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Faith, hope and clarity

Management guru Peter Drucker says that charities have to be clear about their aims and goals if they are to succeed in pursuing their mission. **Mike Hudson** examines his view.

When an internationally renowned author of business management classics writes a book about managing charities, it is tempting to assume that he will fall into the trap of imposing business management orthodoxy on organisations operating without the profit motive. Nothing could be further from the truth with Peter Drucker's latest work, *Managing the Non-Profit Organisation*.

The book is based on his work for charities and discusses many of the essential concepts of charity management, focusing on four premises:

- **Define the mission.** This sounds obvious, but it is extraordinarily difficult to develop a precise definition of an organisation's purpose that is not a glib statement of good intentions and which can guide operational decisions. For example, a hospital would not be helped by a statement such as "our mission is health care". Virtually any action could be justified by these words, but hospitals are primarily concerned with treating illness.

A lifeboat crew's mission of "preservation of life from shipwrecks" is more helpful; it is limited in scope and achievement can be measured.

A mission has to reflect real human needs and the competence of the organisation. It also has to be modified as the organisation develops and external circumstances change.

- **Invest resources to achieve the best results.** Charities need clear strategies that demonstrate how resources will be applied to achieve the mission. There is seldom a shortage of good ideas, but there is frequently insufficient appraisal of alternative ways of applying meagre resources to achieve the best results. In business, the profit objective makes this task easier.

- **Set standards and measure performance.** It is difficult to set quantitative standards for organisations concerned with intangibles such as social services, artistic performances and education. Nevertheless, a mixture of hard numbers and qualitative measures assessed by personal judgement are a good proxy. They give board members, staff and volunteers the motivation to strive to achieve specific goals and satisfaction when they have been achieved.

- **Define the role of the board.** Charity boards bring together volunteers, business people, professionals



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and managers. If the board's role is undefined, it will meddle with details and will be unable to perform its key tasks of helping the organisation think through its mission, appointing competent managers and assessing performance. These fundamentals of success sound straightforward, but are

difficult to achieve. Even the most competent charity manager faces obstacles.

Missionary zeal can obscure good judgement. Organisations smothered by their own ethos and run by exhausted people working long hours fail to attend to basic tasks.

Charities are seduced by cheque books. Offers of money frequently do not fit with the mission. Charities can find themselves pulled in opposing directions by governments, sponsoring companies and donors, all wanting their puppet to dance to a different tune.

Boards involving people from different backgrounds and with different values may be racked with disagreement about methods, style and how to achieve objectives.

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help. Allocating more board and staff time is a good starting point. Board and staff meetings are often dominated by day-to-day matters and there is seldom time to review the overall progress.

Getting to know other people in other charities, who often face similar problems, can help.

Preparing plans for future development provides a structured approach to being clear on the mission, re-evaluating the strategy and gaining support from everyone connected with the organisation.

Mr Drucker's book presents many more proposals, though it should not be seen as a cure for all management woes and is repetitive. Using nine edited interviews with charity managers is not an effective way of substantiating his arguments. Nevertheless, tucked into every chapter are sharp insights which make this book essential reading for charity workers.

Managing the Non-Profit Organisation, by Peter Drucker, Butterworth Heinemann.

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