

# Strategic Management *in* Nonprofit Organizations

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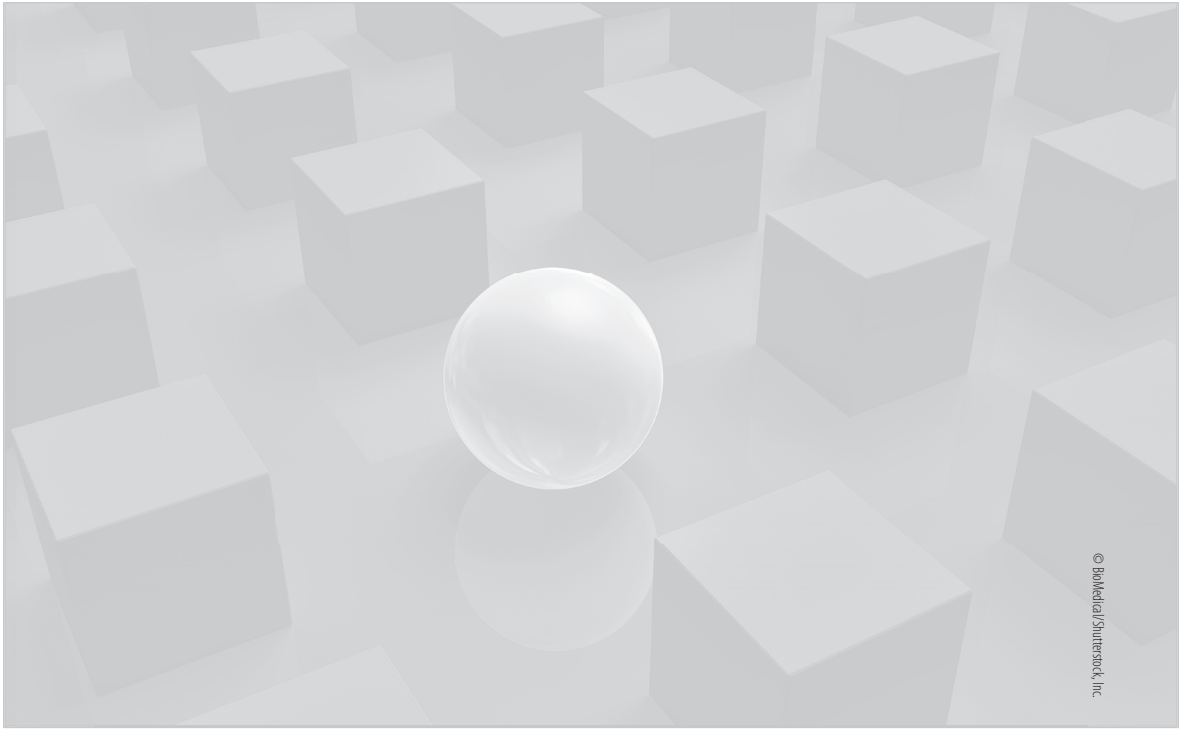
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*This book is dedicated to my father, Elmo Charles Brown, who always enjoyed a good puzzle—forever seeking to find patterns in complex systems. Thanks to my kids, Linnea and Mic, as well as my lifelong friend and companion, Cheryl, without whom I could not have accomplished so much.*



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# Preface

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Nonprofits provide public and social value, and yet the ability to define and measure that value is difficult to obtain. An often quoted management refrain is, “If you can’t measure it, you can’t manage it.” So what is a nonprofit manager to do? There is no doubt that “not everything that counts can be counted and not everything that can be counted counts” (Cameron, 1963, p. 13). Nonprofits and managers worldwide who work in public service struggle to define how they create social value and often feel dissatisfied with outcome measures that obscure the spirit of their good work (Benjamin, 2012). Nevertheless, managers allocate resources and prioritize objectives to fulfill public benefit purposes. This text provides a glimpse into the uncertainties managers confront in making strategic choices. The text is based on classic strategic management framework (Hitt, Ireland, & Hoskisson, 2011), but with a twist. There is careful attention to the realities of operating a nonprofit organization—the challenges of muted markets and indeterminate performance expectations. This text is a modest attempt to inform the thinking of nonprofit managers and to bolster the rigor of nonprofit management

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education. I'll leave it to my esteemed and valued colleagues, students, and the nonprofit professionals who operate in complex, resource-limited, and political contexts to determine the text's success in achieving that objective.

The text begins with an introduction to nonprofit organizations as unique organizational forms that are distinct from for-profit enterprises and public organizations (governments). Chapters 2–7 introduce the fundamentals of strategic thinking, the analytic methods to understand environmental forces, and the methods to create comparative advantage. Using the adaptive cycle developed by Miles and Snow (1978), Chapter 2 suggests managers confront three “problems” when forming and implementing strategy: (1) defining the operating domain, (2) designing programs to create value, and (3) assessing performance. Chapter 3 reviews the features of the nonprofit operating environment. The text contends that managers confront two distinct operating domains: a public benefit domain and a resource domain. Chapter 4 reviews the resources and capabilities of nonprofit organizations and proposes the nonprofit value framework as the mechanism to create social value. Chapter 5 considers the public benefit practices managers utilize to create social value. The choices regarding program delivery options are reviewed and considered through the lens of business strategy literature. Chapter 6 considers methods to analyze the operating environment and the issues managers confront to understand the tendencies of organizations to compete or cooperate. Chapter 7 introduces the concept of corporate strategy, which is defined as the highest level of decision making in the organization. Chapters 8–10 unpack the methods by which managers implement strategic choices. Chapter 8 suggests that a theory of change, which is based on the logic of program delivery, can guide program and service activities to achieve public benefit outcomes. Chapter 9 recognizes the importance of operating in a sociopolitical domain, which includes advocacy activities. Chapter 10 reviews the funding and resource options available to nonprofit organizations. In particular the chapter considers how managers build relationships to sustain reliable revenue streams. Chapter 11 considers the challenges managers confront

as they try to achieve programmatic and sociopolitical objectives through interorganizational relationships. Chapter 12 concludes the text by considering the role of leaders in creating a climate for success and guiding organizational choices.

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