. These could be regarded as important variables in determining whether or not an organization is visionary. The researcher used these key variables together with key dimensions in each area, as described by Collins and Porras (2000:292-311) and developed the interview schedule (See Appendix A).

Neuman recommends that an interview schedule be pilot tested "with a small set of respondents similar to those in the final survey" (1997:232). The researcher pilot tested the interview schedule at Family Life Centre in Parkwood, Gauteng and the Teddy Bear Clinic in Parktown, Gauteng. The pilot testing showed that the characteristics

identified by Collins and Porras (2000) may be applicable to NPO's in Gauteng. The pilot testing also showed that the questions were clear and that the "intended meaning" came across clearly (Neuman 1997:232).

3.5.2 Questionnaire

Neuman (1997:231) says that in a questionnaire "respondents read the questions themselves and mark answers." A questionnaire will be distributed to some employees in each of the NPO's researched, to follow up on certain of the directors' responses (See Appendix B).

3.6 DATA PRESENTATION

Data collected will be of both a qualitative and quantitative nature.

The qualitative data will be presented in the form of themes and descriptions of the themes. The themes will be characteristics of visionary organisations namely:

- Core ideology
- Big hairy audacious goals
- Cult-like culture
- Purposeful evolution and continuous self-improvement

- Management continuity
- Alignment.

The descriptions will include whether or not these characteristics were present in the NPO's interviewed and the form or nature of the characteristics present in the NPO's.

Quantitative data, originating from the questionnaires, will be presented in the form of tables. The data will be ordinal in nature. Neuman explains that ordinal data can be shown in terms of different categories and these categories can be ranked in terms of their values (Neuman 1997:147).

CHAPTER 4

RESEARCH FINDINGS

4.1. INTRODUCTION

This chapter will discuss the research findings. The researcher first gives an overview of the non-profit sector in South Africa as documented by Swilling and Russell (2002) as this provides a context within which the welfare NPO's that were researched can be seen and understood.

Then the researcher looks at some general aspects of the ten welfare NPO's researched. Next each of the characteristics of visionary organisations is looked at and the presence of each characteristic in the ten welfare NPO's is examined.

Finally the researcher looks at what the director's of the welfare NPO's said were constraints on being visionary in the non-profit sector in South Africa and reasons why the director's believed that these characteristics of visionary organisations are relevant and applicable to NPO's in South Africa.

4.2. SIZE AND SCOPE OF THE NON-PROFIT SECTOR IN SOUTH AFRICA

In 1999 a research study into the size and scope of the non-profit sector was conducted by the Graduate School of Public and Development Management (P&DM) at the University of the Witwatersrand in association with the Centre for Nonprofit Studies at Johns Hopkins University (Swilling and Russell 2002:v).

Some of the results are included here to give an overview of the non-profit sector before giving the specific results of the NPO's researched.

In 1999 there were 98 920 NPO's in South Africa (2002:20).

The estimated income of the non-profit sector was R14 billion in 1998 and it was made up as follows:

Income	R billion	Percentage of total %
Fees, sales and dues	4 029	29
Investment income	668	5
Private sector donor income	3 487	25
Government grants and contracts	5 827	41
Total income	14 011	100

(2002:39)

Number of full-time equivalent (FTE) employees (including volunteers and part-time employees) in the non-profit sector:

Employee type	Number of employees	Percentage of total
Full-time employees	305 011	47
Part-time employees (FTE)	23 314	4
Volunteers (FTE)	316 991	49
Total number of employees	645 316	100

(2002:16)

4.3. PROFILE OF ORGANISATIONS RESEARCHED

Table 1 on Page ??? provides an overview of all the organisations researched. It gives the following general information on each of the organizations:

- name of the organisation and the director at the time of the interview (2004)
- city the organisation is situated in
- the year the organisation was founded and how old the organisation was at the time of the interview (2004)

- the number of staff in the organisation when it was founded and the current number of staff employed, at the time of the interview (2004) as an indicator of growth in the organisation
- the annual budget of the organisation and a breakdown of the source of the revenue at the time of the interview (2004)

Profile of organizations researched

Table 1: General details of organizations researched

	Name of: - organization - current director	Location	Year founded (Age)	Number of staff when organization was founded	Current number of staff	Annual Budget	Breakdown of Budget Percentage of revenue from:			
							Government	Fees	Donations	Miscellaneous
1.	Childline Director: Lynne Cawood	Johannesburg	1987 (17 years)	± 20 volunteers	25 paid staff 115 volunteers	R4,5 million	11		89	
2.	Family Life Centre Director: Liz Dooley	Johannesburg	1949 (55 years)	6 volunteers	45 paid staff 45 part-time paid staff 40 volunteers	R4 million	38	50	12	
3.	Family and Marriage Society of South Africa (Pretoria) Famsa (Pretoria) Director: Petro Nel	Pretoria	1953 (51 years)	34 part-time staff	18 paid staff (full time) 2 part-time staff 20 volunteers	R1,1 million	66	15 (Fees and Training)	19	
4.	Hospice Director: Barbara Campbell-Kerr	Johannesburg	1980 (24 years)	1 full time 8-10 volunteers	123 paid staff 50 locums (used when needed) 49 community caregivers who receive a stipend 350-400 volunteers	R17 million	2	9	77	12 (Shops)

Table 1 General details of organizations researched (Continued)

	Name of: - organization - current director	Location	Year founded (Age)	Number of staff when organization was founded	Current number of staff	Annual Budget	Breakdown of Budget Percentage of revenue from:			
							Government	Fees	Donations	Miscellaneous
5.	Johannesburg Parent and Child Counselling Centre Director: Jacqui Michaels	Johannesburg	1944 (60 years)	5/6 part time staff	41 paid staff 7 volunteers	R2,6 million	25	25	50	
6.	Pretoria Child and Family Care Society Director: Lizette Nel	Pretoria	1918 (86 years)	Just a few Volunteers	76 paid staff 350 volunteers	R7 million	63		31 (Donations and fund raising)	6
7.	Restorative Justice Director: Mike Batley	Pretoria	2000 (4 years)	4 full time	20 paid staff 1 volunteer	R2,8 million	78		5	17 (Lotto)
8.	Stabilus Director: Tobie Visser	Pretoria	1962 (42 years)	1 full time	29 paid staff 0 volunteers	R3,9 million	14	77	0,1	8 (costs recouped) 0,9 other
9.	St. George's Home Director: Peter Campbell	Johannesburg	1915 (89 years)	2 full time	45 paid staff 150 volunteers	R6,5 million	8		48	36 (sale of long term assets) 8 (other)
10.	Suid-Afrikaanse Vrouefederasie Director: Merita Kemp	Pretoria	1904 (100 years)	200 volunteers (across four provinces)	2000 paid staff 2000 volunteers	R132 million	33 1/3	33 1/3	33 1/3	

4.4 DIRECTORS AND STAFF INVOLVED IN THE RESEARCH

The directors of the ten welfare NPO's researched were interviewed and an interview schedule (See Appendix A) was used.

Then some staff in each of the organisations were given a questionnaire to complete (See Appendix B). This questionnaire asked the staff about the core purpose and the core values of the organisation to assess how well the core ideology of the organisation was known. The directors of the organisations decided how many of their staff would be available to complete the questionnaire. They then either:

- randomly passed the questionnaires to a cross-section (that is people on all levels and in various job-types) of their staff who completed the questionnaire, or
- called a number of staff members into a meeting and the researcher gave the staff members the questionnaire to complete.

Therefore the number and who the staff were that answered the questionnaire were chosen by the directors of the organisations (convenience sampling) and therefore the sample was not completely random.

The researcher asked the directors to ensure that the sample included a wide spectrum of different types of staff members from managers to clerical and even cleaning staff in the sample. The staff completed the questionnaire anonymously.

Table 2 gives details of the number of staff in each organisation that completed the questionnaire and the percentage that this makes up of the total number of staff in that organisation.

Table 2: Number of staff who completed the questionnaire

Organization	Total no. of staff of organization	No. of staff who completed the questionnaire	Percentage staff who completed questionnaire %
Childline	25	16	64
Family Life Centre	45	20	44
Famsa, Pretoria	18	12	67
Hospice	123	10	8
Johannesburg Parent and Child Counselling Centre	41	24	59
Pretoria Child and Family Care Society	76	40	53
Restorative Justice	20	13	65
Stabilus	29	9	31
St. George's Home	45	15	33
Vroue Federasie	2000	20	1

The directors of the organizations specified how many staff members would be able to complete the questionnaire.

4.5 CORE IDEOLOGY

The core ideology consists of a core purpose and core values.

Core purpose is the “fundamental reason for existence” (Collins and Porras 2000:73).

Core values are the “essential and enduring tenets, not to be compromised for financial gain or short term expediency” (Collins and Porras 2000:73).

First the core purposes of the welfare organisations will be examined and then the core values of the organisations will be looked at.

4.5.2 Core purpose

This section will examine various aspects of the core purpose of the organisations researched.

Firstly some aspects of the director’s answers about the core purpose of their organisation is examined and the next section analyses how the staff responses about the core purpose of the organisation correlates with what the directors believe is the core purpose of the organisation.

Tables 3 to 12 take a more detailed look at each organisation in turn.

4.5.1.1 Analysis of the director’ responses about the core purpose of their organisation

- The number of directors who believed their organization had a core purpose
- The number of directors who knew the core purpose of the organization without consulting written statements thereof

10/10

9/10

- Number of directors who said the core purpose:
 - had remained constant since inception of the organization 4/10
 - had remained constant yet expanded since the inception of the organization 3/10
 - had changed since inception of the organization 1/10
 - weren't sure. 2/10

4.5.2.1 Analysis of staff responses about the core purpose of their organisation

In each of the tables below, what the director said the core purpose of the organisation was is given in the first column on the left hand side of the table. The next set of columns analyses what the staff members mentioned in their answers about the core purpose in the questionnaire.

Key:

n = represents the number of staff who completed the questionnaire

= means that a staff member mentioned that aspect of the core purpose in their questionnaire

- = means that the staff member didn't mention this aspect of the core purpose

Table 7.1 Analysis of the core purpose of Johannesburg Parent and Child Counselling Centre

Director	Staff Members (n=24)												
Core Purpose	1	2	3	4	5	6	7	8	9	10	11	12	Sub-Total
The centre is committed to the: - psycho-social development of children, youth, adults, families and communities through	-	-		-				-	-				7
- assessment	-	-	-	-	-	-	-	-	-	-	-	-	0
- counselling	-	-	-	-		-	-	-		-	-	-	2
- training	-	-	-	-	-	-	-	-	-	-		-	1

Table 7.2 Analysis of the core purpose of Johannesburg Parent and Child Counselling Centre (Continued)

Director	Staff Members (cont)													
Core Purpose:	13	14	15	16	17	18	19	20	21	22	23	24	Total	
The centre is committed to the: - psycho-social development of children, youth, adults, families and communities through		-	-			-	-		-	-	-	-	11	
- assessment	-	-	-		-			-	-	-	-	-	3	
- counselling	-	-						-				-	10	
- training	-	-	-	-	-			-	-	-		-	4	

**Table 8.2 Analysis of the core purpose of Pretoria Child and Family Care Society
(Continued)**

Director	Staff Members (cont)																					
Core Purpose:	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Total	
To reach out to children and families and give them a context in which they can identify strengths and work on weaknesses		-	-	-	-		-		-						-	-	-				-	26
To give them hope and help them discover that they have a voice where they thought they had no voice and to enable people to be the creation of their own world	-				-	-	-	-	-	-			-	-	-	-	-	-	-	-	-	8
To rescue children in danger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2

Table 9 Analysis of the core purpose of Restorative Justice

Director	Staff Members (n=13)													
Core Purpose	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
To promote restorative justice			-	-	-	-		-		-		-		6

Another 4 staff members said that the core purpose was to restore justice to individuals, families and communities.

Table 10 Analysis of the core purpose of Stabilis

Director	Staff Members (n=9)									
Core Purpose	1	2	3	4	5	6	7	8	9	Total
Treatment of patients for substance dependency as well as:										9
- significant others	-	-	-	-	-	-	-	-	-	0

Table 11 Analysis of the core purpose of St Georges Home

Director	Staff Members (n=15)															
Core Purpose	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
To serve children in need or at risk	-								-	-	-					11

Table 12 Analysis of the core purpose of Vroue Federasie

Director	Staff Members (n=20)																				
Core Purpose:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total
To make a difference in people's lives by providing a service to others, through: - providing welfare services												-							-	-	17
- providing emergency services to the neediest people		-				-	-	-		-	-				-		-	-		-	10
- serving people in the community	-	-	-		-	-		-	-			-	-	-	-	-	-	-			6

4.5.2 Core values

This section will examine various aspects of the core values of the organisations researched.

Firstly some aspects of the director's answers about the core values of their organisation is examined and the next section analyses how the staff responses about the core values of the organisation correlates with what the directors believe are the core values of the organisation.

Tables 13 to 22 take a more detailed look at each organisation in turn.

4.5.2.1 Overview of the directors responses about the core values of their organisations

- The number of directors who believed their organization had clearly articulated core values. 10/10
- The number of directors who could list the core values of the organization without looking them up. 4/10
- Number of directors who said the core values:
 - had remained constant since inception of the organization. 2/10
 - had remained constant yet expanded since the inception of the organization. 3/2
 - had changed since inception of the organization. 2/3
 - weren't sure. 3/3

4.5.2.1 Analysis of staff responses about the core values of their organisation

In each of the tables below, what the director said the core values of the organisation are is given in the first column on the left hand side of the table. The next set of columns analyses what the staff members mentioned in their answers about the core values in the questionnaire.

Key:

n = represents the number of staff who completed the questionnaire

= means that a staff member mentioned that core value in their questionnaire

- = means that the staff member didn't mention that core value

Table 13 Analysis of the core values of Childline

Director	Staff Members (n=16)																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
Core Values:																	
Respect for all races and classes		-	-		-					-							12
Child centred services preserving child rights and preserving the family where possible	-	-		-		-	-	-	-	-	-	-	-	-	-	-	2
Delivery of efficient, effective, specialised, culturally sensitive, accessible and supportive services in the field of violence against children	-	-				-	-		-	-	-	-	-	-	-	-	4
Transparency			-	-	-	-	-	-	-	-	-		-		-	-	4
Accountability to the client and community, ethics of the social work profession and the Childline team			-	-	-		-	-	-		-						9
Open and direct communication		-	-	-	-	-	-	-	-	-	-		-	-	-		3
The management team, staff and volunteers to be reflective of all South African cultures	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	1
Development of efficient and effective organizational structures, policies and	-	-	-	-	-	-	-	-	-	-	-	-				-	3

procedures that will enhance service delivery																					
Working within a developmental and empowerment model of service delivery that respects the client's right to confidentiality within the limitation of the child protection system		-	-	-			-	-	-	-	-	-						-		-	5
Working in the spirit of ubuntu which recognises that our humanity is a collective issue	-	-	-				-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Respect for the ethics and principles of our profession	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2

Table 14 Analysis of the core values of Family Life Centre

Director	Staff Members (n=20)																				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Total
Core Values:																					
Believe in the value and importance of relationships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Belief in the rights of people as found in the constitution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Self determination of the individual	-	-	-	-			-	-	-			-	-	-	-			-	-		4
Be non-judgemental	-	-	-	-			-	-	-				-	-	-	-	-	-	-		5
Acceptance of all people no matter what their race, religion or sexual orientation	-			-	-	-	-	-	-	-	-	-	-	-	-					-	3

Table 17.1 Analysis of the core values of Johannesburg Parent and Child Counselling Centre

Director	Staff Members (n=24)												
Core Values:	1	2	3	4	5	6	7	8	9	10	11	12	Sub-Total
Family preservation	-	-	-	-	-	-	-	-	-	-	-	-	2
Early intervention / prevention	-	-	-	-	-	-	-	-	-	-	-	-	0
Best interests of the child	-	-	-	-	-	-	-	-	-	-	-	-	2
Psychodynamic understanding of people	-	-	-	-	-	-	-	-	-	-	-	-	0
Self development	-	-	-	-	-	-	-	-	-	-	-	-	1
Non-discrimination / Equality	-	-	-	-	-	-	-	-	-	-	-	-	2

Table 17.2 Analysis of the core values of Johannesburg Parent and Child Counselling Centre**(Continued)**

Director	Staff Members (cont)												
Core Values:	13	14	15	16	17	18	19	20	21	22	23	24	Total
Family preservation			-	-	-	-	-	-	-	-	-	-	4
Early intervention / prevention	-	-	-	-	-	-	-	-	-	-	-	-	0
Best interests of the child		-	-	-	-	-	-	-	-	-	-	-	3
Psychodynamic understanding of people	-	-	-	-	-	-			-	-	-	-	2
Self development	-	-	-	-	-	-	-			-	-	-	4
Non-discrimination / Equality	-	-	-	-	-		-	-	-	-		-	4

Table 18.1 Analysis of the core values of Pretoria Child and Family Care Society**(Continued)**

Director	Staff Members (n=40)																				
Core Values:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Sub Total
Ethical code of social workers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0

Table 18.2 Analysis of the core values of Pretoria Child and Family Care Society (Continued)

Director	Staff Members (cont)																				
Core Values:	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	Total
Ethical code of social workers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1

Note: The director never mentioned any of the specific values in the ethical code of social workers. The staff members mentioned many specific values that might be in the code but only 1 staff member specifically mentioned adhering to the code of ethics of social workers.

Table 19 Analysis of the core values of Restorative Justice

Director	Staff Members (n=13)													
Core Values:	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Uphold the Christian values	-			-	-	-	-							8
Justice	-	-	-	-	-	-	-	-		-	-	-		2
Reconciliation	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Healing	-	-		-		-	-	-	-	-	-	-	-	2
Equality before the law		-	-	-	-	-	-	-		-		-	-	3
Human dignity	-	-	-	-	-	-	-		-	-	-	-	-	1
Freedom of religion	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Freedom of expression	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Humility	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Servant leadership	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Respect	-		-	-	-		-		-	-			-	5
Nation building	-	-	-	-	-	-	-	-	-	-	-	-	-	0

Note: The director never gave specific Christian values. Many staff members listed values that could fall into this category but never mentioned the words “Christian values”.

Table 20 Analysis of the core values of Stabilis

Director	Staff Members (n=9)									
Core Values:	1	2	3	4	5	6	7	8	9	Total
Christian approach to life and the world						-				8

4.5.2 Communication of core purpose and core values

The preceding two sections (Section 4.5.1. and 4.5.2.) looked at the content of the core purpose and core values of the welfare NPO's researched. This section will look at how the directors of the organisations believed that the core purpose and core values were communicated to staff members.

Methods the directors said the core ideology was communicated to staff:

- Written documents
 - Through the annual report and written in the annual business plan
 - Written in documents like the constitution of the organisation and code of ethics which guides conduct in the organisation
 - In the organization policy document which employees read when they join the organization or talked about during orientation
 - In an internal newsletter or publication
 - In notices and articles on a notice board

- Day-to-day management
 - Through senior management staff modelling appropriate behaviour to other staff members
 - During supervision sessions and during yearly evaluation sessions
 - Through ongoing training and education
 - During staff meetings and case conferences

- During problem solving sessions because the core purpose and core values were used as guidelines to make decisions during these times
- Through constant monitoring and evaluation of progress on achieving the business plan which is strongly based on the core ideology of the organization
- Other methods
- The core ideology is revisited every year during the strategic planning sessions and is reevaluated

4.4 **BIG HAIRY AUDACIOUS GOALS (BHAG's)**

A “clear ... compelling and ... unifying local point of effort” but one that is a “huge, daunting challenge” (Collins and Porras 2000:94).

This section looks mainly at the issues that the directors of the welfare NPO's said were obstacles to achieving BHAG's in the non-profit sector in South Africa.

- All the directors interviewed believed that their organizations set BHAG's
- During the interview the directors mentioned the following obstacles to achieving goals in the welfare non-profit sector in South Africa:
 - Financial
 - Most of the directors believed that a lack of finances impive delivery and performance of NPO's in South Africa

- One director believed that although lack of finances was an obstacle to achieving goals in the non-profit sector it could also push people to be creative
- Funders often require detailed reports, each wanting the information in a different format, and this is time consuming and taxing when the organisations were already short staffed. Some directors felt that the time that had to be invested in this administrative task was onerous and the time could be better spent in working towards achieving other organisational goals

- Human resources
 - Most directors mentioned that there is a high attrition rate of both staff and volunteers in the non-profit sector which makes it difficult for South African welfare organisations to achieve the goals they set
 - Many directors felt that there was a general lack of capacity and lack of skills in the welfare non-profit sector in South Africa
 - Some directors felt that it was difficult to sell their ideas to the volunteers which impacted on the organisations ability to achieve goals set
 - One organisations said that sentiment was an obstacle to achieving goals because the organization is one hundred years old and people don't want new ideas detracting from the tradition

□ External influences

Government

- The government pays higher salaries to staff in the government social welfare departments and this results in a loss of staff as staff members leave NPO's to work for the government. This negatively impacts NPO's who have to go through the process and costs of hiring and training new staff members
- Many directors said that the payment of the government subsidies to welfare NPO's is irregular and this impacts negatively on the welfare NPO's cash flows because they do not know for certain when they will receive the money from the government
- Furthermore the government wont agree to fund projects on a long term basis and this makes setting long term goals difficult as there is no assurance that the organisation will receive government funding on a long term basis
- One director said that the inefficiency and inability of government to perform in two of their tasks namely the development of policy and provision of funds to NPO's negatively impacts on the ability of NPO's to achieve the goals they set
- Some directors said that the government was putting pressure on NPO's to move more into generic service provision consisting more of social development rather than individual counselling and they felt that this

negatively impacted or restricted them in achieving their goals in the manner that they wanted to achieve them

Other external influences

- The director of one organisation who worked to prevent child abuse said that the violent history of South Africa (for example the political violence) overflowed into domestic violence and this made achieving their BHAG's of curtailing child abuse difficult
- The director of one organisation said that there were few detailed social statistics, for example child abuse statistics, and this made the achievement of their goals difficult because the lack of statistics means that it is difficult to form a clear overview of the situation of abuse in the country and a picture of where the biggest areas of need in this area are
- One of the directors mentioned the difficulty (in terms of time and skills) to think strategically and the negative impact this has on setting and achieving BHAG's

Some of the findings in this research correlate with the findings of Swilling and Russell (2002: 87-88) who asked the NPO's they researched about major problems facing their organisations. The correlations that were found are set out below:

Problems mentioned by the directors interviewed in this research:	Problems mentioned by organisations interviewed by Swilling and Russell:
Financial	
- Lack of finances	- Pressure to raise income through selling of services and products
- Onerous reporting required by funders	- Lack of government financial support
	- Delays and red tape in releasing financial support
Human Resources	
- Difficulty keeping both staff and volunteers	- Lack of staff training
- General lack of capacity and lack of skills in the non-profit sector	- Difficulty recruiting able staff
- Difficulty in selling ideas to volunteers	- Lack of experience in fundraising
	- Difficulty managing volunteers
Government	
-Inefficiency and inability of the government to perform tasks such as the development of policy and the provision of funds to NPO's	- Lack of policy direction
- The fact that the government pays higher salaries than NPO's means that NPO's often lose staff to the government	- Inaccessible policy processes
-The pressure put on NPO's to perform development services rather than individual counselling	- lack of government support

In their study of South African NPO's Swilling and Russell (2002: 88) write that it "is surprising . . . that problems of an organisational and managerial nature have been rated relatively low compared to funding problems. Issues such as training, a lack of policy direction, professionalism, morale, managing volunteers, and even the recruitment of able staff were rated below . . . funding-related issues."

Swilling and Russell go on to highlight the fact that the "only capacity-related problem that was rated high was a lack of experience in fundraising." Swilling and Russell ask the question: 'Does this mean that "there is not a capacity problem in the non-profit sector?"' (2002:89)'. They go on to share their view that in an environment where "funds are increasingly rather than decreasingly available" many NPO's "take too little responsibility for their failure to raise the funds" (2002:89). Swilling and Russell explain that this stems from NPO's failure in "building adequate capacity for identifying, accessing, managing, and then accounting for funds for development" (2002:89).

4.8 CULT-LIKE CULTURE

Aspects of an organisation that are put in place to preserve the core ideology (core purpose and core values) of the organization (Collins and Porras, 2000:135).

This section looks at the mechanisms that the directors of the welfare NPO's interviewed said that their organisation used to ensure a "tightness of fit" between staff and the organization's core ideology:

- One organisation developed a staff profile (with the assistance of personnel consultants) which specified the type of staff members they required and so

ensured they employed staff who fit with the organisation's core ideology and culture

- Some organisations carefully screened and selected staff members and therefore were able to ensure they fitted the organisation culture and would support the core ideology of the organisation
- Several organisations had instituted some sort of orientation program for new staff members to ensure they were aware of the organisations core ideology
- Some organisations used staff evaluations in which they evaluated staff against organization values
- Management affirms "good work" and thereby positively reinforces staff behaviour that adheres to the organisations core ideology
- Staff meetings are used to reinforce or speak about various aspects of core ideology
- Supervision is used to reinforce and guide staff in adhering to the organisation culture
- Staff work closely with line managers and behaviour not conforming to core ideology is spoken about
- Staff training sometimes reinforces the core ideology of some organisations

4.8 PURPOSEFUL EVOLUTION AND CONTINUOUS SELF-IMPROVEMENT

Unplanned progress or progress through the approach of “try a lot of stuff and keep what works” (Collins and Porras 2000:140) and creating a culture of stimulating and rewarding change and continuous improvement (Collins and Porras 2000:186-187).

4.8.1 Introduction

This section looks at some general statistics of the welfare NPO's researched in terms of purposeful evolution and continuous self-improvement. Then some examples of mechanisms used to encourage evolution and self improvement in the welfare NPO's researched are given.

4.8.2 General aspects of purposeful evolution and continuous self improvement in the welfare NPO's researched

- 6 out of the 10 directors interviewed said that their organisation allowed and encouraged experimentation
- 3 out of the 10 directors interviewed felt that there is no room for mistakes and therefore do not allow experimentation in their organisation
- 1 director said that mechanisms to allow and encourage experimentation were not in place in their organisation because they had not yet been considered or implemented

4.8.3 Mechanisms used by the welfare NPO's researched to encourage purposeful evolution and continuous self-improvement:

- In the day-today management of staff, managers of some of the organisations give verbal encouragement to staff and verbally recognize and praise staff for achievements. This hopefully creates a culture of striving for improvements in the organisation
- Several organisations use performance appraisals and evaluations where strengths and areas that need development are recognized and so a culture of self-improvement is nurtured
- In some organisations people are not restrictively held to their job description and hopefully this provides them with the freedom and flexibility to try new programs or carry out new ideas and so continuously improve the organisation
- In most of the organisations researched projects are regularly evaluated and so purposeful changes and improvements can be made
- Staff challenge one another during case conferences and so a culture of continuous self examination and improvement is reinforced
- One organisation offers training to other organizations and when training requests come in from other organizations and the staff don't have the skills, they skill up to be able to provide the training
- Some organisations offer assistance to staff to pay for further qualifications and so create opportunities for staff to improve their skills

- Some organisations encourage all staff to upgrade their qualifications in areas that will be useful to the organisation
- In-service training on various topical issues is provided at most of the organisations interviewed
- In many of the organisations interviewed staff are encouraged to attend outside training and courses that are relevant to their field of service
- Some organisations challenge their staff to expand their knowledge and research new issues
- Some organisations encourage their staff to publish articles and get involved in relevant research
- Some organisations encouraged their staff to observe trends in the field and to look for new areas for service
- Some organisations use time in their staff meetings to discuss relevant new literature
- Some organisations create an atmosphere of enthusiasm for new, creative ideas
- One organisation gives annual awards to the best project and best social worker and certificates and other recognition of good, creative work helps create an environment where staff strive to continuously improve their services and skills
- One organisation gives discretionary, not uniform, salary increases based on performance and this helps create incentives for continuous self improvement

-

4.8.4 Training and development offered in the welfare NPO's researched

- All 10 directors said that their board of directors support training and development
- All the organisations said that they provide training that will equip their staff to better perform their jobs. Examples of types of training that is offered by the welfare NPO's:
 - Monthly training is offered to staff and consists of training that takes place within the organisation and training that staff are sent to outside the organisation
 - Group supervision
 - Individual supervision
 - Case conferences
 - One organization has their own tertiary education facility:
 - Which facilitates distance learning
 - Offers degree and diploma courses
 - Offers general short term courses
 - Offers practical training for nurses and doctors
 - Each staff member is allotted a certain amount for training which they can use at their discretion
 - One organization covers all basic qualification costs

- One organization pays fifty percent of all further studies if it is in the interests of the organization, with no obligation on the part of the staff member to pay the organisation back in any way or form
- Funders' impact on training and development expenditure:
 - Training and supervision costs are written into budgets and funding proposals. The directors of the welfare NPO's interviewed said that most funders support the development of people
 - However some funders want their money to go directly to clients and this can be a restriction and therefore there needs to be careful selection of funders to whom requests for training are sent, because government for example only fund projects

4.9 MANAGEMENT CONTINUITY

Management continuity means "home grown management" that is, managers that have come from within the organization and not from other organizations (Collins and Porras 2000:173)

4.9.1 Introduction

This section will look at whether the directors of the welfare NPO's researched come from within the organisation or from outside the organisation. Other aspects that will be examined in this section are:

- the types of management development methods that the organisations offer to potential managers
- an overview of whether or not the organisations perform succession planning and

- whether or not the organisations researched had experienced a loss or vacuum when previous directors had left the organisation or looked to a new director to save the organisation.

4.9.2 Director appointments

Collins and Porras discovered in their research of visionary organisations that the managers or chief executive officers appointed in the visionary organisations came from within the organisation and this played a role in their upholding the core ideology of the organisation. Therefore the researcher looked at and analysed the directors appointed at the welfare NPO's researched. (See Table 25 Analysis of director appointments Page?????)

Table 25 Analysis of director appointments

	Organisation	Current Director	Tenure (in years)	Origin of previous Directors (years served as director)			
1.	Childline	External appointment	6	Not known (4)	Not known	Not known	Not known
2.	Family Life Centre	Internal appointment	10	Ext. (5)	Ext. (10)	Ext. (7 months)	Not known
3.	Famsa, Pretoria	Internal appointment	3	Ext. (3)	Ext. (4 – 5)	Ext. (not known)	Not known
4.	Hospice	Internal appointment	5	National Hospice (3½)	Int. (4)	Founder (12 years)	N/A
5.	Johannesburg Parent and Child Counselling Centre	Internal appointment	9	Ext. (6 – 7)	Ext. (18)	Not known	Not known
6.	Pretoria child and Family Care Society	Internal appointment	5	Int. (10)	Int. (not known)	Not known	Not known
7.	Restorative Justice	First director	4	N/A	N/A	N/A	N/A
8.	Stabilus	External appointment	22	Ext. (10)	Not known	Not known	Not known
9.	St. George's Home	External appointment	7	Ext. (10)	Int. (7 – 8)	Int. (20)	Not known
10.	Vroue Federasie	Internal appointment	17	Int. (2)	Int. (not known)	Int. (not known)	Not known

Key: Ext. = External

Int. = Internal

N/A = Not applicable

4.9.4 Types of management development methods employed

Part of ensuring that the managers in an organisation are equipped to take over from a director who is leaving (to ensure management continuity) means that managers need to be developed. Therefore this aspect was discussed with the directors that were interviewed.

All 10 directors of the welfare NPO's interviewed said that their organisation does employ some form of management development method. Some of the ways that they used to develop managers were:

- Some organisations held various workshops or in-service training sessions focussing on management skills for example time management, conflict resolution or budget preparation
- Some organisations raised and discussed topical management issues for example disciplining staff or motivating staff at weekly management meetings
- Some organisations ensured that the director works closely with the managers in the organisation. Therefore through modelling or mentoring the management skills of managers are developed
- One organisation performed an annual managers' needs assessment and planned training to meet these needs

- One organisation, as part of developing managers, ensured that all the necessary information and relevant literature on management issues was passed on to the managers.

4.9.4 Organizations employing succession planning

Succession planning is a form of strategic planning where replacements for key senior positions in an organisation are identified. These people are then developed to ensure that they will be equipped to take over the more senior position when required. Therefore the presence of succession planning gives some indication of an organisation's ability to measure management continuity.

- formal
- informal
- no succession planning
- a conscious choice not to identify a particular successor but develop all middle management so that there will be a pool of managers to choose from

4.7.4 Number of organizations who experienced

- "post-heroic leader vacuum"
- "saviour syndrome"

4.8 ALIGNMENT

Ensuring that all aspects of the organization fit with / are aligned with the core ideology, including operations and strategies but even the smaller details such as waiting rooms, business cards, parking, workspace, stationery, answering the phone, etc (Collins and Porras 2000:201).

4.8.1 Examples of alignment

- People
 - Staff
 - Regular supervision to ensure that core values are adhered to in the interaction with clients
 - Staff are expected to demonstrate values:
 - Show respect to one another, no matter what the position of the staff member
 - Staff provided counselling and support during a personal crisis in an organization where relationships are a core value

- Staff provided assistance to study where there was a core value of personal growth and development
- Money set aside for training divided equally among all staff members whether a senior worker or car guard because of the values of self-development, equality and non-discrimination
- Extent of training provided to staff to ensure that they are equipped to provide care that fits with the values and purpose of the organization
- Explaining to a cleaner the purpose of the organization so he sees value in his job of tidying a playroom for play therapy

- Clients
 - Clients are shown respect (a core value) through:
 - a clean and comfortable environment
 - courteous telephone manner
 - responsiveness to complaints
 - telephonist trained in listening and empathy skills to be more caring
 - making parking spaces available to clients, even at expense of staff convenience
 - Clients can't demand a social worker of a particular race but need to see the next available social worker because of the values of equality and non-discrimination

Financial

- Fees are structured in a way that does not exclude clients that the organization wants to reach

Projects

- All projects are aligned to the vision of the organization
- Process of careful monitoring of the progress achieving the business plan which is constructed based on the core ideology

4.8.2 Organizations identified different people responsible for ensuring alignment:

- Director	2
- Assistant Director	1
- Board of Directors	1
- Managers / Supervisors	3
- Human Resources	1
- No-one	1
- Everyone	1

(Mostly it was intangible expectations rather than a consciously expressed responsibility)

4.8.3 Obstacles to aligning stakeholders to the core ideology:

- Lack of understanding

- Stakeholders' own prejudices
- Generally held societal beliefs
- Lack of knowledge
- Lack of awareness or exposure to organization values and purpose
- Preconceived ideas of the organization
- Resistance of society and local communities to change
- Politics especially in small towns

4.9 CONSTRAINTS ON BEING VISIONARY IN THE NON-PROFIT SECTOR

4.9.1 Influence of government on organization purpose, values and strategy

- Financial
 - The Government has made a one year commitment to provide funds but offers no guarantee that the money will be available the next year
 - The way the Government provides subsidies (i.e. per post and not per the program plan) affects the structure and strategies of organizations

- Reporting requirements
 - The Government requires quarterly feedback which helps keep organizations accountable

- Management issues
 - The Government has yielded a positive influence on NPO's by creating a culture of democracy, equality and a sense of working together to meet the country's social needs
 - The Government has required that organizations focus more on development and reaching greater numbers of people than on remedial one-on-one counselling which might not affect the values or purposes of the NPO's but does affect the way they achieve their core purpose
 - The Government is prescriptive about the composition of the management boards
 - The Governments desire to form partnerships with NPO's but still maintaining control and power and not sharing this equally with the NPO

- Other
 - The inability of the Government to perform its tasks of developing policy and distributing funds to the NPO's

4.9.2 Other constraints on being visionary in the non-profit sector

- Human Resources
 - Difficulty in getting people to think laterally
 - Difficulty in getting stakeholders to “buy the vision”
 - Number of social workers leaving the country

- Financial
 - Lack of finances
 - Lack of ability to attract quality people because of lack of finances to pay

- Reporting requirements
 - Onerous reporting requirements placed on NPO’s by funders

- Other
 - Provincialism of NPO’s that narrowly guard own interests
 - General image of the profession needs to be uplifted
 - If management and board of the organization is too white then it can limit the opportunities available in the sector
 - Difficulty in sustaining the organization
 - It is too easy to get so busy doing things that not enough time is spent on strategic thinking

4.10 REASONS THE DIRECTORS BELIEVE THAT THE CHARACTERISTICS DISCOVERED BY COLLINS AND PORRAS ARE APPLICABLE AND RELEVANT TO NPO'S:

- If organizations don't exercise core values then they will struggle to provide a quality service
- To sustain an NPO the organization needs a sound base and a clear direction in which to move
- Often there is too much focus on the people-issues in NPO's and not enough focus on management and organization issues (because of the huge needs of clients and the struggle to obtain finances)
- NPO's need to compete and survive in a competitive environment and these characteristics will assist in this survival
- Volunteer organizations (like most of the NPO's began) collapsed because there was no real structure and direction and these characteristics will provide a structure and mechanisms to develop
- All the characteristics resonate with the experience of the director

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter focuses on conclusions and recommendations arising from the research.

5.2 OBJECTIVES

The objectives set in Section 1.4.2 were achieved:

5.2.1 Objective 1

To discover what the current literature or body of knowledge around visionary NPO's is.

The literature study provided a picture of what research has been done and what authors have written about visionary NPO's. The literature study highlighted differences between NPO's and profit organizations and possible factors that could hinder NPO's from being visionary or meeting the characteristics identified by Collins and Porras. The literature study also highlighted the lack of research in this field internationally and particularly in South Africa.

5.2.2 Objective 2

To assess whether or not characteristics of visionary organizations determined by Collins and Porras (2000) are present in NPO's in Gauteng.

5.2.2.1 Core ideology

Core Purpose

All ten directors believed their organization had a core purpose but six of them had to look up their core purpose and couldn't tell me without consulting written documents or statements what the purpose of the organization is.

Analysis was performed comparing the core purpose as described by the directors and the core purpose as described by the staff. Although every organization researched has a written statement of purpose or mission or vision it is often not well known throughout the organization.

Core values

All ten directors believe their organization has core values but six of these directors had to look up the core values.

Analysis was performed comparing the core values listed by the director and the core values listed by staff members.

All the organizations researched have developed and written down values,

however these values are not well known throughout the organization.

Furthermore most of the organizations just gave lists of values ranging from two values to eleven values (an average of seven values per organization).

Collins and Porras write that “only a few values can be truly core” (2000:74) and therefore perhaps these values are aspirational and are not truly core values.

5.2.2.2 BHAG's

Again all ten directors said that their organizations set BHAG's.

The directors gave examples of BHAG's set by their organizations:

- One director said their mission statement was a BHAG.
- Two directors said building reserves or building funding, not dependent on government, were their BHAG's
- Seven directors listed examples of new projects, services or program as their BHAG's.

When asked about examples of BHAG's some directors gave examples of goals set in their annual business planning meetings. Only a few directors set BHAG'S that would require a number of years to achieve.

When asked to explain why these goals were audacious, the directors listed the following reasons:

- Financial
 - Lack of funding or finances for the project when the goal was set.
 - The inconsistency, unpredictability and inefficiency of donors funds which meant that the directors were not sure when the money would be given to the NPO's or if the funding was secured for the following year.

- Staff
 - Lack of expertise, knowledge and skills in the area of the BHAG when it was set.
 - Difficulty in facing the emotional aspects of the BHAG set for example caring for children dying of terminal diseases.
 - The BHAG was threatening the staff of the NPO because the identity of the organization could change.

- Other
 - Societal attitude to some of the BHAG's set for example societal attitude to child abuse, sex workers, and social justice.
 - The scope of the BHAG was national and was set by an NPO based in one area.
 - The BHAG challenged ninety-nine years of history and tradition.

5.2.2.3 Cult-like culture

The organizations all believed there was a specific culture in the organization however no director indicated that the culture was cult-like. The directors listed several mechanisms used to ensure employees fitted with the core ideology of the organization.

No organization had any evidence of:

- Fervently held ideologies with clear core purposes and clear core values that were well known throughout the organization.
- No clear indoctrination of staff into their core ideology. There were however some attempts to ensure that staff knew the core ideology.
- Some organizations tried to ensure that staff adhere to the core ideology. However in most organizations there was not a clear policy in place to ensure this took place.
- In none of the organizations were there consistent attempts at elitism for example recognition of great service awards.

5.2.2.4 Purposeful evolution and continuous self improvement

Six directors believed that their organizations allowed and encouraged experimentation and four directors believed this was not a characteristic present in their organization, one of which because it hadn't been developed or put in place. Three organizations felt this characteristic was present but in a limited capacity

because it was felt to be detrimental to the core purpose of the organization which was care of people or children at risk or care of terminally ill patients. These directors felt that a certain amount of initiative and experimentation was allowed but under close supervision and only if agreed to by management because otherwise clients could be put at risk.

All the directors recognised that training was important and their organizations provided training and development for their staff, which is part of ensuring continuous self improvement. They indicated that their boards supported the need for training and development and that there was no problem in organizing funds for training.

5.2.2.5 Management continuity

Internal/External director appointments

- Six current directors were appointed from within the organization.
- Three current directors were appointed from outside the organization.
- One director founded the organization.

Succession planning

- One organization employs formal succession planning.
- Nine organizations don't perform formal succession planning
- Four organizations perform informal succession planning

- Five organizations perform no succession planning (one by conscious choice and the others because it has not been put in place.)

The researcher identified a total of thirty directors in the recent history of the organizations researched (refer Table 25 “Analysis of director appointments” Page 105). Fourteen of the thirty directors (47%) were internal appointments. Two of the directors were the founders of their organizations.

All ten directors said their organization’s board of directors supported training and development. Yet in most of the organizations there is no formal training of supervisors and managers in the area of management and leadership. In nine of the organizations there is also no formal succession planning or grooming of supervisors and managers for more senior positions.

5.2.2.6 Alignment

All the directors mentioned various examples of alignment in their organizations and mentioned a person who was responsible for ensuring alignment (in all the cases except one the person was tacitly responsible). In all the organizations it appeared as if there wasn’t a conscious monitoring to ensure all aspects of the organization were aligned to the core ideology of the organization.

5.2.2.7 Conclusion

According to the directors' responses, it seems that the following characteristics of visionary organizations are present in the NPO's researched:

- core ideologies (core purpose and core value)
- BHAG'S
- training for continuous self improvement

However many of the following characteristics could be more thoroughly explored and could also be implemented to a greater degree in the NPO'S:

- clear well known core ideologies (core purpose and core value)
- long term BHAG'S
- a clear cult like culture
- purposeful evaluation and continuous self improvement
- management continuity
- consistent alignment throughout the organization.

5.2.3 Objective 3

To look at whether or not these characteristics are applicable to NPO's in Gauteng.

The directors responded positively to the research and all ten directors said they believed that the research was applicable to NPO's.

Three of the directors said this was information much needed in the non-profit sector and that directors, and NPO's in general, would benefit from receiving more information and training in the areas of NPO management and the building of visionary NPO's.

5.2.4 Objective 4

To make recommendations, and put forward suggestions to NPO managers about developing and maintaining a visionary NPO.

5.2.4.1 Core ideology

- Many of the directors could not immediately express either the core purpose or core values of their organizations and had to consult various documents to discuss them (for example the annual financial statements or memorial documents or publications), yet they were very sure that the organization had a core purpose and clearly articulated core values. Furthermore many of the

organizations listed many ways in which the core ideology was communicated to staff. However, it is possibly more important to spend more time focusing on clarity and frequency, that is, the need to communicate the organizations' core ideology more clearly and simply to staff and on a more regular basis.

- Collins and Porras (2000:73) and other authors (Letts *et al* 1999:95 and Magretta 2002:14) state that the core purpose and core values should be clear and well known. Therefore NPO's could implement measures to ensure that the core purpose and core values of the organization are more widely known, for example:
 - "Print mission statement on all brochures and publications", and on the "back of all business cards", and put up "poster sized copy" of mission statement in "all offices and affiliations" (Krauft *et al* 1991:119-120).
 - Ensure all staff members know and can articulate the core purpose and core values of the organization, at all times and not just once off at their induction.
 - Regularly refer back to the exact core purpose and core values in problem solving and staff meetings and during supervision.
 - Refer to examples and tell stories of staff members adhering to the core ideology. Stories make the core purpose and core values come alive and make them more understandable.

Collins and Porras discovered in their research that the visionary organizations tended “to have only few core values, usually between three and six ... none of the visionary companies had more than six core values, and most have less” (2000:74). They explained that “only a few values can be truly core values so fundamental and deeply held that they will change or be compromised seldom, if ever” (2000:74). Therefore although it seems most of the NPO’s researched had many core values, these values should be examined. The organizations should decide which values are truly core and cannot be compromised.

5.2.4.2 BHAG’s

- All of the directors of the NPO’s researched said their organization set BHAG’s and gave examples from some of their past business plans. However Collins and Porras believe there is a difference between goals set in the day to day running of the organization and BHAG’s which:
 - require a huge amount of commitment and may even put the organization at risk (2000:100)
 - push people out of their comfort zones (2000:112)
 - might need to be pursued by several generations of leaders (2000:107).

Therefore NPO’s who want to be visionary need, in addition to the yearly goals and objectives set in their business plans, to set BHAG’s which:

- preserve the core ideology

- are clear and can be measured
- are compelling, energizing and motivating to all staff of the organization
(Collins and Porras 2000:111-112).

5.2.4.3 Cult-like culture

This aspect needs more research and practical exploration of the culture of the NPO's. None of the directors believed their organizations had a cult-like culture and therefore perhaps to be regarded as visionary some work on creating a more explicit organization culture is needed.

- Magretta (2002:300) writes that building a clear culture is hard work and that “it requires communication, communication, and then more communication. It thrives on simple messages, repeated again and again”.
- Collins and Porras list several concrete ways the culture of an organization can be reinforced:
 - “Orientation and ongoing training programs that have ideological as well as practical content, teaching such things as values, norms, history, and tradition
 - Internal ‘universities’ and training centers
 - On-the-job socialization by peers and immediate supervisors
 - Rigorous up-through-the-ranks policies – hiring young, promoting from within, and shaping the employee’s mind-set from a young age

- Exposure to a pervasive mythology of ‘heroic deeds’ and corporate exemplars (for example, customer heroics letters, marble statues)
- Unique language and terminology (such as ‘cast members’, ‘Motorolans’) that reinforces a frame of reference and the sense of belonging to a special, elite group
- Corporate songs, cheers, affirmations, or pledges that reinforce psychological commitment
- Tight screening processes, either during hiring or within the first few years
- Incentive and advancement criteria explicitly linked to fit with the corporate ideology
- Awards, contests, and public recognition that reward those who display great effort consistent with the ideology. Tangible and visible penalties for those who break ideological boundaries
- Tolerance for honest mistakes that do not breach the company’s ideology (‘non-sins’); severe penalties or termination for breaching the ideology (‘sins’)
- ‘Buy-in’ mechanisms (financial, time investment)
- Celebrations that reinforce successes, belonging, and specialness
- Plant and office layout that reinforces norms and ideals
- Constant verbal and written emphasis on corporate values, heritage, and the sense of being part of something special” (2000:136)

- In the process of building a clear culture, it is important to preserve the core, however there should also always be a continual striving for progress (Collins and Porras 2000:136).
- An aspect that could play a role in the non-profit sector in this area of culture is the employees' commitment to the cause being stronger than their commitment to the organization. Many of the directors mentioned that they lost some of their staff to the public sector, which pays higher salaries. This would fit with the explanation offered earlier that people are more committed to the cause and not the organization and will therefore go where they can still save the cause but in an organization with higher remuneration. However, one director said the non-profit sector is quite volatile in this area. Of late, he believes that people are returning to NPO's because they feel they cannot serve the cause appropriately and effectively while working for the government. This is an area which requires more research.

5.2.4.4 Purposeful evolution and continuous improvement

All of the directors interviewed believed they encouraged initiative and strived for continuous improvement. Yet they struggled to articulate concrete mechanisms that the organization had put in place to encourage and reward improvement and initiative.

Drucker writes about “constructive discontent” (1990:149) and Collins and Porras write about the visionary organizations not being content with the status quo (2000:186). Collins and Porras (2000:163-165) list some ideas in creating this type of environment:

- “Give it a try – and quick” that is, creating the opportunities that allow staff members to act on their ideas and not procrastinate
- “Accept that mistakes will be made.” Three of the directors pointed out that in some NPO’s where service to clients is critical, mistakes cannot be tolerated. However in areas that do not directly affect clients, perhaps there can be some acceptance that for good ideas to emerge some mistakes may be made.
- “Take small steps.” New ideas should initially be carried out on a small scale rather than from the outset involving large amounts of resources when success is not guaranteed.
- “Give people the room they need.” Allow and encourage people to use their initiative.
- “Mechanisms – build that ticking clock.” People will not automatically strive for continuous improvement. Concrete mechanisms need to be put in place to facilitate this type of culture in an organization.

Other ideas that could create a culture of purposeful evolution and continuous improvement are:

- benchmarking (see 2.3.8.4 – Page 53)
- striving to beat yesterday (see 2.3.8.6 – Page 53)
- developing organizational capacity and “innovativeness – the capacity to innovate repeatedly” (Letts *et al* 1999:18).

5.2.4.5 Management continuity

The majority of the current directors (six out of ten) were internal appointments with another director being the founder of the organization. Therefore it appears that management continuity is present in the NPO's but it is not a characteristic which stands out clearly.

Continuity is important because a director who comes from inside the organization is more likely to uphold the culture and core ideology of the organization than an outsider. The research by Collins and Porras indicates that in the visionary companies they investigated only 11,1% ever “hired a chief executive directly from outside the company.” Another way of looking at the information is that across “seventeen hundred years of combined history in the visionary companies, we found only four individual cases of an outsider coming directly into the role of chief executive” (Collins and Porras 2000:173). They go on to explain that “it is not the quality of leadership that most separates the visionary companies from the comparison companies but the continuity of quality leadership that matters,” (2000:173).

To appoint directors from within the organization requires that supervisors and managers be trained and developed for more senior positions.

Therefore, to become more visionary NPO's should look at formally training and developing people in supervisory and management positions, and potential leaders, in the area of management through

- mentoring
- in service training in management meetings
- outside courses or courses run internally by outside experts in this field.

4..2.1 Alignment

Many directors quoted examples of how alignment has taken place in their organization and who is responsible for ensuring alignment occurs. However often these processes didn't seem to have been consciously developed.

Collins and Porras (2000:201-202) explain that the "essence of a visionary company comes in the translation of its core ideology and its own unique drive for progress into the vary fabric of the organization – into goals, strategies, tactics, policies, processes, cultural practices, management behaviours, building layouts, pay systems, accounting systems, job design – into everything that the company does. A visionary creates a total environment that envelops employees, bombarding them with a set of signals so consistent and mutually reinforcing that

it is virtually impossible to misunderstand the company's ideology and ambitions.”

Therefore it would be beneficial to NPO's striving to be visionary to ensure someone clearly has responsibility for ensuring alignment. Furthermore all aspects of the organization should be critically examined to ensure that misalignments are eradicated or corrected and to ensure that wherever possible all aspects of the organization are aligned to the core ideology of the organization.

5.2.4.7 General

Firstenberg suggests that NPO's need to ensure their “revenue sources are diversified.” He also believes NPO's can strive to make a profit and the profit can be ploughed back into the organization and its services. He believes that this diversification of revenue sources gives NPO's flexibility and control over directing their affairs (1979:11). This seems to be relevant to the NPO's researched because all the directors mentioned finances to be a problem. Therefore perhaps NPO's need to be working towards diversifying their income sources and, where possible, striving to make a profit.

One director said that his organization had become a section 21 company in 2003. He said that this change in status had resulted in a major mind shift among all the staff members and directors. This had required extensive training and

workshopping. The result was that staff members now take responsibility for all aspects of the organization, including finances compared to the past where staff members had not overly concerned themselves with finances or shortfalls.

Therefore it would seem that this fits with Firstenberg's recommendations of striving towards a profit and an NPO striving to take responsibility for its revenue rather than being dependent on one or a few dominant funders.

5.2.5 Objective 5

To identify areas of visionary NPO management that require further research.

- Management of NPO's of all types and sizes, including community based organizations, which the Johns Hopkins Study estimates to comprise "as much as 53% of all NPO's" (2002:85) across S.A. needs to be researched.
- Characteristics of visionary organizations in NPO's needs to be examined in a more detailed manner by independently assessing the presence and extent of these characteristics rather than relying almost solely on the director's responses.
- The feasibility of setting BHAG's in NPO's and the constraints or hindrances to setting BHAG's in the non-profit sector needs to be explored.

- The presence and feasibility of establishing a cult-like culture in NPO's and the presence or absence of staff's commitment to the cause being greater than their commitment to the organization and the impact of this on establishing a cult-like culture in NPO's needs to be further explored.
- The extent and flexibility of co-operation across the non-profit sector to engage in processes like benchmarking could be further researched.

5.3 CONCLUSION

The researcher found that the visionary characteristics have applicability in the non-profit sector. The research provided some interesting facts about the presence as well as the absence of visionary characteristics in the ten NPO's in Gauteng researched.

However the research also highlighted the need to engage in further, more substantive research, with regard to visionary characteristics and the presence and extent of these characteristics in all NPO's in SA, including community based NPO's.

Appendix A

Interview Schedule

“Built to Last”, by James Collins and Jerry Porras, is a book about the results of a six-year research project to identify the key characteristics of “visionary companies” i.e. companies that are ‘premier institutions, widely admired and having a long track record of making a significant impact on the world around them.’ Examples of the visionary companies are: Walt Disney, Sony, 3M, Boeing, Ford, IBM and Johnson & Johnson.

For my Masters research I want to see if these characteristics are applicable to and present in welfare organisations in Gauteng, South Africa.

Organisation: _____

Person interviewed: _____

Position held: _____

Date interviewed: _____

Length of interview: _____

Contact details:

Tel: _____

Fax: _____

Comments:

Founding roots

1.1. When was the organisation founded?

1.2. How many staff did the original organisation employ?

1.3. How many staff does the organisation currently employ?

Number of paid staff _____

Number of volunteer staff _____

2. General

2.1. What is the organisation's annual budget?

2.2. What percentage of revenue comes from:

Fees _____

Donations _____

Government _____

Other (please specify) _____

2.3. Board of directors

2.3.1. How many members are there on the board of directors?

2.3.2. What are the general tasks or responsibilities of the board?

2.3.3. What power or control does the board exert over the running of the organisation?

2.3.4. What is the process of communication between management and the board?

2.4. Stakeholders

2.4.1. Who are the stakeholders of the organisation?

Clients _____

Funders _____

Government _____

Staff _____

Volunteers _____

Community _____

Other _____

2.4.2. What influence do the stakeholders wield on the organisation or to what extent do they influence the organisation?

3. Core ideology

The core ideology consists of core values and core purpose.

***Core values* are the “essential and enduring tenets, not to be compromised for financial gain or short-term expediency”.**

***Core purpose* is the “fundamental reason for existence”.**

3.1. What is the core purpose of the organisation (explicit or implicit)?

3.1.1. In what ways has this core purpose changed since the organisation was founded?

3.2. Does the organisation have clearly articulated core values? _____

3.2.1. What are these values?

3.2.2. In what ways have these core values changed since the organisation was founded?

3.3. In what ways are the values and purpose communicated to the staff?

3.4. Have any major decisions been taken that did not make sense financially but made sense because they fitted with the core ideology? Please elaborate.

4. Big Hairy Audacious Goals (BHAG's)

A “clear . . . compelling and . . . unifying focal point of effort” but one that is a “huge daunting challenge”.

4.1. Does the organisation set BHAGs?

4.1.1. List some examples of BHAGs set by the organisation?

4.1.2. In what ways were these goals audacious (difficult and / or risky to achieve)?

4.2. List some past BHAGs that were achieved?

4.3. List any BHAGs that needed to be pursued by several generations of leaders?

4.4. What are some of the obstacles to setting organisational goals in the non-profit sector? (For example: multiple stakeholders with different objectives; difficulties in defining and measuring goals)

5. Cult-like culture

Evidence of mechanisms instituted to preserve the core ideology of the organisation.

5.1. What are the mechanisms that communicate the core ideology to staff? (For example through: orientation programs, ongoing training, internal publications, “on-the-job” socialization by peers, unique terminology, pledges etc.)

5.2. What mechanisms does the organisation employ to ensure a “tightness of fit” with staff and the organisation’s ideology? (For example: rigorous screening, recognition and rewards)

5.3. Do the staff see the organisation as special and elite? Please elaborate.

5.4. In what ways is this viewpoint reinforced? (For example through verbal communication, celebrations, use of special names etc?)

6. Purposeful evolution and continuous self improvement

Unplanned progress or progress through the approach of “try a lot of stuff and keep what works” and creating a culture of stimulating and rewarding change and continuous improvement.

6.1. Does the organisation allow and actively encourage experimentation, and not punish, maybe even reward mistakes?

6.1.1. In what ways is this evident?

6.2. What discretion do the staff have to carry out their job descriptions?

6.2.1. List some examples of staff using their discretion.

6.3. In what ways does the organisation encourage purposeful evolution (That is mechanisms that encourage and reward creativity and initiative?)

6.4. What investment is there in human resources, for example, employee recruiting, training and professional development?

6.5. Does the board of directors support the expense of training and development of the director and staff? _____

6.6. Do funding requirements prohibit or restrict the expenditure of training and development (for example through requiring no funding to be spent on overhead costs or awarding grants to organisations with the lowest overhead expenses)? Please elaborate.

6.7. What evidence or examples are there that the organisation is an “early adopter”? (For example, of new processes / techniques or management methods.)

6.8. What evidence is there that the organisation has created tangible “mechanisms of discomfort” that ‘impel change and improvement from within before the external environment demands change and improvement’?

7. Management continuity

Home-grown management i.e. managers that have come from within the organisation and not other organisations.

7.1. Where have the directors of the organisation come from i.e. inside or outside the organisation?

<u>Director</u>	<u>Tenure</u>	<u>Inside / Outside</u>

7.2. What management development methods does the organisation employ? (For example “management training programs, conscious use of on-the-job experiences to train managers and exposure to top management issues and thinking etc.)

7.3. What succession planning does the organisation perform?

7.4. Has the organisation experienced “post-heroic-leader vacuum”¹ or the “saviour syndrome”² and if so after which directors?

8. Alignment

Ensuring that all aspects of the organisation fit with / are aligned with the core ideology, including operations and strategies but even the smaller details such as waiting rooms, business cards, parking, workspace, stationery, answering the phone etc.

8.1. List the ways in which alignment occurs in the organisation?

8.2. Does anyone have as part of their job description the responsibility for aligning staff and procedures with the core ideology? Please name the person and title.

¹ “post-heroic-leader vacuum” i.e. scarcity of highly qualified successors after the departure of a strong director

² “saviour syndrome” i.e. looking to the outside in times of trouble to find a ‘saviour’ who will come in and revive the organisation

8.3. What obstacles are there to aligning the stakeholders to the core ideology of the organisation?

9. Constraints on being visionary in the non-profit sector

9.1. Does the government yield any influence on the organisation's purpose, values or strategy? (For example through requiring certain goals, objectives, performance indicators, budgets or business plans or through enforcing certain management frameworks or structures.)

9.2. Please identify other constraints on being visionary in the non-profit sector?

10. Comments on the questionnaire

10.1. Do you think these characteristics:
core ideology (core purpose and core values)
BHAGs
cult-like culture
purposeful evolution and continuous self improvement
management continuity
alignment
are applicable and relevant to NPO's?

10.2. Why / why not?

Appendix B

Thank you, for taking the time to assist me in my masters research.

I have based the research on research done in America on visionary companies. James Collins and Jerry Porras investigated visionary companies like IBM, 3M, Walt Disney and Walmart and researched what made these companies visionary. I am investigating whether or not these characteristics are present and applicable to non-profit organisations in Gauteng.

I need you to complete a 4 question questionnaire. Please know that there are no right or wrong answers it is just important to write down what you believe, without discussion with other staff members.

The first two questions are about your organisation's core purpose. This is the reason why your organisation exists. Please tick either the yes or no box in answer to the question "Does your organisation have a core purpose". Then write down what you believe the core purpose to be.

The second two questions are about your organisation's core values. These are the principles that you have to live by in your interaction with clients and other staff members. Please tick either the yes or no box in answer to the question "Does your organisation have core values". Then write down what you believe the core values to be.

Staff Questionnaire

1. Core purpose

Core purpose is the organisation’s “fundamental reason for existence”.

1.1. Does the organisation have a core purpose?

Yes

No

1.2. What is the core purpose of the organisation?

2. Core values

Core values are the organisation’s “essential and enduring tenets, not to be compromised for financial gain or short-term expediency”.

2.1. Does the organisation have core values?

Yes

No

2.2. What are the core values of the organisation?

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