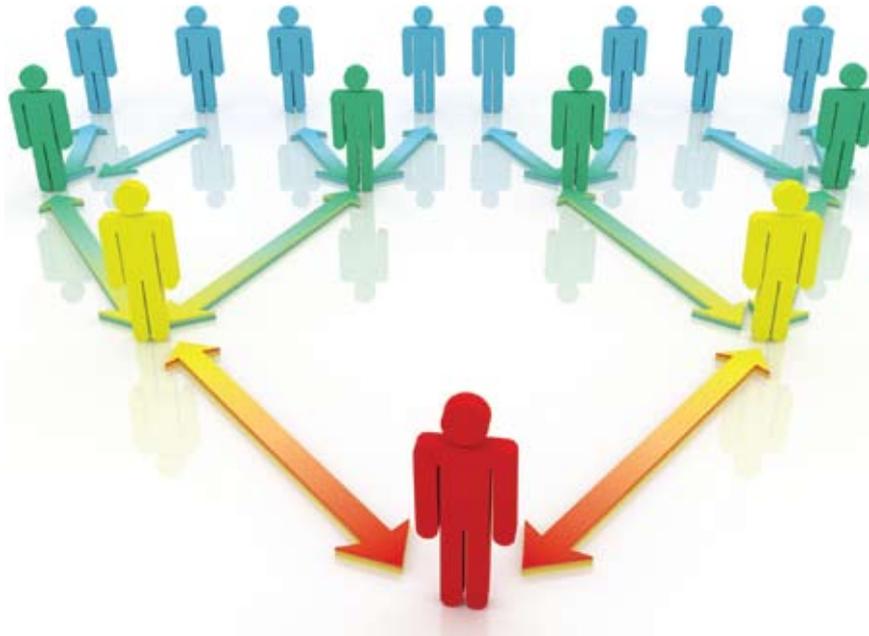




I've Been Thinking about ...



Organizational Effectiveness

**What are the best indicators of effectiveness?
Is size a relevant factor, and if so, under what conditions?**

By Martha Golensky

As a subscriber to a listserv devoted to nonprofit issues, I often monitor the postings without participating in the discussion. A recent thread caught my attention. The original question pertained to providing data on nonprofit employees' roles and educational patterns. However, the discussion quickly veered to a related concern, the always-hot topic of how to measure organizational effectiveness.

For some who weighed in on this subject, sustainability was the linchpin of effectiveness. I would agree. What use are high-quality services if consumers can't count on their needs being met on a continuing basis?

Several years ago, I visited a nonprofit where I'd worked early in my career, having secured for them their first major federal grant. To my astonishment, there were

Bigger isn't necessarily better.

work stations in every available space as a result of their securing several large government grants; the desks were for the staff hired to run the new programs. When I checked back a while later, however, I learned most of the programs had ended once the original monies ran out; no one, apparently, had paid attention to obtaining funds to keep these efforts alive. Clients had been disappointed, staff let go, and the organization's reputation tarnished.

I've used this example often in the classroom and in trainings to illustrate the adage that bigger isn't necessarily better. All of us are familiar with small nonprofits that

fill an important niche in their community. They have strong leadership, a dedicated staff, and a solid base of support. At the same time, we can point to large organizations, often well-known beyond their immediate communities, that repeatedly fall short in delivering the right services at the right time, surviving perhaps on past successes or the lack of a suitable provider to take their place.

On the other hand, sometimes bigger *is* better. I had an opportunity to study the merger of five small social-service agencies. Each

The contrast between the CEOs of the respective nonprofits couldn't have been starker.

At least two of the original agencies
wouldn't have survived
without the merger.

agreed to merge in order to consolidate its position in the face of changes in government contracting. Although it took six years to fully integrate the separate organizational cultures into one, and the new entity had to overcome the resistance of its primary funder, who opposed the merger, it was worth the struggle: At least two of the original agencies wouldn't have survived without the merger. Moreover, by sticking with its core values, the organization has thrived despite many challenges.

Regardless of size, a key ingredient in organizational effectiveness is the strength of the leadership. In the two examples cited here, the contrast between the CEOs of the respective nonprofits couldn't have been starker. The executive director of the organization that added programs willy-nilly was driven by funding availability rather than a viable plan for optimum service delivery. In the case of the merged organization, the professionals in the top two positions (each of whom had headed one of the original agencies) viewed themselves as allies in a common struggle to meet client needs. Even the decision as to which one would be CEO and which would be COO was made strategically, in light of environmental realities and by mutual agreement. As a result, when the first CEO moved on, the COO took over in a seamless transition.

A key ingredient in organizational
effectiveness is the strength of
the leadership.

Returning to the listserv thread that prompted this article, it won't come as a surprise that there was a great deal of disagreement about what makes an organization effective. Since I didn't join the discussion then, let me put in my two cents now. A well-run nonprofit is easy to recognize. Even if we can't isolate all the variables, we can see the end result in satisfied consumers, financial stability, an active board, and an enthusiastic staff. The best advice I can give is this: Draw as many conclusions as you can from the available information, and apply these lessons to your own situation as warranted. Accept the fact that the science of organizational effectiveness will always be imperfect, and learn all you can about what other nonprofits, both successful and unsuccessful, can teach through their experience. ■

Resources

*Baldwin, Tom & Bill Frentzel, "Performance-Based Management Builds Funding and Support," *Nonprofit World*, Vol. 23, No. 6.

*Bush, Richard, "Collaboration and Leadership: Secrets of Success," *Nonprofit World*, Vol. 24, No. 1.

Golensky, Martha & Gerald L. DeRuiter, "Merger as a Strategic Response to Government Contracting Pressures: A Case Study," *Nonprofit Management and Leadership*, Vol. 10, No. 2.

*Mitchell, Mark & Donald Yates, "How to Use Your Organizational Culture as a Competitive Tool," *Nonprofit World*, Vol. 20, No. 2.

*Starred resources are available at www.snpo.org.

A well-run nonprofit is easy to recognize.

Martha Golensky, D.S.W. (golenskm@gvsu.edu) is professor of social work at Grand Valley State University in Grand Rapids, Michigan, where for the past 12 years she has taught nonprofit management courses and assisted local nonprofits with strategic planning, financial development, and board governance. Previously, she spent 15 years as a nonprofit executive.

Enjoy Reading **NONPROFIT WORLD?**

Here are more benefits of membership in the Society for Nonprofit Organizations

12 issues of *Nonprofit World Funding Alert*, providing monthly updates on grant and funding opportunities

- **Membership in GrantStation**, with instant access to over 5,500 grantmakers via the Find-a-Funder searchable database
- **Complete access to over 700 printer-ready management articles**, searchable by author, key word, or subject
- **Discounts on products and services**, including books, audiotapes, videotapes and Webinars presented by experts in the field
- **Reduced enrollment fees** from the Learning Institute for the Society's **Certificate of Excellence in Nonprofit Leadership and Management**
- **Free job postings** on our NonprofitCareers.org job site

For more information, visit:

www.snpo.org