How Big Business Can Learn from Tiny Nonprofits (& Vice-Versa)

Nonprofits and corporations can learn a great deal from each other. By taking advantage of these simple ideas, both will be better off in the long run.

By Steve T. Sywulka

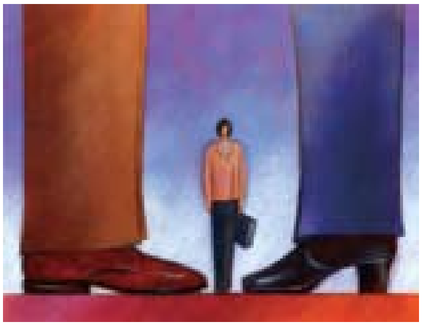
"Money talks," goes the saying, and large corporations are where the money is. Big business is revered by many in today's "bigger is better" world.

What could successful corporations possibly learn from small nonprofits? Quite a lot, actually! Can nonprofits learn from large corporations too? You bet! This article provides five key lessons for big business and five lessons for nonprofit managers.

What Big Business Can Learn from Nonprofits

Encourage participation. Corporate employees often feel like cogs in a giant machine, bound by bureaucracy, limited by organizational politics, and tied to specialized job functions. In contrast, nonprofits commonly advocate a participatory approach. Participation involves people at all levels in decisions of all types—even in strategic issues. Increased participation fosters a sense of ownership among employees. And people are more eager to work toward goals they helped establish.

Improve access to management In many companies, multiple layers of management make it hard for lower-level people to contact high-ups with their innovative ideas. In many nonprofits, however, anyone can approach the president with concerns or suggestions. Although organizational size is a factor here, it's not the only one. The social nature of many nonprofit managers makes them more likely than corporate executives to have open-door policies. Upper-management



accessibility helps innovation spread more quickly, which benefits the entire organization.

Invest in training. Ironically, employees sometimes receive far more training in cash-strapped nonprofits than in profitable corporations. Training programs in corporations are often among the first items to be slashed when budget cuts occur. This not only hurts the morale of current employees but reduces future productivity as well, beginning a downward cycle of negativity. Good training programs could be the very things that help companies rise above difficult times. The training shouldn't be limited to current job descriptions, either, but should provide opportunities to develop in other areas—thus creating better employees.

> Simply taking time to think about how best to do something can improve the process.

Partner with others. For years nonprofits have been forced to engage in partnerships to accomplish their missions. The complexity of human need has required organizations to collaborate. Corporations have also recognized the value of partnerships but still cling to a "merge or acquire" mentality. True partnership certainly presents immense challenges. When handled well, however, the benefits can be tremendous.

Foster balanced living. Although corporations frequently claim to offer "work-life balance," employees often feel pressure to become slaves to the company. Superiors in nonprofit organizations also work extremely hard, putting in long hours when needed, yet they tend to give due priority to time with their families and personal interests. Managers who succeed long-term not only practice a balanced lifestyle; they encourage their employees to do the same. Employees who feel the freedom to care for personal matters as needed generally work all the harder while "on the job." Healthy lifestyles result in better workers.

What Nonprofits Can Learn from Big Business

Corporations aren't the only ones in need of learning. Nonprofit organizations can learn quite a lot from big companies as well.

Include financial impact in justifying projects. While nonprofits' main goal isn't profit, they shouldn't ignore the financial bottom line. Along with accomplishing their missions, attention to financial stewardship is beneficial. Donors wouldn't mind seeing their money stretched even further by optimizing the impact per dollar.

Examine processes regularly. Successful corporations invest heavily in documenting all key processes, from finding a supplier to paying a bill. While keeping these documents up-to-date can be

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daunting, having the documentation is helpful, especially as new staff members come on board. Given the high turnover rates of many nonprofits, documentation is crucial, cutting transition time between employees. The primary benefit, however, is forcing employees (including volunteers) to analyze ways to accomplish tasks. Simply taking time to think about how best to do something can improve the process—thereby increasing efficiency. Perhaps there is, in fact, one *best* way to get that next newsletter out the door.

> Upper-management accessibility helps innovation spread more quickly.

Strive to increase productivity. Some companies go through extensive efforts to make the physical atmosphere "just right." For example, they might examine office lighting, furniture, and layout. Or they may install special areas to bolster creativity. Not only is the office environment tailored to maximize productivity, but employees are held accountable (in detail) for their time on the job, given specific tools and software, and compensated for extra effort with well-thought-out incentives. Sometimes these efforts seem like an obsession or a waste to organizations struggling to pay the rent each month. But nonprofits may glean something from careful consideration of how each hour is spent. Good managers understand the long-term benefits of productivity-increasing measures. By focusing on efficiency—doing things right—organizations of all types can improve results.

Focus on effectiveness. Doing things *right* is unproductive if you aren't doing the right *things*. Perhaps due in part to understaffing, some managers work long into the night making copies of packets, getting a bullet point on the PowerPoint presentation "just right," or putting out low-level campfires while the forest is burning behind them. Although "servant leadership" is important, managers should learn to delegate such things to a volunteer or lower-level worker, thus freeing up managers to do what only they can do.

> Doing things ***right*** is unproductive if you aren't doing the right ***things***.

Specialize. Nonprofits tend to overextend their staff while managing a diversity of projects. Although managers may enjoy such variety, this preoccupation with diverse topics can result in the inability to do everything *well*. While corporations also diversify to some extent, market competition requires them to focus their efforts on one product, service, or industry. Such specialization helps them reap the benefits of in-depth knowledge. ■

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To broaden online discussions on nonprofit topics, we're expanding our Discussion Forum with a ListServe, provided by Yahoo Groups. To join, you can either click on the "Yahoo" button at:

http://www.snpo.org/social/
(free Yahoo login required)
or send a blank e-mail to:
snpo-subscribe@yahoogroups.com

If you have any questions, contact Jason Chmura at jchmura@snpo.org.