

External Influences *on* Nonprofit Management: *a Wide-Angle View*

by Ruth McCambridge

Is management dead? Well, no. But it must become more fluid, open, reactive, and engaged with the shifting terrain, whereby the idea that institutions are separated by clear-cut boundaries is becoming less and less true, organizations are becoming ever flatter, and chaos has become more or less the order of the day.

Clouds are not spheres, mountains are not cones, coastlines are not circles, and bark is not smooth, nor does lightning travel in a straight line.

—Benoît Mandelbrot ¹

I WILL ASK READERS TO BEAR WITH ME AS I TRY TO TAKE a wide-angle lens to the external influences on nonprofit management. They are many and complex, but they also may be simplified—which I will try to do by looking for what, to my mind, is the core design principle we are facing.

Complexities “R” Us

All organizations are affected by the cultures and social structures from which they emerge. Dominant paradigms, shared belief systems, and personal politics create mental models about the way we want—and are sometimes blindly driven—to structure and manage our work.

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Our organizational management styles and structures are affected by the following:

- The fields in which we work—in the arts, for instance, dual leadership models that place artistic and business leadership side by side are common.
- The regulatory environment in which we function—for instance, in Head Start programs, regular audits measure a specific and very long checklist of items, including the governance structure, accreditation standards for teachers, and the resources available in each classroom, among many others. Such stringent accrediting measurements administered directly by a funder tend to affect what management focuses on.
- Our communities' spoken belief systems—for instance, feminist organizations of the 1970s



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experimented with structures that were less hierarchical because they equated hierarchy with paternalism.

- Our communities’ cultural norms and dynamics—for instance, our ethnic community relates in certain ways to other ethnic communities around it, much as our geographic community relates to its region, state, nation, and the world.

These are larger systems of which our organizations are a part. Of course, within organizations there are often also a set of norms and dynamics put in place by the epic stories we tell of, say, organizational birthing or near-death experiences, or by the model of leadership exhibited by culturally influential leaders or founders. The surfacing of the mix of these internal and external effects on organizational management has always been fascinating work for those who like the anthropological exercise of trying to figure out the assumptions beneath why people in organizations do what they do.

It is complex stuff, but stuff that may just have been made a little easier—paradoxically, by a major era change.

Because, with all of the ways in which external factors affect how organizations function, it has generally been assumed that organizations are systems separated from one another by clear boundaries. In fact, one of the definitional requirements of a system is that it have those boundaries to set it apart. So what happens to the notion of organizational culture when institutional boundaries become more porous overall, and the people associated with the system are working virtually, or are transient or contracted? And what happens to the nexus of management? Does our estimation of where leveraging and management actions are taken change significantly? Might it neutralize differences between organizations to some extent and move the loci of change and cultural influence both up into larger systems and down to much more local levels?

About Dominant Paradigms

In this life, those of us who are actively involved in trying to make complex systems work are always dealing with contradictions—or dialectics, which,

according to philosopher Georg Wilhelm Friedrich Hegel, is the constant conscious playing out of those contradictions to create progress. So, for instance, even as individuals or organizations we are at once attracted to the control of a situation *and* the active exploration of the possibilities and limits contained in the situation—in other words, to stability and chaos.

Encroaching chaos is uncomfortable for many managers, who by definition tend to like predictability. We are comforted by “I do *this*, and *that* happens.” When that kind of predictability begins to be hard to come by and we are beset with disequilibrium, we are challenged to step outside of the system as we have been living in it and try to take a longer view: Has something big changed for good? Is this the system we need? Is it doing what it is meant to do? What ideas can I try? Who else should we be talking to who can be partners in a change bigger than the usual? How do I intervene, and at what level? These are the questions that many of us are faced with now.

Thankfully, often what at first appears to be chaotic because it is still finding its order, later becomes increasingly familiar—game rules, underlying assumptions, and all. Once we have had a chance to observe and experiment with the essence and the patterns of something new, and to realize where practical and ethical questions emerge, we may become surer of our footing even if we cannot yet answer these questions.

But what if we are far from that kind of semistasis? What if we are facing a generation or more of greater than usual change?

If we were to assume that organizations mimic the assumptions and operating dynamics of the overall environment, and that these change from economic era to economic era, you would expect the dominant paradigm we have for forms of organizations to change, too. This does not happen overnight, even in today’s sped-up environment. There has been a generation or two of time during which the industrial era has slowly been crumbling—with its artifacts and archetypes becoming almost cruelly comic in their extremity.

But the seeds of this transition to a technology-driven, knowledge-era economy have long been present as the ascending pole of the dialectic.

"The changes . . . were so far-reaching and profound, so tragic in their strange mixture of good and evil, so dramatic in their combination of material progress and social suffering that they may well be described as revolutionary."

Arthur Birnie,

An Economic History of Europe, 1760–1930

The industrial era, too, was driven by advances in technology, which allowed for the large-scale production in big factories—through the use of machines—that we have come to identify as the rise of industrialization; and the factories needed large amounts of capital to establish themselves, thus consolidating the means of production, and also needed large numbers of wage earners, who made themselves relatively dependent in return for a measure of security.

But every revolution carries within it the seeds of its opposition, so—

What Formula Is Driving the Era Change?

If we were to see this economic era as a fractal—"a rough or fragmented geometric shape that can be split into parts, each of which is (at least approximately) a reduced-size copy of the whole"²—the basic form being replicated might be stated as follows: "We reject: kings, presidents, and voting. We believe in: rough consensus and running code."

We refer to this short statement—attributed to David Clark, who is often called the founder of the Internet—because it succinctly expresses the formula by which this era is defined. As Lawrence Lessig wrote in "Open Code and Open Societies: Values of Internet Governance," what is being described here is not chaos but rather a bottom-up control of development based on an open systems orientation.³ Within this concept, he goes on to say, is the idea of "open forking": "Build a platform, or set of protocols, so that it can evolve in any number of ways; don't play god; don't hardwire any single path of development. Keep the core simple, and let the application (or end) develop the complexity."

Lessig goes on to say, "Good code is code that

is modular, and that reveals its functions and parameters transparently."

But before we all cheer about the image we are building of networks of locally based action connected on a global stage working for human rights and sustainability, remember that there are still significant issues to work out in the form of reinforcements and defenses of the old way of consolidation. Growth capital still tends to flow to large systems in the nonprofit as well as the for-profit sector; this ghost may haunt us for some time. Many nonprofits are limited by siloed funding as well as funding that does not necessarily lend itself to constant reevaluation and change.

And then there are those pesky, unintended consequences of the new era, which is likely to be equally as good and tragic as the previous one.

Our Networked World and What It Does to an Era Change

There are a number of factors that are distinctly of this age and conspire to reinforce the sense that we are actively evolving a new economic era:

- *There is an ever-greater push for transparency and a growing assumption of need for institutional accountability.* We now have iconic events—epic stories that anchor the need for and possibility of greater transparency in the public consciousness and imagination. Enron and the mortgage crisis, among a number of other scandals, anchor the need, and WikiLeaks anchors the inevitability.
- *There is the ever-more-rapid ability of one group of stakeholders to mobilize quickly to influence another.* This allows stakeholders without direct resource control over an organization to affect those with resource control. It is not that this was impossible before, but it took much longer and required more central control. There are any number of stories NPQ has been tracking that describe this kind of spontaneous stakeholder alliance-building online. The unbelievable and wildly diverse power bloc that sprang up overnight to oppose Susan B. Komen for the Cure's defunding of Planned Parenthood is one example—Komen's losses have been enormous, rolling out in a series of broken relationships and cash losses.

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- *There is much less reliance on cradle-to-grave relationships between people and institutions (no longer the standard).* And more free agency and greater reach of communications technology require stronger and more consistently engaging attractors. Maybe a core image here is that of the contracted and relatively unprotected worker—the worker with multiple short-term jobs, or the employee who commutes remotely. Socially concerned people are replicating these shorter term, more tenuous relationships—taking their energy to a Habitat for Humanity construction project one month, a race against hunger the next, and participating in a campaign against constrictive web legislation in between. If you want to compete for people's attention and money and names, you had better be giving them something that they can get very interested in and over which they can feel a sense of accomplishment and partial ownership. They do not always need to do the work themselves, but they do need to feel engaged at a spirit level.
- *Social media makes every "local" organization national and even international in certain ways.* A small local organization that tries something new can get noticed as a model: its strategies can be replicated and its mistakes avoided. The Internet also expedites realization and expressions of common cause across vast geographic and cultural boundaries. Small local work can build to big work in this way. Swarming may occur, as it did in the anti-landmine campaign. And the friction that occurs at the boundaries sparks odd new thinking—always good for innovation.
- *The Internet is perhaps the influential operating system of the era—acting as a model to grow and develop a field on the margins and incremental embroidery on a basic protocol that is near-universally accessible.*

But again, the consolidation of power and capital is extreme, even in this sector, as is the urge to stake out spaces where capital can be secreted. We are in the midst of an election that is characterized by the consolidation and secretion of election capital, and we are witnessing the truly

phenomenal growth of charitable gift funds. The latter recently prompted Agnes Gund, president emerita of The Museum of Modern Art, New York, to comment, "We need to better comprehend this environment and learn how to participate in it. The arts are slow at developing donors online, where much fundraising now happens. We have been slow to attract the new money—the hedge fund and social-media crowds, the new inheritors of wealth. We need these people in the arts, but we are not getting their attention. Large amounts of money are going into donor-advised funds; we scarcely know how to reach those funds. We are late adapters of social media, of the interactive ways of dealing that are now common among the young.

"As fundraisers, we are not good at collaborating; we argue for one symphony or one dance company or one museum at a time—without appealing for the arts as a whole, significant sector in American life. And as institutions we haven't learned to combine tasks, to find common ways of solving problems, to enlist new thinkers in our business.

"We are trying to do business as usual, when—in fact—the usual is gone. There is a new usual. We need to make it work for the arts. Without the arts, we would be people without inspiration, without ideas, without ideals. That's why successful fundraising for the arts in the new economy is essential."⁴

What Does This Mean for Organizations? Is Management Dead?

If we cannot predict our variables in the near future, is all hope of effective management dead? Clearly not, but the style of managing must be so much more fluid, and the actors so much more diverse—and actively thinking and gathering information wherever they sit in and around the organization. The organization must be listening to these actors and processing information in a way that looks for patterns of the emerging order that will need to be addressed. And only then should they feed the scenario back out, so that the actors can help with the next steps of the design.

Thus, participants in and around the cause get

the running code—which is likely nothing more than the purpose and vision and principles of the organization (or cause) as it is placed against the challenges of its environment, and rough consensus is reached and experimentation and innovation at the margins is encouraged to flourish.

The course is rough, not smooth. It cannot be sized up with a tape measure (though perhaps measured, at times, with a Geiger counter) as we fall while trying to scale new challenges on a new terrain with a new partner. But there is something exhilarating about it all. Benoît Mandelbrot said that “roughness” is a part of human life, and that there are many different kinds of mess but there is always order in that roughness to be found. And it is all very complicated and simple at the same time.

So here are some more questions:

Do we believe that a swarm of small things can bring down a big thing with any sort of regularity? Do we believe that it can be done “the right way,” without being tightly and centrally controlled? Can we change our orientation from top-down to bottom-up? Can we shift our evaluation and planning practices to ones wherein active

communities help define the outcomes that they want and provide data on the results?

And is organizational defensiveness an enemy of the state we want to be in? If our future is based on open networked systems that communicate toward greater effectiveness, are we managing and developing our work toward that end?

NOTES

1. Benoît Mandelbrot, *The Fractal Geometry of Nature* (New York: W. H. Freeman, 1982).
2. Ibid.
3. Lawrence Lessig, “Open Code and Open Societies: Values of Internet Governance,” draft 3 (1999 Sibley Lecture, University of Georgia, Athens, GA, February 16, 1999). An earlier version (v1.0) of this was presented as the 1999 Greene Lecture, Kent Law School, Chicago, IL, January 26, 1999.
4. Agnes Gund, “Business as Usual? ‘The Usual Is Gone,’” *Crain’s New York Business*, July 9, 2012.

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