

**GREAT CITY: A CASE STUDY INTO ESTABLISHING AND ADMINISTERING A  
NONPROFIT ORGANIZATION**

**RYAN FILLMANN**

**DR. JOHN ROUSE  
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## OUTLINE

### **“GREAT CITY”: A CASE STUDY INTO ESTABLISHING AND ORGANIZING A NONPROFIT ORGANIZATION**

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    - 2. Individual
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  - v. Planned Giving
  - vi. Programs
  - vii. Services
  - viii. Product Sales
  - ix. Governmental Grants
- d. Follow-up
  - i. Relationships are key

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#### **4. CASE STUDY**

- a. About Great City
  - i. What does Great City do?
  - ii. Goals
- b. Vision
- c. Mission Statement
- d. Core Values
- e. History

#### **5. FINDINGS AND DESCRIPTIVE OBSERVATIONS**

- a. Non-Profit – What is a Non-profit?**
  - i. Does “Great City” follow the definition of a nonprofit?
  - ii. Public vs. Private
  - iii. For-Profit vs. Non-Profit
  - iv. What Type of Nonprofit is “Great City?”
- b. Establishing “Great City”**
  - i. What is “Great City’s” purpose?
  - ii. How and why was it established?
  - iii. What laws and legal requirements must “Great City” follow?
- c. Organization in “Great City”**
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    1. Bureaucracy
      - a. Is “Great City” bureaucratic?
    2. Stages of Nonprofit Lifecycle
      - a. What stage of life is “Great City” in?
  - ii. Organizational Structure
    1. The organizational structure of “Great City”
  - iii. Organizational Personnel
    1. What personnel does “Great City” use?
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- 2. How does “Great City” Recruit and Attract Employees and Volunteers
    - 3. Volunteer Considerations
  - iv. Nonprofit Organizational Culture
    - 1. Types of Culture within “Great City”
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    - 1. Types of Communication within Great City
      - a. Formal
      - b. Informal
    - 2. Direction
      - a. Downward Communication
      - b. Upward Communication
      - c. Horizontal Communication
- d. Strategic Planning for a Nonprofit Organization**
  - i. The Strategic Plan of “Great City”
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    - 2. Mission Statement
    - 3. Values
    - 4. Goals
    - 5. Objectives
    - 6. Tasks
    - 7. Implementation Strategy
    - 8. Monitoring Strategy
- e. Managing a Nonprofit Organization**
  - i. How is Great City managed?
  - ii. Organizational Leadership
    - 1. The leadership of “Great City”
  - iii. Motivation in “Great City”
  - iv. Training challenges in “Great City”
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    - 1. Purpose of Performance Appraisals
      - a. Challenges experienced by nonprofits
        - i. Informal Appraisal
  - vi. Rewards in “Great City”
    - 1. Intrinsic
  - vii. Discipline
- f. Funding a Nonprofit Organization**
  - i. What is “Great City’s” case for support?
  - ii. Sources of fundraising for “Great City”
  - iii. Methods of Fundraising
    - 1. Membership Solicitations
      - a. Dues
      - b. Contributions above dues
      - c. Special Appeals

2. Donations
    - a. Corporate
    - b. Individual
  3. Special Events
  4. Capital Campaigns
  5. Planned Giving
  6. Programs
  7. Services
  8. Product Sales
  9. Governmental Grants
- iv. Follow-up
1. Relationships are key

## **6. CONCLUSIONS**

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# **“GREAT CITY”: A CASE STUDY INTO ESTABLISHING AND ORGANIZING A NONPROFIT ORGANIZATION**

## **INTRODUCTION**

In this paper, the essentials of nonprofit establishment and administration will be researched through a review of pertinent literature and a detailed case study of the non-profit organization known as Great City. This paper seeks to provide the reader with an overview of the basic elements needed to establish and administer a nonprofit organization.

To achieve these goals, this paper will explore and describe Great City’s organizational structure and *raison d’être* of promoting stronger urban communities in the Greater Seattle area by using a review of recognized literature and an observational case study. The topics covered will include the establishment, development, organizational structure, personnel, culture, communications, strategic planning, leadership, and fundraising used by Great City in an effort to expand the readers understanding of these key elements of nonprofit administration. In addition, the Case Study and Descriptive Observations portions of this paper will provide context for the real world application of the topics and theories discussed in the Literature Review.

Finally, the observations and conclusions found in this paper will be used to form the basis for a complimentary organization in the Greater Indianapolis area known as URBN DSGN.

## **LITERATURE REVIEW**

### **NONPROFIT**

A nonprofit organization, in its simplest form, is an organization that does not distribute earnings that exceed its operating costs to its owners but rather reinvests its income back into the organization. While private institutions rely on profits from goods or services provided and public institutions rely on revenue from taxes and other public sources, a nonprofit organization must look for other means of raising funds such as fundraising events, donations, and grants. Nonprofit organizations rely on administrative elements from both public and private organizations and often straddle the line between the two as will be shown throughout this paper. In fact, some organizations migrate from nonprofit organizations to for profit organizations and vice-versa while other organizations contain both nonprofit and for profit divisions. Several types of nonprofits exist within the United States and service fields such as the arts, education, sciences, health, religion, environment, and the social sector. Examples include museums, hospitals, orchestras, churches, universities, the Peace Corps, and the Sierra Club.

### **PUBLIC VS. PRIVATE**

In the administration of organizations a distinction must be made between made between public and private. The differences can be attributed to two areas: substantive and procedural issues. Nonprofit organizations combine elements of each of these areas during the administration and management of the organization. Substantive issues, which can be referred to as conceptual or abstract ideas such as

priorities, goals, and objectives, include, “questions concerning politics versus profits, the measurement of objectives, and management versus administration” (Berkley and Rouse 47). Procedural issues can be classified as issues that address management as a universal process. These include open versus closed systems of procedural deliberation, methods of evaluation, decision-making criteria, personnel systems, planning and efficiency (Berkley and Rouse 47). Berkley and Rouse illustrate these differences by using the example of college education, where education is the substance and the institution is the procedure. The differences applied to public institutions and private institutions most often reveal themselves in the application of these issues. Where the public or nonprofit institution is more likely to be concerned with political equality or achieving a greater good, the private institution is more likely to be concerned with economic efficiency and profits.

Types of goods and services offered are another way public can be distinguished from private. Public goods are those that are non-exclusive and non-rivalrous meaning that citizens cannot be excluded from using the good nor does the use of the good reduce its availability. An example of a non-exclusive and non-rivalrous good is the clean air that resulted from the successful efforts of an organization to reduce pollution. This feature makes profiting from these goods or services nearly impossible and is a reason that public and nonprofit organizations exist.

## **FOR-PROFIT VS. NON-PROFIT**

Nonprofit organizations straddle the line between public and private and as such they share many similarities between for-profit organizations and government institutions. Like for-profit businesses, nonprofit organizations share the requirement to balance financials and remain solvent. While a nonprofit organization has a little additional leeway with this requirement the losses or gains cannot be significant over an extended period of time. Also like for-profit business, nonprofit organizations are private initiatives that rely on the contributions of the public to maintain the organization. Like government institutions, non-profit organizations goals are to benefit the public interest and greater good. Rather than being primarily based on monetary gain, nonprofit organizations often deal in the maximization of non-monetary values such as faith or membership. In addition, like government entities nonprofit organizations must deal with the constraints of non-distribution of financial and material excess to its members. Meaning that any gains, beyond the costs of operation, must be returned to the organization (Young and Sternberg 19-20 & Anheier 140-141).

### **Establishing A Nonprofit Organization**

#### **BASIS OF ORGANIZATION**

Nonprofit organizations can be complex and contain many levels of service that require careful planning in order to be successful. Berkeley and Rouse simplify these complexities by referencing Luther Gulick's four categories for basis of

organization: purpose, process, place, and clientele. They expound further by stating that the categories are based on an organization's "*raison d'être*" or the reason it was established (Berkley and Rouse 65-66). Comprehension of the organizations basis of existence enables the organization to identify and define its mission, core values, and scope of services. This is of particular import to nonprofit agencies in that they often operate with a minimum of funds and resources.

According to Berkley and Rouse organizations established upon the basis of purpose are designed so that they may accomplish specific tasks and seldom extend beyond their stated purpose. For example, Duke Energy was created to provide energy services and similarly school systems were designed to provide educational services. By comparison, those organizations established on the basis of process are designed towards performing certain functions such as medicine, accounting, or law. These process-based organizations are concerned almost exclusively with the procedural aspects of an organization. Organizations designed on the basis of place or clientele are designed to serve a particular location or groups of people, respectively. Examples of organizations based on place include the city of Muncie and the State of Indiana while examples of organizations based on clientele include particular groups of people such as children, senior citizens, and alumni associations. (Berkeley and Rouse 65-66).

While there are four distinct categories of organization, it needs to be noted that many organizations fall into more than one of these categories that often overlap. "Most organizations are established not on the basis of just one of Gulick's

categories, but through a combination of purpose, process, place, and clientele, regardless of which factor dominates” (Berkley and Rouse 66). Nonprofit organizations are no different: They can represent each of these four categories and often combine purpose, process, place, and clientele into versatile organizations that aim to create public value. At the highest level, creating or improving public value is every nonprofits primary goal. By creating public value nonprofit organizations improve the areas with which they work and thus are able to achieve their goals without having to profit from them. This reasoning also answers the question, “Why is this organization not for profit?” Understanding an organizations *raison d’être* is essential to developing an effective plan for operations.

#### **LAWS AND LEGAL REQUIREMENTS**

Nonprofit organizations fall under a different set of laws and legal requirements than for profit organizations however these requirements are just as important. The laws and regulations that preside over nonprofits must be understood before beginning any in-depth planning or organizing can take place. Robert Wilbur states, “Like the foundations of a building, legal underpinnings are an essential part of the nonprofit’s structure” (327.) In this section, the laws and legal requirements essential to nonprofit organizations will be discussed.

The beginning of any nonprofit organization should begin with three fundamental documents that form the foundation of the organization. These are the Articles of Incorporation, Bylaws, and the IRS Tax Exemption Letter. The Articles of Incorporation are a broad outline of the organization and typically list the name of

the corporation, the duration of the corporation, purposes for which the corporation was created, names and addresses of the board of directors, rules for conducting the internal affairs of the organization, and the rules for the distribution of any assets of the corporation. Each state has their own specific requirements and legal counsel should be sought to ensure that all requirements are met. The main purposes of the articles of incorporation are to protect the individuals within the organization from liability for the organizations debts or actions (Wilbur 328-329).

The Bylaws are a supplemental document to the articles of incorporation that develops more detailed rules for governing and operating the organization. These rules often include rules for the frequency of meetings, membership requirements, procedures for voting, scope of authority for board members and executives, distribution of record keeping and financial reporting responsibilities, and procedures for bylaw changes within the organization (Wilbur 32-330).

The final document required for the foundation of a nonprofit organization is the IRS Tax Exemption Letter. This letter establishes the organizations tax-exempt status with the Internal Revenue Service and precludes the organization from income taxation under Section 501(a) of the IRS Tax Code. In addition the letter of tax exemption defines and classifies the organization as a religious, charitable, scientific, educational, social welfare, labor, business league, fraternal society, or credit union under section 501(c-c14).

The application for tax exemption must include IRS Form 1023 or 1024 (depending on classification,) a copy of the Articles of Incorporation and Bylaws,

and a statement of the of the purposes and activities of the organization. The full process for filing for tax-exempt status can be found in the IRS Publication 557 (Wilbur 330-332).

In addition to the organizational legal requirements listed above, nonprofit organizations are required to maintain and file records of the organizations official acts with the appropriate authoritative organizations. These records include formal minutes of the organizations meetings; annual reports that include the identities of all officers and board members and the name of the person responsible for any legal matters; tax returns for organizations with receipts in excess of \$25,000; and disclosure forms readily available to the public that detail the organizations purpose and financial dealings with the IRS.

Finally, many nonprofit organizations benefit from state and local sales and property tax exemptions in addition to subsidized postal rates from the United States Postal Service. These benefits can have a major impact on the organization and can potentially make the difference between solvency and failure (Wilbur 336-337).

## **ORGANIZING A NONPROFIT ORGANIZATION**

### **ORGANIZATIONAL THEORY**

“Organizational theory is among the most developed branches of the social sciences and is located at the intersection of sociology, economics, and management” (Perrow 1986). At it’s most basic, an organization is “a group of people occupying

different roles designed to achieve goal” (Anheier 142). In this section, Max Weber’s organizational theory of bureaucracy will be explored.

Thomas Birkland describes bureaucracy as “institutions that are hierarchically organized, with distinct division of labor, people trained to do particular tasks, and with sets of rules and procedures that governs operations” (Birkland 66). Max Weber identifies the six major features of bureaucracy as:

1. A formal hierarchical structure - Each level controls the level below and is controlled by the level above. A hierarchy is the basis of central planning and centralized decision making.
2. Management by rules - Controlling by rules allows decisions made at high levels to be executed consistently by all lower levels.
3. Organization by functional specialty - Work is to be done by specialists, and people are organized into units based on the type of work they do or skills they have.
4. An “up-focused” or “in-focused” mission - If the mission is described as “up-focused,” then the organization’s purpose is to serve the stockholders, the board, or whatever agency empowered it. If the mission is to serve the organization itself, and those within it, e.g., to produce high profits, to gain market share, or to produce a cash stream, then the mission is described as “in-focused.”
5. Purposely impersonal - The idea is to treat all employees equally and customers equally, and not be influenced by individual differences.
6. Employment based on technical qualifications (Johnston, 12-13).

The ease with which bureaucratic organizations can be found substantiates claims that Weber’s theory of bureaucracy is the most important theoretical principle of the traditional model of administration (Hughes 28). Schools,

universities, hospitals, and government agencies can all be described as bureaucracies.

Some of the advantages of bureaucracy, as stated by Graham and Hayes, are efficiency, precision, stability, and reliability. They go on to describe bureaucracy as, “a cold, depersonalized, objective and rational instrument that is ready to do the bidding of the individual in charge and as such is a powerful agent of social control” (Graham and Hays 73).

Bureaucracies, however, are not without weaknesses. One of those weaknesses is that bureaucracies are resistant to change. This resistance is due to the suppression and distortion of information that suggests a need for change on its way up the hierarchical system; as well as a preoccupation with rules and procedures that increases conformity and inhibits growth and change. Another weakness is the fundamental impression that bureaucracies are cold and impersonal and makes it seem that the only individuals who really matter are the leaders (Graham and Hays 74-75). Finally, bureaucracies are less suited for smaller organizations or those with high degrees of uncertainty. Even with these inherent weaknesses, elements of bureaucracy such as written rules, hierarchies, and formal job descriptions and performance criteria exist in most organizations. In fact, in most organizations the question is not whether or not bureaucracy exists but to what degree (Anheier 143). To answer the question of degree, it is helpful to look at the age and size of the organization. Bureaucratization increases as the age and size of the organization increases. Richard Daft lists the four stages of an organization's

lifecycle as birth, youth, midlife, and maturity and associates the size and level of bureaucracy to each as small/non-bureaucratic, medium/pre-bureaucratic, large/bureaucratic, and very large/very bureaucratic, respectively (Lysakowski 2).

### **ORGANIZATIONAL STRUCTURE**

Most organizations can be thought of as a pyramid in that work is delegated from top to bottom and that employees are more numerous at the bottom than at the top. Pyramidal models use the concepts of unity of command, chain of command, and span of control (Berkley and Rouse 70). Unity of command describes the relationship between those who give orders and those who follow orders. The unity of command concept states that because the person at the top of the organization cannot oversee all the functions below, a chain of command is required. Simply put the chain of command allows orders to be given without coming directly from the top of the leadership chain. "Span of control refers to the number of units, whether individuals or groups, that any supervising unit must oversee" (Berkley and Rouse 70). Span of control is something that all organizations have. When supervisors have too many units to supervise, or span of control is too wide, then supervisors run the risk of not being able to supervise all units effectively. When supervisors have too few units to supervise, or span of control is too narrow, decisions are made too far away from the affected level and paperwork increases. The trick is to find the proper balance that promotes maximum efficiency (Berkley and Rouse 71).

It should be noted that there is no best way to structure an organization (Graham and Hays 84). Each organization has unique needs and will have a

structure that fits those needs best. Three major types of organizational structure are traditional structures, divisional structures, and matrix structures. Each structure has its own advantages and disadvantages that will be discussed in further detail in the following section.

The traditional structure is based on functional division and departments that are characterized by having precise authority lines for all levels in the management (Irani). According to Irani, the three main types of traditional structures are the line structure, line and staff structure and the functional structure. The line structure, most suitable for smaller organizations, has a very specific top to bottom line of command. This type of structure is informal and promotes easy decision-making processes. The line and staff structure combines the top to bottom command structure with staff departments, that provide specialization and support, and are more suitable for larger organizations; however, the decision making process is slower than the line structure due to the layers and guidelines associated with the line and staff structure. Finally, the functional structure classifies workers according to the function or job they perform. For example, an organization departmentalized by function may include a human resources department, sales department, technical support department, etc... (Irani). Some disadvantages, of the traditional types of structure are an adversity to risk taking and innovation due to an emphasis on control and lack of sight of the organizations goals in favor of departmental interests (Graham and Hays 87).

The divisional structure divides the organization into divisions based on product, market, or geography. The product structure divides the organization into product lines. For example, if an organization produces products a, b, and c, then it will have a division for a, b, and c. The market structure groups employees based on the market they sell or work in. Finally, the geographic structure divides organizations into geographic zones (Irani). The advantages of the divisional structure types are the promotion of coordinating efforts and higher levels of job satisfaction and motivation in employees due to high levels of autonomy and job diversity (Graham and Hays 88-89). Graham and Hays go on to describe three major disadvantages associated with the divisional structure types. First, the dispersion of specialists among different departments allows duplication of effort. Second, the delegation of decision-making authority to directors removes a large portion of operations control from top management. Finally, the divisional structure requires a large amount of talented managers when compared with traditional structures (89).

The final organizational structure to be discussed is the matrix structure. The matrix structure is a combination of the functional structure and the divisional structure. These are the most complex structures but combine the best of the functional and divisional structures to make a more efficient organizational structure (Irani). The advantage of the matrix structure is that it combines the emphasis on specialization from the functional structure with the coordination benefits of the divisional structure. A positive result of this structure is that it

creates an environment that is highly motivating and conducive to innovation (Graham and Hays 90-91). The authors point out that while the matrix structured environment may be challenging and motivating, it may be detrimental to workers careers in that lack of communication and cooperation can lead to reduced loyalty of workers to the organization, increased anxiety over career opportunities, and a belief that advancement is not as quick as in functional departments (92). Finally, a crucial aspect of the matrix structure is the necessity of top management to clearly communicate the decisions about balance and effort between the two structures (Arnold 86).

Nonprofit organizations can utilize any of the above organizational structures but again the size and maturity of the organization will play a large part in the structure used. Helmut Anheier lists four stages of growth similar to Daft's lifecycle stages of an organization as the Entrepreneurial stage, where there is little structure and the organizational focus is on survival; the Collectivity stage, where the structure of the organization is informal and the focus is on growth; the Control stage, where the structure is centralized and the focus is on efficiency, and finally the Elaboration stage, where the structure becomes decentralized and the focus turns to restructuring (151). Many nonprofit organizations never leave the first two stages of development due to size limitations. In these organizations the structure is sometimes limited to only the Board of Directors: the President, Vice President, Treasurer and Secretary. In others it only includes the Board and the organizations membership and/or volunteers.

Regardless of size or maturity finding and implementing the organizational structure best suited to that particular organization is of the utmost importance. The wrong structure can result in poor communication, poor product development, and poor customer service. Any of which can be detrimental or even fatal to an organization (Bushman)

#### **ORGANIZATIONAL PERSONNEL**

“Two of the most important functions of any organization are the recruitment and selection of employees. The health and well-being of an organization depend in large part on a steady flow of new people” (Spector 125). Based on the above statement it can be concluded that close attention be paid to the recruitment and hiring processes for organizations.

Getting people to apply for open positions can be a challenge for many organizations. In order to hire effective people, an organization must have a large pool of prospective employees from whom to choose (Spector 128). There are several ways to attract applicants including advertising, school recruiters, employee referrals, and employment agencies. Each method has its own advantages and is dependent on the type of job the organization is seeking to fill. For example an organization seeking to fill an accounting position may be best served using college recruiters while an organization seeking to fill a factory floor position may do better advertising in areas where high unemployment is prevalent. “The more selective an organization can be, the better the chances that the person hired will be a good employee” (Spector 129).

The purpose of employee selection is to hire the person most likely to succeed. Two methods of selecting employees are using subjective or scientific methods of hiring. Spector states that the most often used approach is the subjective method where a manager interviews an applicant and subjectively chooses whom to hire. He adds that purely subjective hiring procedures are flawed because they are likely to be biased and inaccurate (130). These biases can include be positive or negative. Race, for example, is a bias that can positively or negatively effect a hiring managers decision.

A better approach is to use scientific methods to conduct a job analysis to determine the necessary knowledge, skills and abilities needed to be successful in a particular job and then use the results of the job analysis to create or select predictors, such as tests, work samples, interviews, etc, to predict job performance (Spector 137). By administering tests and interviews created from a job analysis to applicants many of the biases and inaccuracies of the subjective method are eliminated. Furthermore, using the objective measures of scientific methods in the hiring decision can remove the necessity of government-mandated programs, such as affirmative action, and provide an environment of true equal opportunity for all.

The above is important for all organizations to implement with regards to selecting and hiring employees; however, nonprofit organizations must also be concerned with another aspect of organizational personnel – the volunteer. In fact, for many nonprofit organizations the volunteer is the only staff within the organization and as such also the most important.

Volunteers are organizational staff that give time and work to an organization without receiving monetary compensation. Many nonprofit organizations begin with a full volunteer staff and progress to hiring paid staff as the organization matures and receives increased funding and resources (Anheier 213). Other than compensation differences, the main difference between paid staff and volunteers is the presence of a work contract. Volunteer work is generally not governed by contract between the organization and the worker (Anheier 214).

Volunteers allow nonprofit organizations that initially would not be able to hire and maintain a workforce to pursue their *raison d'être*, achieve their goals, and proceed through their organizational lifecycle. It is therefore imperative that nonprofits foster volunteerism within their organization through the creation of and commitment to an organizational culture that, "shares a set of simply stated values, a clear sense of agency mission, an action orientation, and frequent interaction with clients" (Brudney 153).

#### **ORGANIZATIONAL CULTURE**

Organizational culture is defined as, "the values, beliefs, and organizational practices that are shared by most people in the organization and that are likely to persist over time" (Cohen 250). In short, organizational culture is the personality of the organization. While organizational culture is different in every organization, you can catch a glimpse of an organization's culture by looking at things such as the arrangement of the workplace, what they talk about, and what employees wear (McNamara). In this section, types and elements of culture will be discussed.

There are many ways to classify organizational culture but Roger Harrison's four types of organizational culture are one of the best known and most utilized.

Charles Handy describes them as:

1. The power culture - which concentrates power among a few and radiates control from the center like a web. This culture depends on a central power source and relies on trust and empathy for its effectiveness. Power cultures have few rules and little bureaucracy. In this culture swift decisions can ensue. Examples of organizations that frequently use the power culture are small entrepreneurial organizations and property, trading and finance companies. Size is a problem for power cultures as the web can break if too many activities are linked to one power source.
2. The role culture - is a culture in which people have clearly delegated authorities within a highly defined structure. In this culture, the role or job description is more important than the individual who fills the position. Typically, these organizations form hierarchical bureaucracies and power comes from a person's position. Role cultures need stability to be effective and can be slow to perceive the need for change and even slower to implement changes if needed. Examples of role cultures include civil service, automobile, and oil industries.
3. The task culture - is job or project oriented and forms teams to solve particular problems. This culture is extremely adaptable and changes quickly. In this culture power derives from expertise as long as a team requires expertise. These cultures are often matrix structures and are used when flexibility or sensitivity to the market or environment are necessary. Task cultures generally find that maintaining control is difficult.
4. The person culture - In the person culture the individuals believe themselves to be more important than the organization. In this type of culture survival can become difficult for the organization, because control mechanisms and hierarchical structures are impossible unless mutual consent exists. Some professional partnerships can operate as person

cultures, because each partner brings a particular expertise and clientele to the firm (Handy 186-196).

Culture can be divided into five distinct divisions: Technology, Economics, Social Organization, Religion, and Symbolism (Elazar 109). The five elements of culture as defined by Daniel Elazar are:

- Technology – The ways in which people create and use tools and other material artifacts.
- Economics – The patterns of behaving relative to the production, distribution, and consumption of goods and services.
- Social Organization – Relation among individuals within a society, including the division of labor, the social and political organization, and the relationship between society and other services.
- Religion – The ways of life relative to the human concern for the unknown.
- Symbolism – Systems of symbols (such as language, art, music, and literature) used to acquire, order, and transfer knowledge (109).

Each division of culture can have a unique and profound impact on the development and administration of an organization. For example, an organization that has the latest technology and uses it properly will have a much different culture than one that is still using outdated technology. Another example deals with religion. An organization that is founded on the Christian faith and applies its principles will have different norms of behavior than an organization that does not include religion in its culture.

The divisions of culture can be grouped into two components of culture: material and non-material. Material culture can be defined as, “the physical objects created by a culture; the buildings, tools, and other artifacts created by the members

of a society” (Material Culture). Technology such as computers, cars, and weapons can be considered part of material culture. Nonmaterial culture is defined as, “the aggregate of values, mores, norms, etc., of a society; the ideational structure of a culture that provides the values and meanings by which it functions” (Nonmaterial Culture). In short, nonmaterial culture is not observable the way material culture is. Examples of nonmaterial culture include beliefs, systems of communications, and modes of conduct, such as rituals, taboos, and jargon (Berkley and Rouse 87-88).

As with organizational structure, culture is different among organizations and consistent with earlier discussion fostering the culture that fits best within the organization is an important aspect of organizational success. A lack of understanding of organizational culture and types of culture are a main reason organizations fail (McNamara). By developing a better understanding of organizational culture these failures can be reduced.

### **ORGANIZATIONAL COMMUNICATION**

Rules, goals, processes, and culture of an organization must all be delivered to employees effectively and efficiently in order to succeed. This is achieved through a process called communication. Communication is perhaps one of the most important tools within an organization. Without effective communication, chaos and confusion may reign. In this section, the two types of communication and the three directions of communication will be discussed.

According to Berkley and Rouse, communication falls into two basic categories, formal and informal (236). Formal communication is written while

informal communication is verbal. Each type of communication has its own advantages and disadvantages.

Advantages of formal communication include a sense that it is more official and less likely to be misunderstood than informal communication. However, the biggest advantage of formal communication may be the accountability it fosters through what is known as the paper trail. The paper trail is written and stored documentation of formal communication that can be reviewed and used as a means to bind responsibility upon an individual (Berkley and Rouse 237-239). Formal communication removes any doubt about what was said and by whom. The disadvantages of formal communication have been listed as too costly to maintain, too rigid, too impersonal, and too divisive (Berkley and Rouse 240). Though, the biggest disadvantage of formal documentation may be an overload of information and overwhelming abundance of documentation that includes unnecessary information.

The advantages of informal communication include a sense of being more personal and less official than formal communication, it fosters relationships between co-workers, it doesn't clog files and flood inboxes, and perhaps most important is that it allows immediate feedback. Even in today's technologically advanced workplace, there are some instances where immediate feedback is essential and cannot be achieved through written communication. Some disadvantages of informal communication include its tendency to advance

inaccuracies, its propensity to allow emotion to distort information and perhaps most of all its lack of accountability (Berkley and Rouse 242-243).

For the reasons listed above formal communication is most often used and usually more appropriate for an organization but due to some of the disadvantages inherent with formal communication there will always be a place for informal communication in the workplace. Again size and maturity of the nonprofit organization helps dictate the type and amount of communication within an organization. As organizations mature the need for more formal communication becomes greater.

The three basic directions that communications move are upward, downward, and across. Upward communication is when communication is directed upward from subordinate to superior. Downward communication is communication that is directed downward from superior to subordinate. And across communication is the movement of communication horizontally from one unit of an organization to another (Berkley and Rouse 248-249).

Upward communication is often used for feedback, expertise, and to boost morale; however, upward communication is often the most difficult because of the fear to pass along information that may adversely affect the subordinate (Berkley and Rouse 248-249).

Downward communication is used to deliver job instructions, job rationale, information about organizational procedures and practices, feedback about performance, and discussion of goals (Berkley and Rouse 252). Downward

communication may be the most important direction of communication in that the company's goals and processes are communicated in this way. Without effective downward communication an organization would come to halt.

Cross-Communication involves communication across organizational units and among peers. Cross-communication provides emotional and social support to individuals but cross-communication can take forms of irrelevant or destructive nature and become detrimental to the organization (Berkley and Rouse 250).

A relatively new aspect of communication is communication through the Internet or World Wide Web. The Internet allows organizations to communicate and distribute information to masses of people quickly, effectively, and inexpensively. The Internet has become a vital communication medium for all organizations, however, some take better advantage of this useful tool more than others.

The value of effective communication cannot be overstated. Communication problems can be brought about from information that is incomplete, slow, distorted, or even too abundant (Berkley and Rouse 251). Care must be taken to ensure the proper delivery of information in all forms of communication in order to foster a more effective organizational environment.

### **STRATEGIC PLANNING FOR A NONPROFIT ORGANIZATION**

Strategic Planning is “a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why does it”

(Bryson 6). A main purpose of strategic planning is to bring consensus and agreement among leaders of the organization with regards to the organizations purpose and goals. The strategic plan can be likened to a road map with step-by-step directions to the organizations agreed upon destination.

Robert Wilbur lists two maxims to follow when moving through the strategic planning process. These are:

1. A strategic plan is a statement of important, but flexible guidelines, not rigid doctrine.
2. The process of strategic planning – the development, implementation, and assessment of a plan – is not a single, one-shot event; rather, it is an ongoing continuous process, which must adapt to environmental changes, both external and internal (5).

The overriding theme of these maxims is to be flexible and willing to adapt to changes as the organization proceeds through its lifecycle. Returning to a recurrent theme in this paper, Judith Simon lists the five life stages of nonprofit organizations, from a visionary standpoint, as Stage One: Imagine and Inspire; Stage Two: Found and Frame; Stage Three: Ground and Grow; Stage Four: Produce and Sustain; and, Stage Five: Review and Renew (Lysakowski 3). According to Simon each of these stages is guided by a specific question. The first stage is guided by the question, “Can this dream be realized?” The second is guided by the question, “How are we going to pull this off?” The third stage, “How can we build this to be viable?” The fourth stage, “How can the momentum be sustained?” And finally, the fifth stage is guided by the question, “What do we need to redesign?” (Lysakowski 3). These stages of life provide a simple guide for the leaders of a nonprofit organization to

use to remind them of the continuous and often changing process of strategic planning.

The key elements of a strategic plan include the vision statement, mission statement, values statement, goals statement, objectives statement, task statement, implementation strategy, and monitoring strategy. Each of these elements is essential to a creating a successful strategic plan.

The development of a strategic plan is essential for nonprofit organizations to establish priorities, allocate resources, and create the means to evaluate programs, staff, and resources. According to Bryson, effective strategic planning will, “promote strategic thinking, acting, and learning; improve decision making; enhance organizational effectiveness; and enhance the effectiveness of broader societal systems” (11-13).

Before developing a strategic plan it is essential to get the commitment of leadership and perform preliminary research. Asking several questions that will help guide and focus the process can assist the research. Wilbur lists some potentially helpful questions as:

- What is the organization? What makes it unique?
- What are the core values and beliefs of its constituents?
- What is its mission?
- Who is served?
- What are the organizations strengths? Its weaknesses?
- How can the organization make a difference in the lives of its constituents and society?
- What activities are worth undertaking and committing to over the next three years? Five years?
- What must be done to implement the strategy? (5).

John Bryson developed a helpful ten-step strategic planning process for his book *Strategic Planning for Public and Nonprofit Organizations*. The ten steps he listed are:

1. Initiate and agree on a strategic planning process.
2. Identify organizational mandates.
3. Clarify organizational missions and values
4. Assess the external and internal environments to identify strengths, weaknesses, opportunities, and threats
5. Identify the strategic issues facing the organization
6. Formulate strategies to manage the issues
7. Review and adopt the strategies or strategic plan
8. Establish an effective organizational vision
9. Develop an effective implementation process
10. Reassess the strategies and strategic planning process

Following Bryson's ten-step strategic planning process provides the organization a road map to determine where you are, where you want to be, and how you are going to get there.

## **MANAGING A NONPROFIT ORGANIZATION**

### **LEADERSHIP IN ORGANIZATIONS**

A crucial factor in employee's performance is the role of their leaders (Straussman 73). Because leadership is vitally important to an organizations success, it is necessary to determine the traits and skills of successful leaders. In addition, this section will cover leadership styles, types of power, roles of leadership and limitations of leadership. Effectively put, "Leadership is where the practice of management is implemented" (Daft and Steers 403).

The roles of leadership in a organization, according to Van Wart, are to set and meet technical performance goals, follower-development goals, and organizational alignment goals while maintaining a service and ethical focus (82-88). Technical performance goals refer to the performance of a particular area of the organization. Follower-development goals are directed towards the development of employees and subordinates. An example of follower-development focus is the implementation of training, teambuilding, and motivation. Organizational alignment goals ensure that the organization is in alignment with the external environment including clients, customers, and legislative bodies (Van Wart 82-88). Finally, Van Wart asserts that these goals should be worked towards while also considering ethical concerns and service to the greater good (87-88).

Nonprofit organizational leaders share the roles listed by Van Wart but must also adhere to the roles of nonprofit leadership as list by Wilbur. They are to ensure that the mission of the organization is carried out; to maintain fiduciary responsibility; to contribute to the organization's bottom line; to maintain ethical standards – including maintaining board confidentiality and recognizing conflicts of interest; to respect and support staff through the maintenance of appropriate lines of communication and understanding and maintaining separate roles; to respect other board members; to enhance the public image of the organization; and finally to recruit volunteers (29-37).

According to Montgomery Van Wart, there are ten traits that contribute to effective leadership. Van Wart lists them as: (1) self-confidence; (2) decisiveness;

(3) resilience; (4) energy; (5) need for achievement; (6) willingness to assume responsibility; (7) flexibility; (8) service mentality; (9) personal integrity; and (10) emotional maturity (92-121). Van Wart defined the traits above as stable characteristics or dispositions that are instinctive or learned early in life but notes that the traits, particularly with conscience effort, are able to change, to some degree, over time. He continues to explain traits usefulness, "Even though [traits] utility is highly contextually determined and the actual nature of traits is often subtle and nonlinear, their overall importance should not be doubted" (Van Wart 92).

While traits alone do not make a good leader they contribute to effective leadership when combined with skills that successful leaders possess. Van Wart lists six skills that contribute to leader effectiveness. They are communication, social skills, influence skills, analytic skills, technical skills, and continual learning (128-150). In contrast to traits, skills are something most people must develop in order to be effective (Van Wart 152).

In addition to skills and traits, effective leaders exhibit some form of leadership style. While few leaders use a single style all the time and many leadership styles overlap, all effective leaders use one or more of the following eight leadership styles (Van Wart 286-287). The first style, Laissez-faire, occurs when the leader is passive or indifferent about tasks and subordinates or purposely neglects areas of responsibility. This style is often referred to as the hands-off style and is considered worst of the eight leadership styles. The second style is the directive

style. Also known as the task-oriented style, the directive style is demonstrated when a leader gives direction and guidance, requires that subordinates follow rules and procedures, and schedules and coordinates work activities. The third style, known as the supportive style, is exhibited by showing consideration and concern for employees and their needs. This style aims to create a friendly work environment and atmosphere of trust for each employee. Leaders strive for this environment by giving employees individual attention, offering praise, and staying attuned to the needs and goals of employees. Participative style is the fourth style of leadership that Van Wart proposes. Leaders using this style create an environment of teamwork by consulting with subordinates and taking into account their views and opinions when making decisions. The fifth leadership style, known as the delegative style, is defined by the delegation of responsibilities and allocation of authority to subordinates. This style often increases efficiency by alleviating the leader of responsibility but accountability must also be increased to maintain quality. The sixth type of leadership presented by Van Wart is the achievement-oriented style. The achievement-oriented style leader sets goals, seeks improvement, emphasizes excellence in performance, and shows confidence in employees. The primary motivational tool of this leadership type is individual achievement. The seventh style, inspirational style, uses intellectual stimulation to produce new ideas and increase enthusiasm for the achievement of group goals. This differs from the achievement-oriented style in that motivation and achievement is based on the group rather than the individual. External style is the

final leadership style presented by Van Wart. This style focuses on organizational matters and the environmental context and not on employees, goals, or motivational factors. This style is clearly shown in organizations where the chief operating officer handles internal affairs while the chief executive officer handles external affairs. Many elected officials also exhibit an external style of leadership when they focus on policy and not internal operations (Van Wart 286-298).

As stated earlier leaders rarely use one form of leadership all the time and may be best served by using a combination of the leadership styles above to achieve effective leadership.

Leaders do have limitations. It is not possible for leaders to do everything an organization requires on their own. Therefore, it is imperative that organizations recruit and hire employees that are capable and motivated to perform the duties assigned to them.

## **MOTIVATION**

Motivation is defined as, "That which energizes, directs, and sustains human behavior" (Daft and Steers 92). Effective workforce motivation is essential if organizations wish to maximize employee potential, improve productivity, and increase job satisfaction. Maximizing these components will help lead to an increase in organizational effectiveness, efficiency, and overall success. In many regards, employee motivation can be seen as important to an organization's success as any other component of organizational management.

The main goal of workplace motivational theory application is to increase employee motivation to perform tasks that benefit the organization. Benefits of successful workplace motivation can include more productive employees, improved performance, increased job satisfaction, increased employee commitment, and reduced employee turnover. These are all functions that are essential for companies to be successful and ultimately for organizational survival. Consequences of not implementing workforce motivation theories or implementing motivational theory principles poorly can include deterioration of performance, burnout, low job satisfaction, decreased employee commitment, and even high employee resignation rates (Lindner 36).

There are two types of motivation separated into groups based on where the motivation originates and why the individual finds it motivating. These are intrinsic motivation and extrinsic motivation (Ryan and Deci 54-67).

The first type; intrinsic, is motivation that is provided by rewards that originate from the nature of the work itself because the individual finds it internally enjoyable or satisfying. Examples of intrinsic rewards that provide motivation include a sense of accomplishment, the enjoyment of performing the task, and increased self-efficacy (Ryan and Deci 54-67). This type of motivation is generally considered more effective and longer lasting because it is something that the individual finds interesting and valuable. This type of motivation also helps explain a phenomenon known as public service motivation. "Public service motivation is characterized as altruistic intentions that motivate individuals to serve the public

interest” (Bright 151). Public service motive helps explain why some people are drawn to serve in the public and nonprofit sectors. Public service motivation studies have shown that individuals with high degrees of public service motivation tend to value intangible rewards, such as the enjoyment of the work and feelings of making a difference in the lives of others, more than tangible rewards, such as money. Additionally, individuals with high degrees of public service motivation, find that the intrinsic rewards of serving can increase motivation, performance and commitment (Bright 151).

The second type; extrinsic, is motivation that is provided by rewards that come from external sources and not inherent of the individual or nature of the job itself. This form of motivation becomes more popular as individuals mature due to the responsibilities of the world including the need to obtain food, money, and other essential necessities. Examples of extrinsic rewards include pay, recognition from peers and supervisors, avoidance of sanctions, and bonuses (Ryan and Deci 54-67).

Motivation with regards to nonprofit organizations must again straddle the line between the public and private sectors. When applied to the private sector, motivation tends to deal more with extrinsic rewards such as pay and benefits while nonprofit organizations focus on internal and altruistic factors such as personal satisfaction, achievement, or a sense of moral, social, or religious duty.

According to Graham and Hays, there are over twenty major theories of motivation; however, the following three theories; need theory, two-factor theory,

and expectancy theory, appear to have the greatest utility for organizations (Graham and Hays 164).

Need theory is based on the question, “what do workers want?” (Graham and Hays 164). Perhaps the most popular need theory is Abraham Maslow’s need hierarchy theory. “Maslow’s need hierarchy theory states that fulfillment of human needs is necessary for both physical and psychological health” (Spector 178). According to Maslow’s theory needs are arranged in a hierarchy starting with lower-level physiological needs that progress up to higher-level psychological needs as lower needs are met (Graham and Hays 164-165).

Maslow’s need hierarchy begins with physiological needs. These are needs that are necessary for survival such as food, water, and shelter. Once the physiological needs are met, the hierarchy progresses to safety needs, which include the desire to be free from danger. The hierarchy then progresses to social needs. These include a person’s desire to belong to a group and be accepted by others. Next in the hierarchy are esteem needs. These are the desires for self-esteem and respect and admiration. Finally, once all other needs are met, the hierarchy moves to self-actualization. Self-actualization is the desire to reach one’s maximum potential (Graham and Hays 164-165).

Based on need theory, workers are motivated to perform in order to have their needs met. One problem with need theory is that once basic needs (food, water, shelter, etc...) are fulfilled, other needs may be met outside of the workplace reducing their motivation to the base levels (Spector 178).

Two-factor motivation theory introduced by Frederick Herzberg states that motivation does not come from external rewards but from the nature of the job (Spector 180). Two-factor theory suggests that certain factors contribute to job satisfaction while other factors contribute to job dissatisfaction. Herzberg labeled factors that contribute to satisfaction as “motivators” and factors that contribute to dissatisfaction as “hygiene factors” (Graham and Hays 166). Motivator factors include achievement, recognition, responsibility, and the nature of work while hygiene factors include pay, supervision, co-workers, and organizational policies (Spector 180).

In organizational practice, two-factor theory motivates employees by providing, “appropriate levels of motivator factors. Hygiene factors, no matter how favorable, cannot lead to motivation” (Spector 180).

The final motivational theory listed is expectancy theory. Expectancy theory was introduced by Victor Vroom in 1964 and states that, “human behavior is a function of the value that one expects to receive as a result of the effort expended” (Graham and Hays 167). Spector describes expectancy theory in simple terms saying, “People will be motivated when they believe that their behavior will lead to rewards or outcomes that they want. If they do not believe that rewards will be contingent on their behavior, they will not be motivated to perform that behavior” (Spector 183). Based on the points above, expectancy theory in organizational practice suggests that providing rewards inline with effort will increase motivation and productivity.

## **TRAINING**

Once an applicant has been selected and hired, it is almost certain that completion of some sort of formal training program will be required. Training is one of the major activities of most large organizations and according to Spector there are five steps in the development of effective training programs (152). The first step is to determine training needs through a needs assessment. This assessment determines what kind of training is needed and who needs it. The second step is to set clear and precise objectives for training. The third step is to design the training program. The fourth step is to effectively deliver the training. And finally, the fifth step is to evaluate the trainings effectiveness (Spector 152). Effective training can make a substantial impact on the effectiveness of the employees hired. Many nonprofit organizations are particularly challenged in the area of training because of the limited resources available to develop and deliver effective training programs.

## **PERFORMANCE APPRAISALS**

“Performance appraisals are the formal procedures that an organization uses to assess job performance of employees” (Spector 358). The data gathered by performance appraisals can be used many ways. Amy DelPo lists the seven major ways to use perform performance appraisals as:

1. To motivate employees to perform better and produce more.
2. Help employees identify the ways in which they can develop and grow.
3. Increase employee morale.
4. Improve the respect employees have for their managers and senior management.

5. Foster good communication between management and staff.
6. Identify poor performers and help them get on track.
7. Lay the groundwork to fire poor performers lawfully and fairly when they don't improve. (DelPo 1/2)

Ultimately, performance appraisals benefit the employee, management, and company as whole (DelPo 1/2). Because performance appraisals are so vital to an organizations success, six main techniques of performance appraisals will be discussed below.

Daft and Steers list the six main techniques of performance appraisal as: (1) graphic rating scales; (2) critical incident technique; (3) behaviorally anchored rating scales; (4) behavioral observation scale; (5) management by objectives; and (6) assessment centers. These techniques have advantages and disadvantages that will be discussed in the following section.

The first listed technique of performance appraisal, the graphic ratings scale, is the most popular method of evaluation in use today (Daft and Steers 126). In this method, a rater is presented a form with several evaluation dimensions and is then asked to evaluate the employee by assigning a number or rating to each dimension. Some of the dimensions included in graphic ratings scales are work quality, work quantity, attitude, dependability, motivation, etc... The employee is rated on a scale that represents a continuum ranging from low to high with average in the middle (Spector 81-82).

An advantage of the graphic rating scale is that it allows a comparison among employees based on who has received the best and worst ratings; however, the

graphics rating scale is subjective and allows a large amount of bias to be included in the rating process. This can be a major problem when evaluating employees and care must be taken to limit any bias in evaluation (Daft and Steers 127; Spector 82).

The second listed technique of appraisal is the critical incidents approach. In this approach records of incidents leading to successes or failures are maintained and then evaluated and reviewed with the employee. This technique is useful because qualitative data is recorded; however, because no quantitative data is recorded it is difficult to use this method to compare employees or for promotion and salary decisions (Daft and Steers 127).

The third appraisal technique is the behaviorally anchored rating scale. The behavioral anchored rating scale technique of appraisal focuses on job-related behavior through the use of scales used to describe performance. The advantage of this approach is that it significantly reduces bias and other rating errors. However, the behavioral anchored ratings scale approach is expensive and requires a significant amount of time and effort to create. Furthermore, it does not work well on jobs where behavior is not easily observable (Daft and Steers 130-131).

The behavior observation scale is the fourth appraisal technique listed by Daft and Steers. This approach is similar to the behavioral anchored rating scale approach in that both focus on identifying observable behaviors and their relation to performance; however, the behavioral observation scale rates each behavior based on the frequency that behavior is performed. This approach is cheaper and easier to construct than the behavioral appraisal ratings scale but there are many

instances where frequency of a behavior is not a good indicator of performance (Daft and Steers 131-132; Spector 84).

Management by objective is the fifth appraisal process listed. The management by objective process involves the employees and supervisors working together to create goals and objectives for the following appraisal period. The advantages of the management by objectives process include better planning and improved motivation due to clear goals; however, the management by objective process requires constant attention from management and often creates too much paperwork (Daft and Steers 132).

Finally, the sixth appraisal process listed by Daft and Steers are assessment center appraisals. Assessment center appraisals consist of a series of standardized evaluations based on a variety of measures. Some examples of these measures include role-playing, interviews, and psychological examinations. The assessment center appraisal process focuses on evaluating long-term potential and is therefore used primarily for managerial personnel (Daft and Steers 134).

Regardless of the approach, performance appraisals should include the following elements in order to be effective: (1) A fair and communicative environment; (2) respect for the employee; (3) future orientation – goal identification and discussion; (4) employee participation; (5) ongoing feedback; and (6) documentation (DelPo 1/7-1/10).

Again, many nonprofit organizations suffer from resource limitations that have an adverse effect on the organizations ability to develop and administer

effective performance appraisals. In these cases, the informal performance appraisal is often used. The informal performance appraisal may adopt strategies from the formal types above but is most often inconsistent and less effective.

## **REWARDS AND DISCIPLINE**

After reviewing performance it makes sense to consider the reward and discipline system. In the following section, functions of reward systems and types of rewards will be considered.

Simply put, the functions of rewards are to increase individual satisfaction and organizational effectiveness. Some specific functions or rewards, as listed by Daft and Steer, are to increase performance, reduce turnover and absenteeism, enhance organizational commitment, and improve job satisfaction (138). Discipline on the other hand is primarily used to discourage unwanted behaviors. In most public and nonprofit organizations the concept of progressive discipline is used. The progressive discipline procedure is based on the belief that employees need to be informed of their deficiencies and given the opportunity to improve before disciplinary action is taken (Graham and Hays 149). Therefore, discipline is administered in a progressively more serious manner as instances occur.

There are two types of rewards and discipline that can be used to increase motivation and performance while simultaneously discouraging unwanted behaviors. These are tangible and intangible (Spector 20; Kaplan 514-517).

Tangible rewards are rewards that exist in the physical world and can be touched. Examples of tangible rewards that an organization may distribute

encourage behaviors include money, a larger office, and certificates of achievement. Tangible punishments also exist in the physical world and include written reprimands, reduction of pay, and removal of bonuses (Kaplan 514-517).

Intangible rewards are rewards that cannot be touched or do not exist in the physical world. Examples of intangible rewards used to encourage or behaviors include verbal praise, increased time off, and recognition by peers and supervisors. Intangible punishments also do not exist in the physical world and cannot be touched. Intangible punishments used to discourage unwanted behaviors include verbal reprimands and removal of responsibilities (Kaplan 514-517).

#### **FUNDING NONPROFIT ORGANIZATIONS**

“Fundraising is both an art and science. The art is in developing and nurturing relationships with people; the science lies in using data, research, and tested fundraising models to achieve your organization’s goals” (Wilbur 97). Nonprofit organizations must raise funds in order to attain and develop the resources they need in order to achieve their organizational purpose and goals. Fundraising is an essential element of a nonprofits viability and as such all nonprofit organizations are in the fundraising business (Wilbur 97).

The first step in fundraising is developing a case for support. The case for support is simply the reasons and justification the organization presents to potential donors for financial support. The key elements of the case for support include a description of the organization that presents the purpose of the organization, the

services provided, and the target population. The case for support should also include a statement of benefits the organization plans to provide for the community or society as a whole. A successful case for support will raise interest, inform, promote involvement, and ultimately solicit donations from prospective donors (Wilbur 99-100).

The second step in a fundraising plan is to identify potential donors. It can be helpful to create a list of potential donors that includes individuals, corporations, foundations, governmental agencies, and trade and professional organizations. After creating a list of prospective donors the list should be prioritized by likelihood of giving. A typical prioritized list following the “solicit inside-out and top-down” saying would consist of potential donors closest to the organization first, then donors with the highest giving potential and then down until you reach the prospects with the lowest potential of giving (Wilbur 99).

The third step in the fundraising planning process is to choose the best approach to raising funds. There are a many approaches to fundraising that include membership solicitations such as dues and contributions, asking for donations from individuals and corporations, hosting special fundraising events, running a capital campaign, soliciting planned giving that includes wills and trusts, stage programming events such as kickball or happy hour get-togethers, sell services or products, and apply for governmental grants and subsidies. In most organizations a combination of all approaches will be used to maximize the potential returns on investment (Wilbur 101-118).

The final step in the process is to foster the relationship with donors by following up any gifts with a letter, call, or visit to say “Thanks.” Relationships are key and “cultivating relationships with individuals should always be your first fundraising concern” (Wilbur 98).

### **CASE STUDY: GREAT CITY**

#### **ABOUT**

Great city is a collaboration of environmentalists, neighborhood leaders, business people, and area citizens who work together in an effort to improve the quality of life, preserve the areas natural resources and beauty, and create an economic and environmentally sustainable city. In their own words, “Great City is a strategic urban advocacy group that believes smart and responsible urbanism is the solution to many of our social, economic, and environmental challenges. We are effective by engaging and empowering neighborhood groups, developing and advocating for key urban strategies, and bringing together public and private professionals to discuss and critique current projects and processes” (GreatCity).

One of the main strategies Great City uses to engage and empower the citizens of Seattle is through campaigns based on green infrastructure, housing, and transportation. Currently, Great City has four campaigns in progress that are consistent with mission and vision. These are the Streets for People, Campaign Green Infrastructure Campaign, Neighborhood Assistance Program, and Land Use and Housing Campaign. Streets for People, is designed to build a broad based public

campaign to transition Seattle’s streets away from an auto-centric approach to one that treats streets as public places, and prioritizes them for walking, biking and transit; the Green Infrastructure campaigns purpose is to ensure that Seattle’s green infrastructure continues to keep pace, maintaining healthy and vibrant communities; the Neighborhood Assistance Program, was created to help find practical solutions to make neighborhoods better places to live and work as this city grows; and finally, Leadership for Great Neighborhoods, was formed to affect change and achieve the greatest possible social, economic, and environmental benefits from proposed zoning changes in Seattle neighborhoods (Great City). In addition to these campaigns Great City also attempts to inform citizens of issues effecting the Greater Seattle area through their website, blogs, seminars, and education sessions.

To further illustrate Great City and its purpose, goals, and values, the organizations vision, mission statement and core values are listed below.

**Vision**

“We envision Seattle leading the way in facing the great challenges of our time – a city that is fair to all, prosperous, and environmentally visionary (Strategic Plan).

**Mission**

“To bring together all members of the community — conservationists, neighborhood advocates, business people — to listen, learn about obstacles and opportunities, and above all, work to implement pragmatic solutions to realize our common vision. Our effectiveness hinges on our ability to engage diverse communities, and to transcend political and social barriers in order to achieve a common cause” (Strategic Plan).

## **Core Values**

At Great City, our commonly shared values unite us.

Sustainability – We believe true urban sustainability is only possible when it takes into account environmental, social and economic goals. In today’s world, it is self-defeating to focus on one set of goals to the detriment of others. Effective solutions are those that address these goals:

Environmental – The challenges of global warming, sprawling land use patterns, pollution, waste, and unsustainable resource use require more efficient use of our existing resources, and a transition away from polluting practices. Thus long-term goals include reducing greenhouse gas emissions, protecting resource lands by directing growth into compact communities, eliminating sources of toxic pollution, and changing patterns of consumption and waste.

Social – Our vision of Seattle is one in which people of all income levels and stages of life have opportunities for meaningful work, affordable housing, good transportation choices, great public places, safe and beautiful neighborhoods and all the other amenities that increase our quality of life. How we confront growth and environmental challenges will have profound impacts on social equity. We are committed to strategies that enhance Seattle for all of us.

Economic – We believe a strong and sustainable economy, while not an end in itself, is a critical means to sustaining the high quality of life we strive to achieve for all of the existing and potential residents of this city.

Transcending Orthodoxy: All too often, groups with admirable objectives become entrenched in ideological approaches to complex challenges. As the saying goes, when the only tool you have is a hammer, then everything is a nail. At Great City, we believe that Seattle’s challenges are multi-faceted, and solutions are best when they strive to address multiple goals and contain a range of viewpoints. We continuously develop and update our tool kit, try to think outside the box, and always look for the best tool to address any given issue.

It’s About People: As a society, we face extraordinary challenges. But collectively, we have the ability to face these challenges and make the choices to create the future. Great City believes that the success of

our mission relies upon the strength of the people in all our communities (Strategic Plan).

## **HISTORY**

Great City began in 2003 when Mike McGinn conceived of an idea to develop an organization to serve the people of Seattle when he was working for the Cascade Agenda, a subsidiary program of the Cascade Land Conservancy. The Cascade Agenda is an organization that revealed that if current development and sprawl continues at the current rate all forest and farmland will be destroyed by the year 2100 and is making efforts to ensure that this future does not happen. Encouraged by the working being done by the Cascade Agenda, Mike McGinn started a Seattle wing of the Cascade Agenda that promoted investing in city areas that already exist rather than encroaching onto undeveloped lands. This branch of the Cascade Agenda existed for about three years until 2008, when a sufficient following and resource reserve was established that allowed the organization to break off and become its own 501c3 nonprofit organization known as Great City (Brice Maryman, personal communication, March 11, 2011).

Immediately following its founding, GreatCity.org experienced some unexpected challenges when founding member Mike McGinn ran and ultimately won election for Seattle mayor in late 2009. McGinn's election presented a couple challenges. According to current Board Chair Brice Maryman, "Mike's election was a little bittersweet for the organization. Not only did we lose Mike but we also lost another executive to his administration. This created a leadership vacuum within the organization. It was great that our organization was a breeding ground for

community leaders but it was hard for us to lose two executives to the city government when the organization was so young “ (Brice Maryman, personal communication, March 11, 2011). Mike went on to explain that it was not only the loss of the executives that presented new challenges to the young organization, it was to whom they were lost. “The loss of two organizational executives to the city government created questions in some minds, specifically our donors, that GreatCity.org would become an unofficial arm of the Seattle City Government. Maintaining our autonomy became essential to the organization and we have been forced to step back and lay out the direction, fighting to keep views of autonomy through the renewed emphasis on our core values” (Brice Maryman, personal communication, March 11, 2011).

GreatCity.org also experienced challenges stemming from the economic downturn of 2009. The economic downturn had a deleterious effect on the ability to raise funds and secure resources and forced the organization to limit the amount of work they could do and ultimately become a volunteer only organization. With signs that the economy is improving and increasing resource inflow, the organization has plans to hire a full-time executive director and other full-time employees.

## **FINDINGS AND DESCRIPTIVE OBSERVATIONS**

### **NONPROFIT**

Great City is a nonprofit in the truest sense of the word. It is an organization that does not distribute its earnings that surpass its operating costs to any of its board members but reinvests all of its income back into the organization to fund its programs and initiatives. Great City does not profit from goods sold, services rendered, or government tax revenue and therefore relies solely on fundraising initiatives to maintain operations. The Great City organization does not contain any for-profit elements and is dedicated solely towards using its resources to benefit the environmental and social sectors of the Seattle area.

### **PUBLIC VS. PRIVATE**

In the Great City organizations the programs and initiatives directed at improving quality of life and environmental resources are the substance and the organization itself is the procedure. This is no different than a for-profit organization where the goods sold or services rendered are the substance and the organizational structure and practices are the procedure; however, the difference lies in the application of these issues. Whereas the for-profit business is concerned with applying the substance and procedure in pursuit of profits or economic efficiency, Great City applies these concepts to the creation of public value through an improved social and natural environment. Incidentally, the creation of public value through an improved social and natural environment must be considered a public good, as each is non-excludable and non-rivalrous. For example, the improvement of a city park

by Great City cannot be kept from citizens and its use does not preclude the use by other citizens. Whereas a private company could create a recreation area and limit access to only those who pay a membership fee, Great City cannot do the same with public lands.

### **FOR-PROFIT VS. NON-PROFIT**

As a nonprofit organization, Great City by definition does not aim to profit by its actions. However, it must still maintain solvency through raising sufficient funds and only spend that which they can afford. While some gains or losses are acceptable, over an extended period of time Great City must remain solvent. Like private for-profit organizations, Great City, as a private nonprofit organization, must rely on the contributions of the public to maintain the organizations financial standing. Great City achieves this in many ways as will be discussed in a later section on Fundraising.

### **ESTABLISHING A NONPROFIT**

#### **BASIS OF ORGANIZATION**

Great City exists to create public value through an improvement of the quality of life for the citizens of the Seattle area; this is its *raison d'être*. This is a broad basis of existence that was done intentionally so that the organization would be flexible enough in its purpose to help in any way that it can (Brice Maryman, personal communication, March 11, 2011). Having a broad *raison d'être* also allows Great City to operate within all of Luther Gulick's four categories for basis of organization.

Great City, for example, operates with the process category by providing education; while also operating within the process category by providing landscape architectural design services; the place category by serving the Great Seattle area; and the clientele category by serving the residents of Seattle neighborhoods. This broad basis of the organization allows Great City to impact the Greater Seattle area in multiple ways.

#### **LAWS AND LEGAL REQUIREMENTS**

As a nonprofit organization, Great City falls under the umbrella of the laws and legal requirements that preside over all nonprofit organizations. Formed for charitable and public interests, Great City has qualified as an Internal Revenue Services 501(c)3 nonprofit organization. Before they were able to apply for this tax-exempt status, Great City had to create and submit its Articles of Incorporation and Bylaws along with IRS form 1023. In addition to the organizational legal requirements listed above, Great City is required to maintain and file records of the organizations official acts with the appropriate authoritative organizations. These records include formal minutes of the organizations meetings; annual reports that include the identities of all officers and board members and the name of the person responsible for any legal matters; tax returns for organizations with receipts in excess of \$25,000; and disclosure forms readily available to the public that detail the organizations purpose and financial dealings with the IRS. Following these laws and legal requirements is an essential task that Great City must carry out in order to maintain its existence as a tax-exempt nonprofit institution.

## **ORGANIZING GREAT CITY**

### **ORGANIZATIONAL THEORY**

As a very small and relatively young nonprofit organization, Great City does not exhibit many elements of bureaucracy – there are no formal job descriptions or performance criteria and it is a volunteer-only organization with no formal hierarchical organizational chart; the board of directors and committees, consisting of subject matter experts and local volunteers, guide all organizational activities. However, some elements of bureaucracy are present within the organization. For example, it is an “up-focused” organization but rather than serving shareholders it serves the board of directors and thus the people of Seattle. Additionally, Great City also exhibits the management by rules objective that can be seen by the rules and guidelines that direct the organization. This level of bureaucracy is consistent with Richard Daft’s birth and youth lifecycle stages where bureaucracy is non-existent or pre-bureaucratic. It is reasonable to expect the level of bureaucracy in Great City to increase as the organization expands and ages.

### **ORGANIZATIONAL STRUCTURE**

As mentioned earlier, Great City has no formal organizational structure. It is volunteer-only organization that consists of a Board of Directors that includes environmentalists, neighborhood leaders, business people, and citizens of Seattle. As a very small and informal organization there is no pyramid structure with span of control or unity of command. There is also no traditional, divisional, or matrix

structure. Great City is group of equals working to improve the city of Seattle (Brice Maryman, personal communication, March 11, 2011). If an organizational structure had to be described in Great City it would resemble a wheel with the chair of the board serving as the hub and the multiple committee members and volunteers serving as the spokes where information is distributed and redistributed to the chair and each other parts equally.

Great City's structure coincides with Anheier's Collectivity stage of Growth, where the structure of the organization is informal and the focus is on growth and expansion. Great City is currently working on the establishment of the resources necessary to create and fill its first full-time paid staff position of Executive Director (Brice Maryman, personal communication, March 11, 2011). As Great City increases in size, so will the need to develop a more formal organizational structure. This will be necessary to ensure that unity of command, chain of command, and span of control can all be maintained.

#### **ORGANIZATIONAL PERSONNEL**

"Two of the most important functions of any organization are the recruitment and selection of employees. The health and well-being of an organization depend in large part on a steady flow of new people" (Spector 125). Great City has not had to deal with the recruitment and selection of employees in its short history. However, a very large part of the organization deals with attracting, training, and maintaining volunteers. This has been accomplished through the creation of and commitment to an organization that, "shares a set of simply stated values, a clear sense of agency

mission, an action orientation, and frequent interaction with clients (Brudney 153). Great City relies a great deal upon its partners to provide a steady stream of interested and active volunteers through the education and promotion of the organizations vision and goals. (Brice Maryman, personal communication, March 11, 2011). “Campaigns and goals attract volunteers” (Brice Maryman, personal communication, March 11, 2011). In addition, Great City aims to foster volunteerism through the involvement of volunteers in all aspects of the organization, by enabling volunteers to make significant contributions to the work done by the organization, and by encouraging and enabling volunteers to step into positions of leadership (Strategic Plan).

While Great City has not had to deal selection and hiring personnel issues up till this point, they are, as stated previously, in the preliminary stages of what can be considered human resource development with the creation of an Executive Director position to run the daily operations of the organization. By creating this position Great City will be forced to implement the recruitment and selection functions into their organization.

### **ORGANIZATIONAL CULTURE**

The organizational culture of Great City is that of a close group of people brought together to make a difference in the lives of the citizens of Seattle and have fun doing it. As Brice Maryman explains, “The overriding principle of our culture is that this should be fun. We are very collaborative with issues. Everyone has a place at the table: Realtors, architects, environmentalist, and bikers embracing the

complexity that is Great City. We are not myopic in what we do. We are very inclusive and diverse. It is part of our brand” (Brice Maryman, personal communication, March 11, 2011). Great City, however, cannot be considered to be fully developed if looked at from Charles Handy’s point of view as discussed in the literature review. Handy’s four types of culture: power, role, task, and person culture fail to fully and accurately describe the culture of Great City. However, Great City most closely resembles the power culture where the center of power relies with the Chair of the Board and radiates to other members. As stated earlier, this type of culture depends upon trust and empathy of the Chair to be effective. Great City exhibits little bureaucracy and few rules. Because of this decisions can be made relatively quickly. This is due, in part, to the small size of the organization. The main difference between Great City and a true power culture is that the chair of the board does wield definitive power but rather relies on the contributions of all. Great City should be viewed as collaborative where everyone has input (Brice Maryman, personal communication, March 11, 2011).

#### **ORGANIZATIONAL COMMUNICATION**

Great City practices both types of communication listed by Berkley and Rouse: Formal and informal. As a smaller organization informal communication happens frequently within Great City; however, formal communication is the preferred method because of the paper trail and ability to reference communications without ambiguity or confusion (Brice Maryman, personal communication, March 11, 2011). The direction of communication is always across. As a collaborative organization

there are no superiors or subordinates. Everyone is seen as bringing something important and meaningful to the table. Great City uses Internet and email communication frequently between its members for all forms of discussion (Brice Maryman, personal communication, March 11, 2011).

## **PLANNING GREAT CITY**

### **STRATEGIC PLANNING**

Great City has a fully developed Strategic Plan that contains all of the essential elements listed in the literature review section of this paper with the exception of a complete strategy for monitoring progress and success. The other elements are fully represented and are described below.

The first necessary element of the strategic plan is the Vision. The vision is a statement that emphasizes and clarifies the organizations direction and purpose. It should be action and future oriented while also representing the organizations ideals (Bryson 226). Great City's vision achieves these goals clarifying the direction of the organization while maintaining an action and future orientation. The vision statement of Great City is:

#### **Vision**

We envision Seattle leading the way in facing the great challenges of our time – a city that is fair to all, prosperous, and environmentally visionary (Strategic Plan).

The next necessary element of the Strategic Plan is the Mission Statement.

The Mission Statement clarifies how the organization plans on achieving its vision.

The Mission Statement of Great City is as follows:

**Mission**

To bring together all members of the community — conservationists, neighborhood advocates, business people — to listen, learn about obstacles and opportunities, and above all, work to implement pragmatic solutions to realize our common vision. Our effectiveness hinges on our ability to engage diverse communities, and to transcend political and social barriers in order to achieve a common cause (Strategic Plan).

The next necessary element of the strategic plan is the implementation strategy. The implementation strategy explains what the organization will do to achieve its vision and mission. Specifically, Great City aims to achieve their goals by using campaigns, community engagement, and pilot projects as their strategies for success. Great City named their implementation strategy, “How We Work” and is detailed below.

**How We Work**

Great City believes that we must confront the challenges facing Seattle by motivating broad based coalitions that transcend traditional affiliations and find common ground in the environmental, economic, and social sustainability of our city. To do this, we use the following three strategies:

1. Campaigns – On an annual basis, Great City identifies the issues that are most pressing in the community, bringing together the most appropriate stakeholders to develop campaigns designed to achieve very specific goals.
2. Community Engagement – We believe change requires not just community support, but community leadership, if change is to be meaningful and enduring. We look to engage communities through our campaigns, forums, brown bags, and programs such as the Neighborhood Assistance Project. We recognize the value of an empowered citizenry in achieving a sustainable future.

3. Pilot Projects – Great City is looking to play a proactive role in developing pilot projects in Seattle that will showcase the efficacy of our beliefs (Strategic Plan).

The next essential element of the Strategic Plan is the Values Statement. This statement lists and describes the organizations values set. Great City’s Value Statement is listed in detail under the Case Study section but for reference the key values are as follows: Sustainability, environmental protection, social improvement, economic sustainability, transcending orthodox thinking, and bringing together and leading people.

The final essential elements of the Strategic Plan: Goals, objectives, and tasks have been combined into one section entitled “Organizational Goals.” Great City goes into great detail listing their goals and describing the objectives, tasks, and challenges associated with each one. This section is limited to the organizations structural, management, and operational goals. Specific program goals are missing in the Strategic Plan document but can be found on the organizations website GreatCity.org under yearly priorities and are associated with the Streets for People, Green Infrastructure, Neighborhood Assistance Program, and Land Use and Housing campaigns. In addition, Long Term Goals are also found on the website under the “About” section and are listed as:

1. *Sustainable Practices:* The challenges of global warming, sprawling land use patterns, pollution, waste, and unsustainable resource use require more efficient use of our existing resources, and a transition away from polluting practices. Long-term goals therefore include reducing greenhouse gas emissions, protecting resource lands by directing growth into compact communities,

eliminating sources of toxic pollution, and changing patterns of consumption and waste.

2. *Social Equity*: Our vision of Seattle is one in which people of all income levels and stages of life have opportunities for affordable housing, good transportation choices, great public places, and safe and beautiful communities.† How we confront growth and environmental challenges will have profound impacts on social equity.† We are committed to strategies that enhance Seattle for all of us.
3. *Increase the Supply of Well Designed Housing*: Promote passage of progressive zoning and regulatory changes that encourage an ample and diverse supply of housing for people of all income levels.
4. *Improved Parks and Streets and Public Spaces*: Develop a network of connected green spaces to complement housing growth. This would include advocating for good funding sources for parks and open spaces, and improving the effectiveness of design review and permitting to encourage attractive streetscapes and plazas.
5. *Green Building Standards*: Incorporate high environmental standards into private and publicly funded investments in the built environment. This includes incorporation of green building standards into zoning code changes, and promotion of natural drainage in streets and public spaces.
6. *Clean Affordable Mobility*: We support policy changes and investments in walking, biking, and transit as real alternatives to automobiles (Long Term Goals).

According to the reviewed literature, these programmatic and long-term goals should be listed in the Strategic Plan. Remembering that the Strategic Plan is a fluid document that should always be evolving as the organizational environmental changes, the goals in the strategic plan should be reviewed and, if needed, adjusted frequently. Great City's published goal statement as found in the Strategic Plan is listed below.

### **Organizational Goals**

Great City's primary organizational goal is to create a

groundbreaking organization which, through its continued success in Seattle, becomes a template for other cities in the region to create the sustainable, just, and vibrant communities we all want to live in.

In order to reach this overarching goal, the following goals must be met:

Create an Efficient Organization

Great City strives to have an organization that reflects its vision, mission and core values. Having a vision that attracts dedicated open-minded and passionate volunteers is the first step in organizational success. Just as crucial, however, is developing an organization that can harness the power of ideas and passion into a swift and nimble movement that achieves results. Great City shall utilize the following organizational format:

*Board of Directors* – The Board of Directors shall meet on a quarterly basis to give guidance on strategic, issue-related, and organizational meta-issues. The Board shall review and ratify any threshold recommendations made by the Executive Committee, and will have the power to approve the budget, approve of staffing decisions/salaries, approve changes in the organizational goals and priorities, and fundraise on behalf of the organization.

*Executive Committee* – Made up of 5-7 Board Members, the Executive Committee shall meet on a monthly basis to review and advise organizational priorities such as the budget, fundraising, strategy, and personnel.

*Staff* – Great City shall hire an Executive Director, who shall strive to realize the vision, objectives, and core values of Great City. The Executive Director shall oversee development and execution of a yearly plan on an annual basis.

*Advisory Committee* – The advisory committee shall be comprised of those leaders whose breadth and depth of experience provides Great City with a repository of knowledge and ideas from which the committees and staff shall draw.

*Committees* – Great City’s heart and soul will consist of its committees, which will be responsible for articulating the Great City’s strategies and achieving its issues-related goals as set forward on a yearly basis.

*Membership* – Great City will develop a defined membership. Upon reaching an appropriate membership base, Great City will rely upon its members to elect the Board of Directors and provide essential feedback, fundraising, and volunteer power to the organization.

#### Hold an Annual Planning Retreat

Great City recognizes that in order to be successful, an organization must constantly be defining, redefining, and achieving goals. In order to drive our mission forward, Great City’s Board of Directors shall hold an annual planning retreat within the first two months of each calendar year.

#### Develop a Sustainable Fundraising Plan

Great City strives to develop a diversified funding structure that will allow it to succeed without compromising its vision, mission, and core values. On an annual basis, the leadership in Great City shall set fundraising goals that will allow us to meet our annual goals, ongoing staffing needs, and other necessary overhead costs. A responsible cash reserve will also be identified and funded. The fundraising plan will include, but not be limited to, the following sources: Private donations, grants, matching funds, and fundraising events.

#### Create a Consistent and Inspirational Great City Brand

Great City will develop a brand by developing clear messaging through website redesign, public forums, presentations, updated graphic design, and increased public communications.

#### Recruit, Retain, and Galvanize Volunteers

Great City has been blessed with extraordinary volunteer interest in our work. We need to focus on involving volunteers in all aspects of the organization. We must empower volunteers to make significant contributions to our work and take action on our behalf. A key step will be to develop a plan for increased membership, for training volunteers, and for moving volunteers up a “volunteer ladder” to positions of leadership.

Foster our Relationship with Cascade Land Conservancy  
Great City, an unincorporated organization, currently has a “Memorandum of Understanding” with the Cascade Land Conservancy that sets forth how the respective organizations will collaborate in pursuit of Cascade Agenda goals. This includes CLC’s 501(c)(3) fiscal sponsorship of Great City. The relationship between CLC and Great City has grown and deepened since Great City’s inception, and it is Great City’s goal to create greater value to both organizations as Great City grows. Accordingly, Great City will annually review and, if needed, revise the Memorandum of Understanding with Cascade Land Conservancy with this goal in mind (Strategic Plan).

## **MANAGING GREAT CITY**

### **ORGANIZATIONAL LEADERSHIP**

The roles of Great City’s leadership board is detailed on their website and consists of meeting on the second Wednesday of all even months; acting as a public advocate for Great City’s mission, goals and programs; developing the vision and the mission of Great City; developing, evaluating, and monitoring the Strategic Plan of Great City; formulating organizational policies and priorities; approving and monitoring an annual work plan that includes goals, objectives, outcomes, milestones, and timing; fulfilling fiduciary responsibilities and ensuring legal compliance; directing budget preparation and execution; providing leadership in fundraising, event, and program execution; selecting and supporting an Executive Director; developing and maintaining working relationships with Great City partners; assuring that by-laws

are updated and followed; fostering volunteerism; and electing Board Officers; vetting Committee recommendations and decisions (Great City Leadership).

The leadership of Great City resides with the members of the Board and their Chair. The current Chair of the Board, Brice Maryman, is a Landscape and Urban Designer with the SvR Design Company and is an active member of the Seattle community who also serves as a board member for the Arboretum Foundation and The Cultural Landscape Foundation. He is a published author and lecturer at the University of Washington (Great City Board).

Other members of the board include: Yusuf Cabdi, founder of the United African Public Affairs Committee of Washington State and chair of the Seattle Housing Authority Board of Commissions. Chuck Ayers, Executive Director of a 9,000 member non-profit organization called Cascade Bicycle Club and board member of Seattle Bridging the Gap Transportation Levy Oversight Committee, the Alaskan Way Viaduct Stakeholder Advisory Committee and is president of the North Central Little League. He is also a past chair of the John Stanford International School Fund Development Committee. Nate Cole-Daum, a Senior Executive of the Fearey Group and executive committee member of the Leschi Community Council and member of the advisory boards of the Transit Riders Union of Metropolitan Puget Sound and FlashVolunteer.org. Dave Cook, a nationally recognized geologist with GeoEngineers who specializes in environmental consulting. Nate Cormier, a landscape architect with the SvR Design Company and emerging leader of the green infrastructure movement who teaches and lectures about green infrastructure

around the world. Cheryl dos Remedios, an artist, activist, and public art administrator who also serves on the Port of Seattle Art Oversight Committee, the Arboretum Foundation Board, and the Streets of People Coalition. Cheryl also created a documentary video about green infrastructure, art, and advocacy entitled “A Place for People: The Herbert Bayer Earthworks.” Jessie Israel of King County Parks and Recreation also serves on the board of City Year Seattle, Ballard Food Bank, and was a former chair of the Women’s Political Caucus of Washington. Jeff Pavey, a Cascade Agenda Project Director for the Cascade Land Conservancy is also a published writer, mediator, and former policy analysis consultant. Jeff graduated from Indiana University with a Master in Public Administration from the School of Public and Environmental Affairs. Catherine Stanford a Principal with the CA Stanford Group is a real estate specialist who assists clients in government and public affairs, strategic planning, property development, and historic preservation. Catherine has served in a leadership position on several committees and boards throughout the Seattle area. Alison Van Gorp, is the Director of Urban Policy for the Cascade Land Conservancy and holds a Masters in Environmental Management from the Yale School of Forestry and Environmental Studies. Diana Vergis Vinh, an Advanced Practice Nurse Specialist for Seattle and King County Public Health also provides leadership as the vice president of the Southeast District Council, as a board member of the City Fruit and Operation Sack Lunch, and as a committeeman on the Neighborhood Planning Advisory Committee. And finally, Chuck Wolfe an Environmental and Land Use Attorney at Law who is Principal at the Charles R.

Wolfe firm. In addition to holding a J.D. from the University of Oregon School of Law, Chuck has a Master of Regional Planning from Cornell University and serves as an Affiliate Associate Professor in the College of Architecture and Urban Planning at the University of Washington (Great City Board).

The board of directors at Great City is a diverse group with a plethora of leadership experiences and strong educational and professional background. This helps explain the collaborative culture, communication, and leadership structure implemented by Great City.

### **MOTIVATION**

As an all-volunteer organization comprising of established community and professional leaders, motivation comes from within each of the board members and does not require any external rewards. “Our organizational is highly motivated to pursue the vision and mission of Great City” (Brice Maryman, personal communication, March 11, 2011). This view of intrinsic motivation is consistent with public service motivation studies that have shown that individuals with high degrees of public service motivation tend to value intangible rewards, such as the enjoyment of the work and feelings of making a difference in the lives of others, more than tangible rewards, such as money. Additionally, individuals with high degrees of public service motivation, find that the intrinsic rewards of serving can increase motivation, performance and commitment (Bright 151).

## **TRAINING**

Training is an issue that Great City relies heavily upon their larger partnering organizations to help provide. Great City, as young organization without a full staff, does not have the resources to develop or implement any training programs. As such they rely heavily on other organizations such as Cascade Bike Club and other organizations to partner with and to provide volunteer training and events. They are able to do this because of their small size and because they keep organizational operations within the board. In the future Great City would like to work more closely with coalitions, such as Leadership for Great Organizations to help provide training. A main benefit of partnering with other organizations to provide training is that Great City does not have to use their limited resources to develop and implement training programs.

## **PERFORMANCE APPRAISALS**

Performance appraisals are not present within the Great City organization due to organizational age, size, and composition. Members of the organization are accountable for his or herself and are expected to conduct themselves in accordance to the bylaws and expectations set forth by the board of directors (Great City Leadership). As the organization grows and tasks become better defined performance appraisals will need to be created and used in order to track employee growth and development.

## **REWARDS AND DISCIPLINE**

As discussed earlier, Great City relies on intrinsic motivation and to a degree the public service motive for improved productivity and satisfaction. Similarly, intangible rewards are relied upon to provide satisfaction. Intangible rewards are inherent to the public service motive and intrinsically motivated individuals. Intangible rewards such as the satisfaction of achieving organizational goals and creating public value are two rewards experienced by members of Great City.

## **FUNDING GREAT CITY**

### **FUNDRAISING**

“Fundraising is both an art and science. The art is in developing and nurturing relationships with people; the science lies in using data, research, and tested fundraising models to achieve your organization’s goals” (Wilbur 97). Fundraising is vital to the Great City organization. “Great City strives to develop a diversified funding structure that will allow it to succeed without compromising its vision, mission, and core values” (Strategic Plan). Great City relies heavily on private donations, grants, matching funds, and fundraising events.

Great City solicits donations directly through their website or through a mail in form and all donors become members of the organization. Great City explains the benefits of membership with the following statement,

“By joining Great City, you send a clear message to your friends and our local decision makers that you want Seattle to be a model of social, economic and environmental sustainability. But membership also means that you are joining a group of

like-minded citizens who are exhausted by tired battles and instead want to take positive steps forward to ensure Seattle's future today" (Contribute).

Members who donate \$25-\$49 are recognized as Urbanists; \$50-\$99, Urban Epicureans; \$100-\$249, Urban Greens; \$250-\$499, Urban Pioneers; and \$500 and greater, Urban Visionaries. Great City provides donors with the following statement to educate donors on the use of the funds. "Your tax deductible contribution will be put to work immediately to enhance our quality of life, help preserve our region's natural beauty, and make Seattle a model of economic and environmental sustainability" (Contribute). All donors also receive updates on the progress of Great City programs and initiatives.

A review of the Great City website shows a list of major donors divided into sections including Gold (donations of \$2500 and above), Silver (\$1000), and Bronze (\$500). Gold members are also recognized on every page of the website and include organizations such as the Cascade Bicycle Club, Cascade Land Conservancy, Clean Scapes, Dunn and Hobbes, LLC, Eagle Rock Ventures, LLC, GeoEngineers, Heartland, Puget Sound Energy, SvR Design Company, UrbanVisions Sustainable Real Estate, Via Architecture, and Vulcan. In addition to the Major Donors, Great City recognizes individual donors as members with levels coinciding with the monetary amount of their donation. Each member has their name listed under their corresponding title on the donor recognition webpage at GreatCity.org. Finally, Foundation and Grant Support is recognized. These supporters have their foundation listed on the same page as the major and individual donors.

Recognizing donors is a key step in the process of fostering the relationship with donors. Relationships are key to fundraising and fostering these relationships can lead to additional donations and increased fundraising opportunities.

## **CONCLUSIONS**

This paper has reviewed relevant literature regarding the development process of a nonprofit organization in conjunction with different parameters of organizational structure, personnel, culture, communications, strategic planning, leadership, fundraising, and operations. A case study into the nonprofit organization Great City was then performed to gain real world observations and a better understanding of these areas.

The concepts of strategic planning and fundraising were able to be shown in great detail through the Great City organization; however, the areas of human resources and personnel such as recruitment, selection, training and performance monitoring and appraisals were not able to be as fully described. This can be attributed to the relatively young age and small size of the organization. As Great City expands these areas will become more fully developed and thus able to be observed with more vigor. Despite an obvious lack of development in these areas Great City has still appeared to make progress towards its goals and vision.

Finally, the observations of Great City used in conjunction with studies of the local Indianapolis area have shown that Great City's mission of bringing together members of the community to listen, learn about obstacles and opportunities, and

work to implement pragmatic solutions to realize a common vision is general enough in nature as not to be exclusive to the Seattle area and can be applicable to any urban setting, including Indianapolis, Indiana. For this reason, the lessons learned have been used, separately, in the planning and establishment of the nonprofit organization URBN DSGN in Indianapolis, Indiana

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