



## Improving Performance, One Nonprofit at a Time

*With a wealth of experience, these authors bring high-performance practices to life.*

BY JOSEPH A. CONNOR & STEPHANIE KADEL-TARAS

### ***High Performance Nonprofit Organizations: Managing Upstream for Greater Impact***

*By Christine W. Letts, William P. Ryan, & Allen Grossman. New York: John Wiley & Sons.*

It has taken awhile for the nonprofit sector to become comfortable with the idea that nonprofit organizations can learn from business management practices and that investing in organizational capacity will lead to better service delivery. Today, however, the value of these ideas is fairly well integrated into the nonprofit dialogue, even though implementation remains elusive. *High Performance Nonprofit Organizations* is a valuable addition to conversation on these issues. Its theoretical justifications and best-practice examples will add leverage to arguments for funding nonprofit capacity, focusing nonprofit boards on performance issues, and making use of management support organizations. However, it does little to push the discussion to a new level focused on removing the barriers to implementation caused by systemic constraints.

Although this work is light on rigorous research (conclusions are based on a series of roundtable discussions with for-profit and nonprofit leaders), the authors carry a wealth of experience in study, teaching, and consulting on nonprofit management. Their ideas are brought to life by profiles of a variety of nonprofit and for-profit organizations that demonstrate high performance in using quality processes, product development, benchmarking, and strategic human resource management. A chapter on board governance provides a cursory look at new board roles focused on performance, and a description of venture capital approaches to funding new business provides some helpful insight into better nonprofit funding practices. For large nonprofits with national headquarters

and many local branches, there is an interesting chapter outlining for-profit and nonprofit approaches to expansion and affiliate management.

In short, *High Performance Nonprofit Organizations* is a well-documented snapshot of the current state of efforts to improve organizational capacity, one nonprofit at a time. The difficulty is that the very challenges Letts, Ryan, and Grossman hold up as evidence of the need for organizational capacity (such as restrictive public policies, program-driven funding systems, the unrewarding culture of service) clearly argue for change beyond individual organizational capacity building.

In our years working in the field of nonprofit management support, we have seen many efforts to use the practices this book promotes, but our experience has shown that failure to achieve social impact has less to do with problems in organizations than the larger context in

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which nonprofits operate. The authors of this book begin to address this fact in their calls to boards, funders, and national nonprofit headquarters to alter some of their practices to support individual organizational improvement. But their own examples point to a larger and more urgent need to *build capacity within local communities* to use many of the same best practices described in this book: instituting quality processes for service delivery systems, using benchmarking and performance indicators to make improved decisions, and employing people and resources more strategically.

Many of the discussions in *High Performance Nonprofit Organizations* seem to argue for this conclusion, even though the authors inexplicably avoid it. For example, they conclude the chapter on quality processes by noting that “service-delivery requirements and the imperatives of fundraising often lead [nonprofits] to focus as much on sustaining the institution as on serving the community.” And in examining the value of product development to high-performing organizations, they lament the constraints nonprof-

its face, including the lack of a competitive advantage to innovate and the historical trend to decouple idea generation from implementation. They also discuss the differing pressures on for-profits and nonprofits due to different roles in a market economy. Such issues jump off the page, begging for community-wide consideration, not just to be thrown back onto individual nonprofits as a problem of management and program implementation.

Perhaps the words in the book’s subtitle, “managing upstream,” are most telling of the authors’ recognition of the difficult structures within which nonprofit organizations try to improve. Letts, Ryan, and Grossman even admit that, in their research, “nonprofit leaders described an indifferent, sometimes hostile environment that can undermine their efforts

to build strong organizations.” This book would have greater impact if the authors had focused more on how this environment might be systematically changed to allow nonprofits to manage themselves in waters more conducive to success. While building capacity within individual nonprofit organizations must remain a priority, building community capacity holds the promise to keep the sector sailing. ■

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