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Preface

Much has changed since the second edition of this book was published in 1999. The seeds of the future of the third sector were laid in the mid-1990s and were just beginning to come to fruition when that edition was published. Labour had recently won a landslide general election victory and was committed to supporting an expanded role for the sector. Many senior people from the sector took positions in the government and many ministers had direct experience of working in the sector.

This coincided with growing interest in the political philosophy of the 'Third Way'. This philosophy reflected a move away from the traditional 'left' and 'right' analysis and argued that a mixture of market economics and state intervention was needed to achieve greater social justice. As a result, commitment to delivering public services in partnership with third-sector organisations grew and the third sector was increasingly seen as a crucial partner in developing and delivering public policy.

There has also been dramatic growth in the profile achieved by advocacy and campaigning; Make Poverty History and Stop Climate Change being two of many examples. Today most public policy is developed in close consultation with representative nonprofit organisations and the media makes extensive use of commentary from the sector.

Since the last edition was published there have also been significant changes in the regulatory context. The Charities Act 2006 has been passed, and the principle of public benefit has been established. Two new organisation forms have become available (Charitable Incorporated Organisations and Community Interest Companies), and the Compact between the government and the voluntary sector is, slowly, becoming accepted as the basis for good relationships.

There have also been major changes in the expectations placed on third-sector organisations. Accountability requirements have increased with the adoption of more rigorous accounting standards (known as SORP 2005), and organisations are expected to be more transparent in reporting what they do, how they spend their money and what they achieve.

The art of managing strategic performance has also moved ahead significantly as organisations have striven to get a much tighter grip on measuring and understanding the difference they make to peoples' lives both at the individual and organisation-wide levels.

The governance of many organisations has been reviewed, streamlined, re-structured and modernised both to add greater value and to meet new demands for greater accountability. The Code of Governance has been widely accepted as the standard for good governance.

The shape and nature of the sector has changed. There has been significant growth in the establishment of strategic partnerships across organisation boundaries and in mergers between organisations of all sizes. Increased contracting-out of services has led to greater competition between organisations and the need for more businesslike skills.

The sector has continued to grow. New developments have included an unprecedented growth in social enterprise. There are now over 55,000 of these businesses with a social purpose, including well-known names such as The Eden Project, Cafedirect, and The Big Issue Cooperatives and mutual societies have also increasingly come to be seen as part of a more widely defined sector, which includes all 'civil society' organisations.

Today, the third sector is poised for further expansion. There is growing recognition that organisations which are independent from government are best placed to address some of the most intractable social problems society faces. They have the combination of entrepreneurial skills and social consciences to provide the services that best meet peoples' needs. The prospects for the sector look even better than when I wrote the second edition.

All this means that major revisions were needed to this book:

- | The governance chapters have been re-organised and substantially re-written to reflect the new expectations on governance and to include new and updated material on assemblies and advisory boards, group structures, choosing chairs and conducting reviews of the performance of boards and of individual board members.
- | The strategy chapters have had sections added on 'scorecards' to track corporate performance, managing knowledge and capturing and promoting information about the real differences organisations make to peoples' lives.
- | There are new sections on competitive strategy and how to build an organisation's capacity to win work from public-sector purchasers.
- | The management structures chapter has a new section on the many types of deputy chief executive roles that have become increasingly popular in recent years and another on integrating meetings and management structures.
- | There is a new chapter on managing strategic partnerships, setting out the different types of partnerships that can be established and how they can be created and managed. There is also a new section on mergers.
- | The leadership chapter includes a new section on trust and integrity.
- | All the other chapters have been updated, tightened up and refreshed with new case examples.
- | The further reading appendix has been moved to the knowledge section of the Compass Partnership website, so it can be kept much more up to date (www.compasspartnership.co.uk).

The fundamental objective remains, nevertheless, unchanged – to give busy managers easily accessible advice that can both be read from cover to cover or dipped into when you need a fresh perspective or new ideas. To guide readers around the book left hand page 'headers' are chapter titles and right hand page 'headers' are section titles.

I hope you find that this edition meets your needs, and I urge you to continue writing to me (mHUDSON@COMPASSNET.CO.UK) with your comments and suggestions for future editions.

Mike Hudson
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