

## The New Executive in the Not-For-Profit Field

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*... in spite of its struggle to keep the operation simple, the social service agency has been becoming a business. The core of the business is still human services, but new legislation and a demanding public, in a disenchanted awakening, want to know: is the agency doing the job? And at what cost?*

The world of work is changing in the profit sector, with evidence of new modes all around us in such developments as flexible time schedules, union-management cooperative efforts and labor representation in the board room.

But the not-for-profit sector is changing as well, though with less fanfare. And it is interesting that each sector is taking on aspects of the other: the profit field is "humanizing" attitudes towards its work force, while the not-for-profit field is adding the pragmatics of management skills to social service. In both cases the reasons for change are to stay alive and well and viable in a world of shifting values.

We've heard the reason why the profit field is looking for change: today's labor force has a work ethic different from yesterday's. But we've heard little about the need for change in the nonprofit field. That story begins back in the days of the Depression.

When young college graduates of the '30s looked for jobs, there were few opportunities in the profit sector so, perforce, they opted for jobs in such fields as social service and government. For many, this was to be an interim step while waiting for the economic world to right itself.

But social change was, of necessity, in the air as government came to be viewed not as an adversary but as having responsibility for the welfare and protection of its citizens. The concept reached its ultimate in the Great Society days of the Lyndon Johnson administration, when more federal legislation relating

to social welfare programs was passed than there had been cumulatively since 1781. Agencies, with the mandated categorical programs that brought 13 billion dollars with them, expanded, enlarged their scope and became more complex. Organizations, seemingly almost overnight, became the size, and developed the power, of large business firms.

If these organizations had been in the profit world, a formal corporate structure probably would have developed, complete with management philosophy and planning, training programs and continuity of leadership—all the well-known management techniques. From the beginning, however, the administrator in a social service agency became the focal point on the Table of Organization, and his Board of Directors (who in their own world would have demanded more precise management) too often tended to delegate much of their responsibility of policy-making to him; the line between policy-making and administration sometimes became blurred.

The administrator himself, trained in the professional skills of human services, hampered in many cases by lack of management experience, tended to run the agency like the early U.S. mail pilots—by the seat of his pants. He promoted people because they were good professionals, though not necessarily good managers. In an early version of the Peter Principle, people were put in jobs for which their only training was human services education, an education that in many cases considered itself a world apart from business and business practices. (Accountancy, the one

area of "business" in a not-for-profit agency, has, until recently, been relegated to the back room).

The administrator, like those early pilots, did fine when he dealt with a single engine plane, but he ran into trouble when the agency came to resemble the 747 in size and complexity. Fund-raising, once the obligation of the Board of Directors, now found its major source in government; clients had demands; the Board of Directors had questions; the staff no longer was satisfied to be told but wanted to be involved. Community relations was not a theory but hard fact. (Just as for-profit McDonalds found this out when it tried to open franchise stores in some neighborhoods in New York City, so did not-for-profit agencies, as they worked their way through meetings with neighborhood groups, planning boards and health agencies, among others). Everyone, at whatever level, from the government down, expected an "accountability" that included programmatic evaluation, with justification of costs and results.

It was time to hire staff trained in business administration, program evaluation, and community relations but, for the most part, few administrators did. The administrator, viewed as the focal point of the agency (in some cases, he was the agency itself), was expected to be omnipotent and omniscient. So, if he asked the Board for specialized managerial help, it might reflect on his own weakness. He resisted any changes, such as the use of standard business principles—LIFO, FIFO or fixed-asset depreciation, with the sincere belief that they didn't apply in human service agencies.

But in spite of his efforts to keep the operation simple, the social service agency was becoming a business. The core of the business was still human services, but new legislation and a demanding public, in a disenchanted awakening, wanted to know: was the agency doing the job? And at what cost? These were questions many seemed not to have asked before, or at least didn't insist on having answered. (As a matter of interest, it was not until 1972 that the New York City Manpower

Area Planning Council devised the first schedule of questions to elicit performance-rating information as a guide in recommending allocation of funds). But when government funding, now all-important, was in danger of being withheld if there was no bottom-line accountability, most administrators reacted in positive fashion and sought aid by means of short term training mechanisms.

Professional associations started offering seminars, for example, on grantsmanship. "Many counselors have little, if any, knowledge about grantsmanship," baldly stated the American Personnel and Guidance Association in announcing its own seminar. The New York and New Jersey Association of Rehabilitation Facilities conducted an intensive two-day seminar for agency executives on contract procurement and developing cost estimation and bidding, under a grant from the Rehabilitation Services Administration of Health, Education and Welfare. Federations of agencies are beginning to educate their "line" staff in business techniques. The Wiener Education Institute of the Federation of Jewish Philanthropies in New York City held a workshop for top-level executives on Grants Development and Management, following it with a special course at the New School for Social Research for their middle managers who were being groomed for senior positions. Cornell's School of Industrial and Labor Relations conducts a short-term program in fiscal management, administration, grants development and management.

Agencies have begun to look at their own in-house patterns. CONNECT, a neighborhood citizen group working with local public schools in New York City, proudly noted in its annual report that "We have applied more professional managerial procedures to our internal operations," and Federation Employment and Guidance Service, a vocational services agency, installed a computer system that cuts the cost of manual work for the vast amount of necessary statistical and fiscal data, while giving fast results and enlarging the parameters of available information. Business methods are becoming an integral part of

agency planning.

Many agency administrators realize the importance of educated legislators, now that government money is the major source of funding, and are allocating time outside their offices to become advocates. The Central non-profit agencies in the rehabilitation field recently testified at the Congressional Oversight Committee on the Javits-Wagner-O'Day legislation, and the National Association of Jewish Vocational Services testified before the Oversight Committee on CETA, in order to suggest how to improve services and lower cost.

All of these efforts are costly but there is little doubt that savings will result from increased professional know-how. Industry seems to have recognized this: witness the fact that four business corporations plus the New York Community Trust and the Greater New York Fund have developed and underwritten an "Institute for Not-For-profit Management" for agency executives at Columbia University's graduate schools of business administration, social work and health services. Is it too far out to wonder if graduate schools of business will be offering courses in human services in the future and schools of human services will have courses in business administration?

Much is being done; much more is needed. Agencies must plan in long-range terms, must analyze their objectives, their current structure and programs to determine whether these are still valid in the community they serve, if they are using the best methods, and whether agency administrators and practitioners have the needed technical, professional and managerial skills to implement those methods.

A fresh look is needed to see how people are being promoted. Should a good counselor or caseworker go beyond becoming a counseling or casework supervisor or director, and enter the areas of administration and management? The answer is "yes" if he or she has the potential and interest for management, and is then trained in applicable courses. The answer is "no" if he or she hasn't the feel for

management, or is unwilling to develop the skills through further education.

The social service world is a business. There is no more businesslike job than that of the human-service-trained administrator who deals with private industrial firms, federal, state and local government agencies, foundations, unions, communities. A stringent rule still largely extant recognizes that it does not meet acceptable standards to give professional advice without a master's degree in social work, counseling or the like, yet someone with that degree can become a chief administrator in an agency that requires all kinds of business expertise without a commitment to acquire the necessary skills or proper assistance.

Obviously, the times demand an executive's taking a new look at administrative practices while still maintaining a *sense of people*, for he or she must relate on all levels—with clients, staff, administrative colleagues, the Board of Directors, governmental officials, community leaders, labor leaders, the media. But that executive must also have a *business sense* in order to evaluate programs for their cost and their effectiveness, in order to manage the complexities that have become part of every agency. A *political sense* is necessary, too, to understand the political and legislative process of the community, the state and the nation. The executive doesn't need to be an expert psychologist, social worker, psychiatrist, engineer, architect, teacher, curriculum developer, medical technician and physician, but only with a working knowledge of those areas he administers can he expect to obtain the respect of the professionals and technicians who report to him, and to motivate them.

Many of the current administrators and executives in the not-for-profit field are now reaching retirement age and making plans for their retirement. These administrators can take a great deal of pride in what they were able to accomplish in building the not-for-profit voluntary agencies which lead the way in almost all areas of human services. They can take pride in the quality of the professional

services offered by their agencies, in the new programmatic approaches they had helped to develop, and in the fact that they had started to do this when adequate funding was not available and when innovation was the name of the game.

Let us hope that these administrators will instill in their successors the need for creating a modern management team which not only stays up to date in modern management techniques but perhaps will be able to offer to the world of modern management the same kind of leadership and innovative creativity for which they have come to be known and respected in the field of professional services.

They can expect and ask for help from their

Boards of Directors who are becoming even more aware of changes in the not-for-profit agencies and who are now using executive search firms to find the new replacements.

Robert Sbarra, president of Sbarra Associates, compensation specialists, made the point in a talk at the New York Chamber of Commerce and Industry that "nonprofit organizations are now seeking ways to attract and retain results-producing professional managers to direct the efforts of dedicated staff members."

The lines between the profit and not-for-profit worlds are blending; we seem to be getting closer to one world, at least in the sphere of work.