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# Effects of Proactive Leadership on Sustainability in the Nonprofit

Jamison J. Hardy  
*Walden University*

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# Walden University

COLLEGE OF MANAGEMENT AND TECHNOLOGY

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Jamison Hardy

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2012

Abstract

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by

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MPA, Walden University, 2009

MDiv, Concordia Theological Seminary, 2000

BS, Concordia University Wisconsin, 1996

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

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## Abstract

The not-for-profit community serves a vital societal role. Guided by the systems-theory, the purpose of this qualitative phenomenological study was to identify ways not-for-profit agencies could be more fiscally sound during difficult economic times and plan for uncertain futures. Face-to-face recorded interviews with 20 chief executives from different not-for-profit corporations in western Pennsylvania, were conducted to examine their professional lived experiences in order to collect best practices by which each executive dealt with difficult economic times. Structured interviews consisted of 8 questions that probed different aspects of the phenomena of dealing with fiscal challenges. Transcribed data were coded for both a priori and emergent themes and were categorized according to across-case similarities and differences of the specific responses of the CEOs. The convergent across-case findings of the current study indicated that leaders should (a) have a strategic plan, (b) utilize metrics to evaluate outcomes against goals, and (c) be willing to adjust plans accordingly. Almost all of executives indicated that remaining fiscally healthy was critical so that his organization could achieve its primary mission of serving their community. Not-for-profit organizations provide medical care to the homeless, care for the needs of the elderly, and provide specific services to children with mental disabilities helping them to become more productive. The current study contributes to positive social change by informing best practices regarding how not-for-profit corporations can continue to provide these critical social services through sustainable business practices, especially during those difficult economic times when their services are most needed.



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## Dedication

I give thanks to my Heavenly Father, through my Lord Jesus Christ, for the abilities that have been given to me. It is only by the grace of my Lord and savior that I was able to finish this work and manage my responsibilities in life. This work is dedicated to my wife Wendy and my children Noah, Nathaniel, and Naomi. Thank you for all your support and encouragement throughout this process. Likewise, I want to thank my father Dan for all of his quiet dedication and encouragement as he taught me to do my best and to be faithful until death. To all my family who continue to be a witness of faithfulness to the world. A final dedication is made to my college advisor and mentor Dr. James Juergensen. Throughout my education in college, no one was more supportive and influential in my life as a teacher or pastor than Dr. J. When they told me that I would never do this, Dr. J was the only one who said that he believed in me. Dr. J your support meant the world to me.



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## Section 1: Foundation of the Study

### **Background of the Problem**

The congregation of Peace Lutheran Church in McMurray, Pennsylvania, struggles to meet its budget, and it perennially focuses on survival in the present, rather than success for the future. Burke (2008) noted not-for-profits consistently struggle financially, and insufficient funding is a central theme in much of the literature on this topic. Often not-for-profit organizations contend with significant cash-flow issues within their operations, in not only bad times but even when the economy in general is thriving (Wolf, 1999). Because of this state of perpetual financial crisis, Peace Lutheran and many not-for-profits have stakeholders who are less engaged in serving the mission and conducting the work of the organization and more concerned about donating financial resources (Phipps & Burbach, 2010).

Members of not-for-profits frequently focus on doing the bare minimum required to keep the organization afloat rather than create conduits to more stable financial realities in the future (Phipps & Burbach, 2010). Burke (2008) pointed out, “The funding base of nonprofit organizations has changed dramatically in the past few years, endangering their existence and acting to redefine the structure and practices of those organizations able to survive the threat” (p. 206). This reality is seen in many aspects of not-for-profits in Pennsylvania, where during the past 2 years funding has decreased from the state government and donors particularly (Thornton, 2010). Sustainability has taken a back seat to immediate survival, and this emphasis has led to many financial crises within not-for-profits (“How Nonprofits,” 2009). Without a forward-thinking approach and a sustainable mindset among stakeholders, not-for-profit leaders are finding it very difficult

to help their organizations thrive and in some cases even survive (Kerlé, 2009; McCrohan & Harvey, 2008). Focusing on issues that promote sustainability and actions that generate income for long-term profitability must be the intent of not-for-profit managers in the future, along with cultivating and growing leaders within the organization who understand this reality (Kerlé, 2009). Thornton (2010) suggested not-for-profit management should focus on fiscal matters, engaging in long-range planning that addresses financial difficulties, and, in some cases, increases the organization's reach through strategic acquisition of other organizations that were not focused on stewardship.

### **Problem Statement**

The lack of focus on long-range planning and the subsequent state of financial stress is a problem among not-for-profit organizations (Burke, 2008; Storm, 2009; Thornton, 2010). Organizational leaders are struggling to keep their institutions open and perform vital work in their local communities (Johnson-Blake, 2010; Thornton, 2010). This struggle leads to poor choices and difficult decisions regarding operations, especially in situations where governmental funding is decreasing (Trussel & Patrick, 2009). With 10% of the overall employment in the United States in the not-for-profit sector (Benz, 2005), issues within the not-for-profit sector have broad impact.

The general problem of this study was that leaders of Pennsylvania not-for-profits lacked the ability to raise funds outside of standard operating income streams and to make long-range plans for practical and financial success. Thornton (2010) noted not-for-profits must operate as a business. Lohmann (2007) stated that without strong business principles and procedures, many non-for-profits would struggle. The literature included studies that focus on sustainability and building organizations around sound

fiscal principles (Prybil & Levey, 2010; Thronton, 2010). The specific problem for this study was implementing the long-range plans of local not-for-profit corporations towards fiscal stewardship and success.

### **Purpose Statement**

The purpose of this qualitative phenomenological study was to identify ways not-for-profits can be more fiscally sound during difficult economic times and their leaders can plan for future effect. Not-for-profits play a significant role within the communities they serve, in part by contributing to economic stability (Deitrich & Briem, 2007; Valentinov, 2011). The not-for-profit sector represents about 6% of the overall gross national product (Theuvsen, 2004). The government is turning to not-for-profits and scrutinizing ways to extract financial resources and demanding greater public accountability from these organizations, even when these organizations are struggling as well (Crutchfield & Grant, 2007; Thornton, 2010). The social impact of not-for-profits is immeasurable and uplifts communities (Burke, 2008; Stid & Bradach, 2009). This investigation focused on western Pennsylvania 501(c) 3 nonprofit organizations that are both fiscally healthy and those that are struggling. I live in western Pennsylvania and had a stake in the not-for-profit community in that location, so the researcher chose that specific locale for the study. Creswell (2009) noted the researchers should purposefully choose a participant pool that directly has influence and a stake in the findings of the research, thus a more localized research segment is examined. Although the focus of the research was local, the generalized findings should be applicable to 501(c) 3 nonprofit corporations across the United States. These findings support social change through the



identification of procedures aimed at helping not-for-profit leaders prepare their organizations for a more sustainable future.

### **Nature of the Study**

Choosing a research method is one of the most significant components to the doctoral study (Creswell, 2009). In the case of this specific study, a qualitative phenomenological approach using participant observations and in-depth interviews was chosen to help arrive at specific recommendations for the not-for-profit sector pertaining to fiscal stewardship and long-range planning. Because the qualitative phenomenological method has as its base assumptions that information gathered is from experience, what flowed from the research was knowledge that either confirmed or refuted these claims (Creswell, 2009). Wolf (2002) noted qualitative researchers attempt to collect data in the unique environment in which the participants exist. One reason for choosing a qualitative phenomenological study approach is as follows: “Studies using a qualitative research approach typically obtain more in-depth, detailed information on fewer cases than do studies using more quantitative designs” (O’Sullivan & Rassel, 1989, p. 32).

Within quantitative research, many variables exist for large numbers of cases that can be less practically informative regarding the problem at hand (O’Sullivan & Rassel, 1989). The goal of this research was to identify the patterns, using qualitative research methods, which existed within successful not-for-profits and provide a framework for others to duplicate. By identifying key procedures that stood out in these successful companies, specific recommendations are offered to help struggling not-for-profits.

### **Research Question**

This research study includes exploration of the following questions that address the specific nature of the study:

- How can 501 (c) 3 not-for-profits be more fiscally sound in their business principles, and employ long-range planning and strategic concepts for better sustainability within its given industry?
- What specific leadership styles are evident in very successful not-for-profit organizations?
- How can these leadership styles be duplicated in other industries?

These points all focus on empowering and uplifting the not-for-profit sector to be more effective in serving their local communities. Zumdahl (2010) pointed out that not-for-profits managers must engage in discussions and planning of ways and methods that allow their organizations to compete in this new economic climate. Without a comprehensive, long-range plan focused on sustainability, not-for-profits continue to struggle.

Participants in this study were asked the following interview questions to obtain data regarding the financial planning of their organization:

1. How do you receive funding for your not-for-profit corporation?
2. What is your long-range planning process within your corporation?
3. How does your corporation implement your long-range planning decisions?
4. How has long-range planning affected your corporation?
5. How has long-range planning helped you to deal with economic down turns?
6. How important are downers to your corporation's finances each year?

7. What do you wish you knew before you became the CEO?
8. How has your corporation evaluated its own fiscal performance over last 5 years?

In addition to answering the questions above, the participants answered demographic questions and completed the Multifactor Leadership Questionnaire Leader questionnaire.

### **Theoretical or Conceptual Framework**

Dominici and Levanti, (2011) defined systems theory as an interdisciplinary method of investigating the principles that are common to all things and the overall models that can be used to identify and explain them, as well as their similarities. Merriam (2002) highlighted that the ability to know one part of a system allows us to have access to knowing something about other parts of the same system. For this investigation, systems theory was chosen to provide a framework for considering the practical applications found in organizations that demonstrate success in their respective field. Because systems theory has at its core the identification of commonalities between things, it is a natural fit for the exploration of procedures to help corporations find common practices for long-range planning. By identifying common traits of successful not-for-profit corporations, this research may serve as a tool for communicating these traits to smaller, less effective not-for-profits for their use.

### **Definition of Terms**

*Long-range planning:* A roadmap for understanding and coping with change within a corporation and preparing for unforeseen events that would affect the corporation (Porter, 2008).

*Mission:* A statement that articulates and defines the organization and why it exists (Kaplan & Norton, 2008).

*Not-for-profit:* A 501(c) 3 corporation that operates as a business and has as its central goal serving the people, rather than creating wealth. Not-for-profits have a distinct tax advantage that allows them to raise revenue that becomes tax deductible for the donor (Leeper, 2004). Although the term nonprofit is synonymous with not-for-profit, for this study the latter term was used to emphasize that although the mission of the participating organizations does not focus on profit generation, their financial viability is essential.

*Vision:* The statement that includes the corporation's midterm to long-term goals regarding how it will carry out the company's mission (Kaplan & Norton 2008).

### **Assumptions, Limitations, and Delimitations**

#### **Assumptions**

Based on the financial issues affecting not-for-profits in western Pennsylvania, it was assumed that long-range planning and fiscal stewardship is needed to strengthen the sustainability and longevity of these organizations. The literature supported this need for planning and preparation for various scenarios affecting corporations. The economic issues that have affected the United States economy have affected western Pennsylvania (Thornton, 2010). Another assumption in this study was that long-range planning will be effective for not-for-profit corporations. As noted later, planning and preparation are two key aspects to emerging successfully from unforeseen economic and political turbulence. Lastly, it was assumed that not-for-profit corporations that have remained successful in

difficult economic times have had strong connections to the use of long-range planning and stringent fiscal policies (Bowman, 2009).

### **Limitations**

One potential limitation to this study was the narrow focus that the study had taken by identifying long-range planning as one single factor that can help not-for-profit corporations address the need for revenue creation and sustainability. Likewise, the economic conditions during the span of 2007-2009 have had different impacts on organizations, and many organizational leaders and stakeholders are operating under the assumption that better economic conditions will automatically contribute to better returns for not-for-profits. Additionally, the limited geographic scope of this study could present a limitation to the overall findings of the study; however, it is the researcher's contention that this limitation will be mitigated by the general findings that will likely be pertinent to not-for-profit corporations across the United States.

Further limitations to this study exist. For example, the assumptions that stringent, long-range planning procedures will aid in the success of not-for-profit corporations and that a strategic plan is coequal with implementing that given strategic plan may not actually be true, and thus recommendations built around these assumptions may be faulty. Lastly, the ability to identify not-for-profits that were willing to participate in this study could become a limitation for this study.

### **Delimitations**

This study included a purposeful sample of 20 chief executive officers (CEOs) who manage not-for-profit corporations in western Pennsylvania. Interviews were used to acquire real world, lived experiences of not-for-profit executives within this qualitative

phenomenological study (Duncan & Harrop, 2006). For the purpose of this study, the specific categories that were examined were leadership, long-range planning, fiscal stewardship, and income generation. Together, these categories helped to make the connection to specific procedures used to assist corporations in being successful long term.

### **Significance of the Study**

#### **Reduction of Gaps**

Not-for-profits have made significant impacts throughout history in their local areas (Trussel & Patrcik, 2009). This reality has not changed; however, during the last 3 to 5 years many not-for-profits have been forced to close due to a lack of funds (Thornton, 2010). First, this study was designed to identify ways in which not-for-profits can become more fiscally sound by generating income that is not solely dependent on donor giving. Secondly, this study was intended to provide ways to empower management and leadership of local not-for-profits in their quest to become more successful in their future planning and thinking by using long-range planning to prepare for future issues. Lastly, this study may provide information on means for generating income by developing strategic plans for offering business services that are frequently outsourced by similar not-for-profits. One example of this strategy exists among local not-for-profit healthcare institutions. Many local not-for-profit healthcare institution managers have chosen to hire a company to manage or do laboratory work; however, local not-for-profit hospitals could collaborate to form their own laboratory service unit and benefit from the proceeds that are generated from this business.

The literature examined was insufficient to recommend steps for not-for-profits as they seek to become more fiscally sound. Dettmer (2003) made the point that “What’s right for one organization in one situation might not be right for another” (p. 17).

Through this qualitative study, income-generating methods and business evaluation systems connected to long-range planning were investigated to determine models for not-for-profits to follow and to provide a basic framework through which not-for-profits managers can see where tools were being effectively used.

### **Implications for Social Change**

With the challenges of not-for-profits in today’s fiscal climate, business methods and models are needed to support small not-for-profits that are providing essential services to communities nationwide but are under constant threat of failure because of a reduction in funds. Not-for-profits are essential to the life of many communities. Therefore preparing not-for-profits to be fiscally healthy and future-focused is a work that must be undertaken (Zumdahl, 2010). Another important factor is the need for not-for-profits to have the most skilled leaders possible for future growth and sustainability (Edwards, Yankey, & Altpeter, 1998). By providing not-for-profits these tools, society can rely on the not-for-profit sector to continue to support and uplift those in need. As the government has reduced basic human care services, the not-for-profit sector has filled the gap by providing people with the necessary care for survival and longevity.

### **A Review of the Professional and Academic Literature**

In developing this literature review, many secondary sources such as peer reviewed journal articles, and qualitative and quantitative studies have been incorporated

to give the reader a strong sense of what others in the academic field have learned about the social impact and economic concerns of not-for-profit organizations. Through these data, differences and similarities are presented between not-for-profit corporations that have remained successful through the latest economic downturn and those that have struggled. In addition, revenue creation is an issue for not-for-profit managers as they vie for scarce resources for their corporations (Burke, 2008).

Two categories were examined that pertain directly to the health and wellness of not-for-profit corporations. First, the financial health and viability of U.S. not-for-profits was examined. Second, the lack of long-term vision and planning, which is a common impediment to long-term survival for not-for-profits, was discussed. Within this literature review are the following broad subcategories discussing the problem and its impact on society: (a) the role of not-for-profit organizations, (b) financial issues in the not-for-profit sector, (c) leadership within the not-for-profit sector, (d) strategic alliance, (e) local problem, (f) strategy and long-range planning, (g) sustainability, (h) and leadership within the not-for-profit sector. Within these sections, information is presented that will help to illuminate the problem and provide information that will help not-for-profit leaders. During this investigation two specific database were used they were ABI/Inform Complete and Business Source Complete. The two databases were very helpful in providing literature for this study. Several words were used in the research phase to identify article that had significance for this study. The three words or phrases that provided the most articles were nonprofit, long-range planning, and fiscal stewardship.



## **Role of Not-For-Profit Organizations**

Not-for-profit corporations' work has become a significant part of society and a connective aspect to communities in the social care of people (Deitrick & Briem, 2007; Kerle, 2009). This reality gives rise to many difficulties faced by not-for-profits leaders in carrying out their organizations' missions. The significance of not-for-profit organizations' work in communities is evident across the United States and has been a part of the country's culture for decades (Brody & Tyler, 2009). In fact, the not-for-profit sector employed an estimated 8.8 million paid workers in 2002 (Devaro & Brookshire, 2007). In many ways, not-for-profits provide quality of life in communities across the nation (Auer, Twombly, & De Vita, 2011). Society benefits from the existence of not-for-profits; thus, keeping not-for-profits fiscally healthy and long-term oriented becomes a vital task. Burke (2008) made the significant point that the not-for-profit community has proven to be very important to life and the economy.

Differences and uniqueness define the not-for-profit sector. Unlike the government sector, not-for-profits are competing with the for-profit corporations for the same scarce capital for services and goods (Keating, Fischer, Gordon, & Greenlee, 2005). This heavy competition causes some degree of difficulty for not-for-profits because their leaders are limited in the ways by which they are able to raise revenue. In for-profit corporations, stocks can be sold to raise new revenue and capital; in the government sector, taxation can produce new revenue (Ruvio, Rosenblatt, & Hertz-Lazarowitz, 2009). This reality places nonprofits in a difficult spot within the industries they serve. It also necessitates not-for-profits to be more fiscally sound and manage their operations more effectively to maximize their return for investment made.

The not-for-profit sector is affected by many factors as leaders work to carry out organizations' missions. Historically, these factors are tied to local and domestic changes; recently, however, authors such as Anheier (2009) have pointed out that this local connection is no longer the case as global shifts and economic issues are affecting not-for-profits internationally. What is happening in countries far from the United States is also having an impact on the not-for-profit sector domestically. The strong connectivity that not-for-profits have to government agencies continues to create a volatile situation for not-for-profits across the United States (Dobrai, 2010). These strong connections give rise to a number of issues, which all tend to lead toward financial instability for not-for-profits globally.

Connectivity exists among the not-for-profit sector and government and business entities in the way they interact (Dobrai, 2010). These interactions are evident as not-for-profits provide services such as education and development (Alexander & Nank, 2009). This strong connection is shown when economic times are hard; however, these connections are also shown when not-for-profits are able to affect the business and government sectors with contributions that benefit society as a whole. Additionally, this connectivity leads Americans to support all aspects of the service industry that was providing these service and goods (Light, 2005).

In a study conducted by Prybil and Levey (2010), 10 of the highest performing not-for-profits health organizations were examined. Each organization had four representatives from its board of directors give a summary of the six most critical aspects that contribute to the organization's success as a high functioning nonprofit. These areas included the following:

- Strong, value-based CEO leadership.
- Well understood mission, vision, and values.
- Strong clinical leadership and capabilities.
- Committed and engaged board of directors.
- Defined objectives, targets, and metrics.
- Healthy organization culture. (Prybil & Levey, 2010)

Board members identified these areas as critical to helping their organizations become successful and thrive during difficult economic times. Interestingly, these not-for-profits were not from one specific area of the country; they were spread across the country with many diverse economic situations.

Not-for-profit corporations have some identifiable marks that show significant similarities to for-profit companies. One of those areas is in new product development and renewing enhanced service opportunities (Barczak, Kahn, & Moss, 2006). As such, not-for-profit leaders have a significant responsibility to continue to evaluate their products and services. By continuing to evaluate their products and services, not-for-profits leaders help to maintain the latest advances within their given industries (Barczak et al., 2006). This commitment to being state-of-the-art helps not-for-profits deliver to the consumer the best in what the industry has to offer and keeps them competitive within their industry.

### **Financial Issues in the Not-For-Profit Sector**

Financial health and viability is the key to any business and its survival, especially for not-for-profit organizations, as the need for their services is becoming more critical

(Thornton, 2010). The vital roles these organizations play are reflected in the mission statements of many not-for-profits as they perform key and central services for the state and federal governments (Trussel & Patrick, 2009). These not-for-profit organizations have a strong dependence on the state and federal reimbursement system, which provides funds for operation (Trussel & Patrick, 2009). Governments play a critical role in the financial health of many not-for-profits (Trussel & Patrick, 2009), yet new regulations and reporting requirements can become very tedious and strenuous for not-for-profits managers, causing them to lose reimbursement dollars over technical issues (Irwin, 2005). Thus, the health and wellness of the federal government is a crucial aspect for many not-for-profit organizations in the United States today.

Understanding the factors that contribute to potential financial difficulties for not-for-profits is an important factor within this study. Irwin (2005) demonstrated that certain key factors indicate financial health of nonprofits, especially within the medical nonprofit industry. This reality is connected directly to the dependence that not-for-profits have on reimbursements from state and local governments as workers within them perform services in their respective communities (Irwin, 2005). Because healthcare institutions have such a strong connection to the federal government's reimbursement system, maintaining proper patient mix and occupancy becomes very important to any long-term sustainable situation (Trussel & Patrick, 2009).

Even in a state of widespread economic crisis or financial difficulties, not-for-profits have a responsibility to their clientele and donor base (Stid & Bradach, 2009). Having relationships between organizations' leaders, donors, and clients will help during difficult times. When not-for-profit leaders maintain relationships and know donors, they

alleviate some stress during difficult times. The critical need for organizations is for workers to remain focused on the population they are serving, rather than becoming donor-focused (Stid & Bradach, 2009). Knowing the donor base is not equal to becoming donor driven. Not-for-profits must maintain their focus and provide the highest levels of care, even in difficult times.

Burke (2009) noted traditional financial resources for not-for-profits are becoming harder to come by, and competitions for these resources are becoming more intense. Strategic planning and appropriate business modeling is essential to survival in this type of economic environment (Burke, 2009). Without strategic planning and a long-term focus, not-for-profits leaders are finding it very difficult for their organizations to survive economic challenges and are simply turning their focus on getting through today, rather than planning for tomorrow (Burke, 2008). A second critical point that Burke (2008) made was the clear articulation and demonstration that the funding base for many nonprofits has changed dramatically during the last 5 years. The amount of funding available has decreased because of the economic conditions in the United States. Lacking funds is a reality that all nonprofits are facing and one that does not discriminate. From health care to daycare, not-for-profits across the country are feeling the effects of an economic recession that has taken its toll on all corners of American business (Leigh, Shapiro, & Penney, 2010).

Likewise, more not-for-profits are competing with each other for the same benevolent dollars. This trend is due in large part to the donor base having been depleted because of the widespread economic hardship (Burke, 2008). This reality is true also for churches and other religious not-for-profit organizations (Olson, 2008).

With the understanding that not-for-profits are struggling because of the economic conditions in the United States, Yip et al. (2010) noted not-for-profits needed to be more proactive in the aspects of fund development. Because funding sources are more difficult to acquire, maintaining relationships with current donors and cultivating relationships with future donors should be a very high priority for not-for-profit corporations (Weinstein, 2002). This focus demonstrates a proactive long-term approach to survival and allows potential donors to see an organization as proactive rather than reactive. Simply put, nonprofit leaders have a responsibility to strategize and prepare for the upcoming financial issues within their given industry (Fritz et al., 2010; Yip et al., 2010). By placing fund development at the center of the not-for-profits existence, leaders can plan to make this reality a part of every aspect of their corporation.

Benzjian, Holmstrom, and Kipley (2009) made the significant point that as Wall Street shifts and the effects of that shift continue to become clear, not-for-profits will continue to experience the financial crunch as donors withhold their support. This reality is one that has been seen by many throughout the not-for-profit world. One specific not-for-profit sector that has been affected by this reality is American churches (Olson, 2008). Regardless of denominational affiliation, churches have seen a dramatic drop off in giving and attendance during the last 2 years (Olson, 2008). This decline has had a ripple effect as congregations have withheld their contribution to their respective national churches, which in turn diminishes the support for other local charities the church may support (Olson, 2008). The current financial pressure for not-for-profits necessitates better planning and stringent fiscal discipline.

Not-for-profits are always in a state of financial need as they carry out their responsibilities and missions (Burke, 2008). There are never enough resources, and there is always a continual need (Stid & Bradach, 2009). Maintaining consistent long-range plans that includes funding projections and revenue creation is a crucial element to success. Other authors highlighted the need to follow up on projections of income and revenue creation to measure the success or failure of the previous plan (Stid & Bradach, 2009). Likewise, the usage of strategic funding options such as bonds can help not-for-profits improve their financial position, and allow them to take advantage of situation that previously they were not able to leverage given their financial position (Brinckerhoff, 2009). These points all demonstrated a need to be fiscally perceptive and connected to monitoring the financial health of the corporation on an ongoing basis.

Within this discussion of financial health and wellness of not-for-profits, several key factors emerged to demonstrate the need for not-for-profits to maintain fiscal health and address with fiscal realities. As demonstrated in the literature, in the current economy not-for-profit corporation are struggling (Burke, 2008). Wolf (1999) provided a significant list for all not-for-profit executive directors to adhere to in order be successful and maintain strong fiscal accountability:

- No matter how small your daily balances are, insist upon interest-bearing accounts at our bank.
- Regardless of your financial acumen, you must receive, review, and use, as a matter of course, monthly reports of cash receipts, disbursements, receivables, and payables for organizational and programmatic decision-making purposes.

- Be certain your board of directors does not *rubber-stamp* your decisions.  
Welcome and, indeed, insist upon board members' involvement.
- Engage your board in long-range financial planning, whether for expanding program services, building cash reserves, or eradicating deficits.
- Do not turn over the responsibility of managing your organization's finances and regulatory compliance to the *experts* on staff or outside the organization without proper oversight.
- No matter the size of your organization, institute sound internal financial controls with adequate checks and balances.
- Always, always prepare realistic cash flow projections to accompany your annual budget.
- Do not enter into a new government contract without first securing the necessary financial resources to carry the program for a minimum of 45 days.
- Conduct formal budget reviews midyear, and be prepared to institute budget revisions and additional strategies if indicated.
- When preparing budgets, include separate line items for committed grants and uncommitted grants so that the board can have a practical understanding of the implications of their budget approval decision.

### **Leadership within the Not-For-Profit Sector**

Given the economic times in western Pennsylvania and the United States, the discussion of leadership was one that has extreme significance (Thornton, 2010). Stid and Bardach, (2009) provided perspective on this discussion when they made the point



that not-for-profits are truly tested during a recession, and this is a clear demonstration of visionary leadership. When financial issues arise caused by economic difficulties, corporations look to their leaders for stability and vision. As noted, not-for-profit leadership has become a leading discussion in many circles because of the tremendous hardship that the economic condition has had on these types of organizations. Not-for-profit organizations struggle to attract the right type of leader to their organization for many reasons such as salary, opportunity, and resources (Tucker, Cullen, Sinclair, & Wakeland, 2005). High-quality leaders exhibit traits such as loyalty, perspective, vision, resistance from corruption, and the ability to make decisive decisions in the face of opposition (Cuervo-Cazurra, 2008). Of these traits, the one that stood out was the ability to resist engaging in corruption. Making strong ethical decisions helps establish a foundation of how others are expected to act in the same situation (Cuervo-Cazurra, 2008).

Leadership within every sector of the business community is significant, and leaders' roles are vital to all within the industry. One area that needs more attention is trust. Irvin (2005) illuminated the significance of trust as it pertains to the leadership of organizations. Trust was is a factor that helps to move people through difficult times and problematic areas. Without trust in business relationships, often times there is no business accomplished (Lu et al., 2006). Trust in leadership and among team members is a significant matter for leaders across industries and team composition (Kimble, 2011).

Financial survival has become the major leadership issue for most nonprofit CEOs (Benzjian, et al. 2009). This emphasis has given rise to management and leadership of many not-for-profit organizations ignoring the need for long-range

planning. Numerous authors have made the point that not-for-profits have struggled because of the economic conditions of United States beginning in the later part of the previous decade (Burke, 2008; Thornton, 2010). Benzjian et al. (2009) are among a minority of authors who pointed out that the current state of affairs is also going to reflect the short-term future of the not-for-profit corporations in the United States. It is likewise clear, that not-for-profit leaders must engage in long-range planning and leadership development during this latest financial crisis to ensure that their corporations will be positioned properly to take advantage of the economic situation when it returns to a more stable period (Phipps & Burbach, 2010).

Having strong leadership in any organization is important to the success of the corporation and the carrying out of its mission, especially for not-for-profits (Brinckerhoff, 2000). Strong leadership begins with identifying issues and problems. Hamilton et al. (2009) pointed out that leaders need to identify a given issue or problem before they take action on that problem. Fritz et al. (2010) noted that leadership is a priority within the not-for-profit corporation. Throughout the literature, the point was clear that the single connecting issue is the leadership that the CEO and the board bring to the table (Fritz et al., 2010, Kerlé, 2009; Yip et al., 2010). Thus, those who are leaders must have the skills and business acumen to communicate information and motivate the workforce to be passionate and wise as it serves those entrusted to them (Burke, 2008).

Kerle (2009) indicated that capacity in leaders today is another key factor that will determine the long-term success of most not-for-profits. If leaders do not possess the capacity to engage, plan, and maneuver during difficult economic times, then they cannot expect their not-for-profits to thrive, let alone survive (Burke, 2008). In all the literature

that has been studied, it was clear that leadership is tied to two distinct categories. First, the capacity that the leader possesses to lead and adjust to circumstances that are presented to them. Secondly, the participation those boards have in monitoring and assisting, especially in the area of fund development (“How Nonprofits,” 2009; Keating et al., 2005; Phipps & Burbach, 2010). The capacity and leadership that a board can give to an organization is invaluable and can make the difference as to whether the corporation is ultimately successful or it succumbs to the pressures of the business world.

Business changes at a rapid pace. It is imperative the business leaders change and adapt with the times to ensure their organization the great opportunity for success. Being flexible and adaptive is a crucial need in today’s business community (Bass, Avolio, Jung, & Berson, 2003). Without the ability to adapt and adjust their business practices, corporations will soon end up in a negative financial position. Bass et al. (2003) pointed out leaders who adapt and who are flexible teach others around them the need for flexibility in the way they deal with change and adversity. If management is able to adapt to a changing business environment, then those workers associated with the leader should be able to adapt in the same fashion. This is why leadership in the not-for-profit sector is more crucial now than it has ever been in the past (Kerlé, 2009).

Prybil and Levey (2010) noted that former CEOs maintained attitudes that impeded the growth and stability of corporations when compared with the current CEOs and their attitudes toward their positions. The attitude of the leader can be the single greatest influence in creating a positive environment or a negative environment. Leadership within not-for-profit corporations must be seen as crucial and must be a high priority in not-for-profit corporations across this country (Fritz et al., 2010; Yip et al.,

2010 ) Boards and stakeholders must remain vigilant regarding the need for support and monitoring to ensure the health of the not-for-profits with which they are associated.

Together with the CEO, not-for-profit corporations can weather economic storms and unforeseen difficulties that arise and may jeopardize the longevity of the not-for-profit corporation.

### **Strategic Alliances**

Kale and Singh (2009) demonstrated through a qualitative study that strategic alliances for corporations are important to their survival. This finding was even more significant for not-for-profit corporations needing to bolster the areas in which they are deficient in either services or goods provided (Hamel & Prahalad, 1989). Strategic alliances also create a more visible presence for corporations as they highlight their specific partnerships (Kale & Singh, 2009). Partnerships and alliances are beneficial for corporations, especially those corporations in the not-for-profit world for which exposure is confined and limited. By connecting strong visionary leadership with the right strategic alliances, corporate leaders can make connections that will promote the work of the not-for-profit long into the future (Phipps & Burbach, 2010).

One significant point that stands out in the literature was the importance of choosing partners (Kale & Singh, 2009). If a partnership has any chance of being a successful one, both corporations must view the situation as a long-term relationship, not simply a quick fix (Kale & Singh, 2009). Short-term partnerships are often guided by the principle of immediate gain for the individual and immediate gain for the individual corporation. This type of thinking will only cause the partnership to underperform (Leigh et al., 2010).

Donor dollars and partnerships are becoming harder for not-for-profits to acquire (Rumsey & White, 2009). Additionally, for-profit corporations seeking to have strategic alliances with not-for-profits are looking deeper into the potential partner's reputation, motives, and history (Rumsey & White, 2009). Because of these realities, partnerships are taking longer to establish. In total, the process for strategic alliances and partnerships has become much more complicated and laborious.

### **Local Problem**

Issues abound, as demonstrated throughout the literature, within the not-for-profit sector regarding finances, leadership, and planning—the top three issues that not-for-profits face (Kerlé, 2009, “How Nonprofits,” 2009). This section highlighted the local problem within the not-for-profit sector in the greater Pittsburgh Pennsylvania area, as it pertains directly to this study. Pittsburgh has an issue that is becoming commonplace across America regarding not-for-profits and taxation (Deitrick & Briem, 2007). Simply put, “The largest growing employers in the city are in health care and education, both property tax-exempt sectors” (Deitrick & Briem, 2007, p. 1). Having large allotments of property-tax exempt not-for-profits within a city limits creates challenges regarding the city's ability to tax its property, which in turn limits growth opportunities of the other for-profit business sectors. This issue has caused a critical problem for Pittsburgh not-for-profits (Deitrick & Briem, 2007).

Limited opportunities, business growth, and economic stress of not-for-profits in western Pennsylvania have merged to cause the perfect economic storm for all parties involved. The simple reality is that not-for-profits play a critical role in the regional economy and more specifically the local economy (Deitrick & Briem, 2007; Trussel &

Patrick, 2009). These factors combined could cause a catastrophic problem for all not-for-profits in the western Pennsylvania area.

One specific area of interest for this study was the not-for-profit healthcare industry, which has the largest land holding operation in the city of Pittsburgh and is the largest employer (Deitirick & Briem, 2007). When state and federal reimbursements systems are not operating correctly, and when payment for services rendered is withheld to these institutions, a significant ripple effect occurs within the local communities (Trussel & Patrick, 2009). Because of poor fiscal management and a failure to employ financial stewardship, not-for-profit organizations are effected more rapidly during economic downturns (Ruvio et al., 2009). Ruvio et al. (2009) presented a clear case regarding this issue using a detailed quantitative study to demonstrate that fiscal vision is directly connected to fiscal success and sustainability.

Another issue that has become a factor within this discussion was the contemplation of the creation of a hybrid sector of for-profit corporations called low-profit limited liability companies (Hines, Horwitz & Nichols, 2010). This newly contemplated limited tax-exempt sector could further muddy the waters of the not-for-profit world and cause an even great divide within Pittsburgh and other large cities that are facing some of the same issues as Pittsburgh. The complicating issue of taxation and not-for-profits that is quickly becoming an issue, for Pittsburgh and other cities seems to be in the category of a difficult situation (Deitirick & Briem, 2007). Without the advantages that the not-for-profit sector provides, not-for-profits would struggle to compete with for-profit corporations as they seek to gain market share in the chosen fields.

## **Strategy and Long-Range Planning**

Strategy and long-range planning have many facets that comprise significant implications for corporations inside and outside the not-for-profit context (Stoesz, 2007). The Harvard Business Press (HBP) (2005) published a book on strategy that included a number of points on the topic of strategic planning. The HBP (2005) noted, “A lack of strategy and future preparedness would lead to an organization being rudderless” (Harvard Business Essentials, 2005, p. xiv). This point was noted in other sections of the literature on the topic of strategy and is one that should not be ignored when addressing challenges of not-for-profit organizations. The reality is the product life cycle is shorting and corporations have greater needs to adapt to the changing demands that are forthcoming and on the horizon (Fritz & Ibrahim, 2010; Jaskyte, 2011; Wu & Chuang, 2010).

Porter (1996) made the significant point that companies must remain flexible as the market changes rapidly to remain competitive. Business adaptation and adjustments can only come through proper planning and preparedness (Lee, 2004). The ability to adjust and adapt to the changing economic times allows corporations to survive turbulent forces, whether they are planned or unpredicted. Profitability and efficiency are not always connected with long-range planning and preparedness (Lee, 2004). Corporations’ leaders often see the need for adaptability separately from strategic planning, causing many long-term problems for corporations. Having a deep knowledge of the industry, suppliers, trends, and potential economic directions are all signs of well-managed corporations (Liker & Choi, 2004).

Research showed many not-for-profit companies that have succeeded in the global arena have begun their journey with ambitions that far out reached their capabilities and capacities (Hamel & Prahalad, 2005). This comes from trying to envision what the consumer is in need of, and what services or products they can offer to meet those needs. Henry Mintzberg (1988) pointed out corporations need to find out what customers' needs are and then figure out a way to satisfy those needs. This reality is at the heart of strategic and long-range planning, which involves seeking ways to be profitable in the future and designing methods of delivering those needed products and service effectively and efficiently.

Porter (2008) noted emotional forces do not drive true strategy and long-range planning. Real influences such as demand, capacity, cost, and profitability are factors that play into strategy and long-range planning. Truly understanding these different business forces and the way in which they interact allows for real and fruitful long-range planning (Porter, 2008). Not knowing and managing these, aspects to business health and wellness will quickly force organizations into the role of follower rather than leader (Paul, 2008). Furthermore, a great strategic plan is only as good as the ways in which that plan is implemented within the corporation (Harvard Business Essentials, 2005).

### **Sustainability**

Sustainability has become a key component in today's business world (Epstein, 2008). Corporations must focus on the future while dealing with the present, and examining the past. Beinhocker (2006) made the relevant point that, "To survive, organizations must execute in the present and adapt to the future" (p. 76). The simple reality is that few corporations are able to do both at the same time, and in some cases fail



at doing either altogether (Beinhocker, 2006). Porter and Kramer (2006) pointed out, “Meeting the needs of the present without compromising the ability of the future generation to meet their own needs” (p. 81) is the key for corporations and their own sustainability. These realities are specifically true for not-for-profit corporations, the vast majority of which are in human service industries looking to preserve their current state of readiness and prepare for the future service opportunities (King, 2008). This connection is tightly intertwined with long-range planning and strategic planning for corporations as they seek to continue their work now and into the future.

Sustainability is an issue that must be addressed as a society and as business organizations. As society changes, corporations must identify areas of change and management must recognize the need for a revised approach to the same issues of the past. These changes cause businesses to adapt and deal with how businesses perform within their industries (Grigoe, Bâgu, & Radu, 2009). The concurrent issue of consumption is likewise a significant issue as it pertains to sustainability. Living within the limits and means of the earth’s finite resources is an issue that continues to be in the forefront of every issue that business is dealing with, whether business leaders recognize this or not (Grinde & Khare, 2008). Other authors have pointed out the significant issue that consumption presents for business and society as a whole. Mirchandani and Ikerd (2008) noted that consumption might become the most significant issue for business in the near future. If society refuses to deal with the voracious appetite that it has for both goods and services, there will be nothing to consume in the future (Mirchandani & Ikerd, 2008). Silvi (2008) highlighted the need for overall reform in the business area as it

pertains to sustainability and usage. Without a higher awareness of these issues of sustainability, society as a whole will not be able to maintain the pace of consumption.

Efforts directed toward green business practices are not sufficient as in a business concept that discusses sustainability. Silvi (2008) noted the discussion of usage of renewable energy is become an increasing trend, and cost of renewable energy components is decreasing thanks to competition. The authors continued to discuss the only way for the world to deal with this issue is to examine and adjust consumption. Even in the face of renewable energy, the experts are coming to speak more about the cost of creating renewable energy, and less about the effects that it will have. For anyone examining the research on the topic of renewable energy, great benefit is shared when solar power and wind power are used in the place of coal and oil (Silvi, 2008).

Sustainability is an issue that all within a given industry must deal with at one time or another throughout the life cycle of the business. When dealing with this concept, many forget that there are either competitors or partners within any given industry that are affected by the sustainability issues presented (Sirmon, Hitt, Arregle, Campbell, & Tochman, 2010). Senge, et al. (2008) made the point that often businesses make the significant mistake of not stepping back to see that there are others who are affected by these sustainability issues, and together with the other actors in the industry, evaluate what the threats are to the industry as a whole, rather than to any one business within the industry. This point is a significant one in today's environmentally friendly conscience arena. Businesses that attempt to solve individual sustainability issues can cause greater problems for others in the industry rather than simply helping themselves.

Thus, collaborating specifically within the context of sustainability is crucial to the overall success of the business (Senge et al., 2008).

Overall, the idea that sustainability is solely connected to manufacturing is beginning to change in the literature. One critical point that is beginning to arise is the reduction in overall consumption by consumers. Consumers must reduce the overall amount of goods and services they use in order to assist corporations as they seek to reduce the amount of resources that it takes to meet the demand. This reduction in usage is a cultural change and one that must start now in order to support a more sustainable future (Makipere & Yip, 2008). Corporate managers today must take a different approach to sustainability as they educate their employees in the areas of management related to sustainability. There must be an increase in education. Likewise, corporations must move to more effective and efficient ways of doing the same work with fewer resources (Mirchandani & Ikerd, 2008). Gibbs (2009) made the case that many new technologies have been invented or enhanced to deal with these economic and environmental changes. These technologies have presented some solutions to our problems and created new problems at the same time. This point would support the need for reduced consumption and revised attitudes toward a more sustainable future. Silvi (2008) contributed to his viewpoint noting even in the case of solar energy, it takes resources to manufacture energy-saving advancements.

### **Transition and Summary**

At a time when Americans have been faced with some of the worst economic times the country has seen, not-for-profits struggle to survive, and state and federal governments are scrutinizing not-for-profits closer for any untapped resources (Thornton,

2010; Valentinov, 2011). These realities cause not-for-profit boards and CEOs to reexamine their mission and their revenue streams. Becoming more fiscally sound and operationally perceptive is required for survival in the current climate (Dobrai, 2010). In general, people have become unwilling to move forward during economic hardship, and change is the farthest possibility from their minds (Stid & Bradach, 2009). Powerful leaders will take these opportunities to refocus for long-term health and viability, rather than retracting into a survival mode.

Clearly, state and federal governments are struggling for revenue, which in turn affects the way many not-for-profits operate. This reality, coupled with the fact that there are few donor dollars available, causes many in the not-for-profit world to wonder what the future holds (Benzjian et al. 2009). For these reasons, it is even more necessary for not-for-profits to be financially sound and concurrently making plans for future growth and sustainability (Fritz et al., 2010). Long-term vision coupled with long-term action is a receipt for success and viability (Ruvio, et al., 2009).

In Section 2 of this paper, the researcher lays out the research method that is used, and describes the components to the research itself. Several areas are covered in Section 2 such as (a) research participants, (b) data collection, (c) the role of the researcher, (d) reliability, and (e) validity. Section 2 clearly defines the goals of this qualitative phenomenological study, as well as the specific questions that were asked in the investigation stage. Section 3 will provide the results of the investigation and information that will be useful to those reading this study.

## Section 2: The Project

### **Purpose Statement**

The purpose of this study was to provide not-for-profit organizations with information that would help sustain them during difficult economic times, as well as to demonstrate the importance of long-range planning for not-for-profits as their leaders prepare for success and long-term sustainability. With such techniques, not-for-profits demonstrated in the most recent economic downturn that sustainability is possible. Still, many not-for-profits have collapsed under the pressure of financial distress, and a direct correlation has been drawn to a lack of preparation prior to such downturns (Storm, 2009; Thornton, 2010). This reality demonstrates the need for not-for-profits to focus on sustainability and long-term planning, so as unforeseen economic issues arise, corporations are able to withstand the negative impact on the corporation and business

### **Role of the Researcher**

The researcher played a significant role in data collection for this project. The overriding goal of the study was to add value to not-for-profit organizations and their ability to exist long-term as they serve their members. In the hope of identifying long-range planning and preparedness strategies for dealing with economic difficulties in not-for-profit communities, this study featured data collection through interviews with CEOs of not-for-profit organizations. Creswell (2009) pointed out that interviews are used to seek views and opinions about the topic that can help to formulate answers. Thus, the interviewer was able to listen precisely and take copious notes to document what those being interviewed said. Likewise, the qualitative investigator should have the ability to incorporate documentation from the interviewees in order to substantiate the claims made

by them to validate the study and its conclusion (Creswell, 2009). By asking pointed, open-ended questions, the interviewer was able to extrapolate the information needed to make the study successful (Creswell, 2009).

The researcher is very involved in the not-for-profit community in western Pennsylvania, and as such, many connections have been made with leaders in the not-for-profit world. Many leaders understand the need to support other not-for-profits that are struggling by providing information and techniques that may assist and aid in weathering economic difficulties. In many cases, there was already a relationship between the researcher and potential participants and a desire to further the cause of not-for-profits on the part of the prospects. Making connections with professionals and leaders of local not-for-profit organizations is a part of the daily life for those researching and working in this field. By inviting potential participants from the not-for-profit community in western Pennsylvania, the researcher was able to fill the needed number of participants (see Appendix A). Additionally, as a member of the Pennsylvania Association of Not-For-Profit Corporations, the researcher had ready access to not-for-profit agencies throughout western Pennsylvania.

### **Participants**

Purposive sampling within the specified geographic area was employed for choosing the participants for this study. Creswell (2009) pointed out that the researcher in this type of qualitative approach should purposefully chose a selection that has influence over and a stake in the findings of the research. Those who were chosen to participate had knowledge and experience to assist in identifying concrete means by which not-for-profits can utilize long-range planning to prepare for potential unforeseen

issues. All participants in this study had a significant stake in what the study produces and the findings that arose through the research. Because all those participating were leaders of their respective not-for-profit corporations in western Pennsylvania, their input and knowledge were essential to the overall study and its findings.

To determine who specifically would be included in this study, it was decided that one criterion for participation would be leadership within a not-for-profit corporation as the CEO or an equivalent-level manager. By selecting this level of executive, information was gathered that connected to how successful corporations operate. Because CEOs are the visionaries of their given corporations, their insight was critical to determine the most effective and efficient means for utilizing long-range planning within the not-for-profit sector. Merriam (2002) and Wolf (2002) pointed out the goal of qualitative research is to engage the participants by extracting their knowledge and experience in the given research investigation. By highlighting the differences between the individuals who utilize specific techniques in long-range planning and those who do not, clear boundaries may be seen regarding the effectiveness, or lack thereof, of long-range planning.

For this study, the potential population included not-for-profit CEOs within organizations in western Pennsylvania who were willing to be interviewed, filled out the demographic information, filled out the MLQ survey tool, and discussed their views on what makes their organizations successful. The potential participants were drawn from several sources including Pennsylvania Association of Nonprofit Organizations (PANO), Guidestar.org, and professional relationships to the researcher. This potential population encompassed an array of not-for-profit organizations that served different segments of the overall population. Included among them are (a) healthcare organizations, (b)

foundations, (c) childcare corporations, (d) senior living facilities, and (e) local service organizations. It is important to note that a significant number of not-for-profit corporations in western Pennsylvania are in the business of serving people, and these organizations have distinct and different means by which they care for the people in this region. In order to maximize the applicability of this study to the broad not-for-profit sector, an attempt was made by the researcher to include, as many different not-for-profit organization types would participate.

Regarding the size of the sample for this research study, it was determined that 20 CEOs would be interviewed to gain a perspective on the different practices that exist within this not-for-profit industry. Mason (2010) made the point that a smaller sample size, such as 20, is effective when researchers are attempting to investigate a phenomenon. Because the goal of this qualitative phenomenological investigation was to determine how not-for-profits utilize long-range planning, and how this planning has helped them survive challenging economic times since 2008, this sample size was determined to be sufficient. Additionally, Creswell (2009) pointed out that qualitative research is done in the natural setting; there is no more appropriate place to investigate this phenomenon than with CEOs of local not-for-profits. Last, Onwuegbuzie and Leech (2005) indicated that a smaller sample size from 6-10 would be sufficient given the nature of the study and investigation style. While a smaller number of participants would be acceptable, using 20 provided an optimal representational view of how not-for-profits utilized long-range planning to deal with unforeseen difficulties. The selected sample size of 20 CEOs allowed the researcher to investigate the topic at a deeper level with the participants.



Each participant was given a letter of invitation to participate in this study (see Appendix A). Additionally, each participant was asked to sign a consent form. The participants were asked to acknowledge their desire to participate by signing the consent form for this study; this form detailed what was expected of them throughout this study. Likewise, the participants were given a basic demographic form to fill out to track the specific types of not-for-profit organizations that participated in this research study (see Appendix C). The participants were notified of the confidentiality of the study (see Appendix B). Furthermore, the participants were informed that the information gathered in this study remains confidential, and at no time will the identity of the participant be divulged. The participants also were notified that they were able to withdraw from the study at any time without any ramifications or repercussions. After each interview, the participants were asked to fill out the MLQ research tool, which were provided to them at the end of the interview session (see Appendix E). The Institutional Review Board (IRB) of Walden University has approved all of these procedures. The IRB approval number for this study is 02-07-12-0121390.

### **Research Method and Design**

Finding answers to potential problems in planning within the not-for-profit world was the motivation for this study. Thus, the question of how dedicated long-range planning and fiscal stewardship contribute to healthy not-for-profits in the future was an essential topic for this segment of the business community. For this study, a qualitative phenomenological research procedure was employed through participant observation and detailed interviews with actors in this field (Creswell, 2009; Klenke, 2008). These two methods of data collection were combined to deliver the information needed.

Recommendations that were disseminated among not-for-profits could help them sustain and uplift their corporations and organizations. These procedures will accomplish the critical goals for qualitative research (Creswell, 2009). Likewise, Bryman (1988) highlighted the need to acquire knowledge from experienced actors to qualify the phenomenon that the researcher is seeking to understand. Those tenets are connected directly to taking the research to the place where the actors have influence and are contributors (Bryman, 1988; Duncan & Harrop, 2006; Klenke, 2008).

The qualitative participant observation and detailed interviews method is dedicated to seeking out those who have knowledge of and participate in the field being studied. More knowledge was gained by firsthand experience than through literature on the topic (Duncan & Harrop, 2006; Klenke, 2008; Lee & Broderick, 2007). Likewise, using these research methods assisted in helping disseminate the findings into a more user-friendly presentation for those practicing in the field (Bisoux, 2007). The goal of qualitative research is for practitioners to contribute to their field of study, and so this method and style was appropriate to the desired research projected (Duncan & Harrop, 2006; Gatrell, 2009).

The specific business problem for this study was the lack of knowledge or action on the part of not-for-profit leaders in terms of planning for the long-term financial stability (Yip et al., 2010). One key factor for choosing such a research method and procedure was to help illuminate the problem that exists and bring potential solutions to the discussion that can support making a positive impact for the industry and those who serve within the industry (Duncan & Harrop, 2006). Making an impact is a desirable goal for any researcher, and having credibility in one's research is a key aspect for a

researcher as well (Riege, 2003). Providing those vested in the research project the opportunity to examine the research findings is one way the researcher can help to bring creditability to the study (Riege, 2003).

## **Method**

Research methodology sets the foundation for the entire study. Likewise, it sets the tone for how conclusions and findings are formulated and presented to the reader (Creswell, 2009). Research validity is also an important aspect to any research as readers seek to extrapolate conclusions and contributions for implementation (Ocler, 2009). Graffigna et al., (2010) noted the goal of qualitative methods of research is to gain an understanding of what is being investigated and bring to light any phenomena that may exist. Choosing the qualitative method of research over quantitative methods was more appropriate for this specific study. Because new knowledge was sought in this study, and because specific phenomena were being examined, the researcher decided to utilize the qualitative method for investigating this specific research problem.

In this study, 20 CEOs of not-for-profit organizations in western Pennsylvania were interviewed (see Appendix F). These CEOs were specifically leaders of 501(c) 3 corporations and that operated in a social services capacity. For this study, the researcher employed the qualitative methodology by utilizing interviews with CEOs to examine the fiscal stewardship and long-range planning process of these organizations. Additionally, a MLQ (Multifactor Leadership Questionnaire) was used to extrapolate the specific characteristics of each CEO that helped to make the corporation successful and profitable, pertaining to long-range planning and fiscal stewardship. It is noted that the

researcher purchased the MLQ tool and the rights to administer this tool to the participants of in this study.

Not-for-profit service organization struggle financially, this topic was important in assisting not-for-profit leaders in helping their organizations become more successful in their service field. By addressing the topics of the fiscal stewardship and the capacity of nonprofits in western Pennsylvania, results of this study may aid not-for-profits in fiscal stewardship and long-range planning for future success. By utilizing the qualitative methodology, new knowledge was gained to help others within the same field locally and across this country.

In the case of this specific study, a qualitative approach using participant observations and in-depth interviews was employed to help arrive at specific recommendations for the nonprofit world as it pertains to fiscal stewardship and long-range planning. A theory based on the research, prior knowledge was formulated, and then the research method was chosen to investigate that theory (Creswell, 2009). One reason for choosing a qualitative study approach was, “Studies using qualitative research approach typically obtain more in-depth, detailed information on fewer cases than do studies using more quantitative designs” (O’Sullivan & Rassel, 1989, p. 32). Within quantitative research, many variables exist for large numbers of cases that can be less practically informative toward the problem at hand (O’Sullivan & Rassel, 1989). Thus, the goal of this research was to identify the patterns that exist within successful not-for-profits and provide a framework for others to duplicate. By identifying key procedures that stood out in these successful companies, specific recommendations were offered to

help struggling not-for-profits. It is important to note that in qualitative research only a small sample is needed to make determinations (Creswell, 2009).

For this research, a purposive sampling technique was employed to identify the specific group within nonprofits who were interviewed. Choosing the participant study group is based on a set of criteria specific to the study and the research question (Creswell, 2009). This approach leads to demonstrating the validity for the study as the participants in the chosen sample have a stake in the research and its findings (Riege, 2003). It should be noted that the actual size of the sample is determined when there is no new information being gathered by the data collection because the interview process is guided largely by open-ended questions (Creswell, 2009).

### **Research Design**

The specific research design for this study was phenomenological. The researcher used the process of interviewing CEOs of not-for-profit organizations in the western Pennsylvania area. The purpose of this specific research design was to compile the information gathered in these interviews and identify specific ways that not-for-profit leaders can better plan for operating in the future. Faint (2011) pointed out this type of phenomenological investigation is done with the expectation that new knowledge will be gained through the lived experiences of those who are participating in the research study. Moustakas (1994) noted that researchers must disconnect their personal viewpoints to acquire the knowledge and expertise of those being investigated. By interviewing and observing experts in not-for-profit leadership, it was hoped that new knowledge came forward to assist other not-for-profit organizations in being more successful in serving their constituents.

In addition, this study provided not-for-profits leaders a framework on how to manage financial issues within their corporations by being vigilant in monitoring the fiscal health of society. It was the desire of the researcher to use open-ended questions to generate solutions to these operational issues and concerns, thus bringing new knowledge and information to the field (O'Sullivan & Rassel, 1989). Because a goal of this study was to seek techniques to provide nonprofits with fundamental and strategic processes to build upon for success, this specific research method was chosen. By interviewing experts in the field, dialogue was used to identify practices used by the participants (Creswell, 2009). By utilizing open-ended questions, participants can fully describe their feelings and share the expertise.

### **Population and Sampling**

Qualitative research is conducted in the natural setting of the research study (Creswell, 2009). Because this is the goal of qualitative research, the choice of interviewing 20 CEOs of local not-for-profit corporations and organizations was appropriate (Mason, 2010). This segment within the not-for-profit setting is an excellent population and group sample from which to extrapolate ways to be fiscally successful and future-focused in planning. Onwuegbuzie and Leech (2005) indicated that a smaller sample size from 6-10 would be sufficient given the nature of the investigation. Mason (2010) pointed out that sample sizes needs to reflect the segment being studied, therefore, a sample size of 20 is sufficient. Because it is the goal of the research in this qualitative study to establish how these processes are accomplished, the interviewing of those in the field is appropriate (Creswell, 2009).

The population the sample was taken from is the western Pennsylvania not-for-profit sector. This population includes all not-for-profits that were willing to participate in this study. Because the researcher was deeply involved in the human care field, and because many of the researcher's interactions took place in that field, a significant population from the human care industry was included in this study. The researcher made a sincere attempt to engage other not-for-profit industries within the sample for this research as well.

For the reasons stated above, the sampling technique was purposive (Creswell, 2009). This technique uses a set of criteria that allows the subjects to be measured against the needs of the study to determine their eligibility for participation. For the purposes of this research study, those criteria are specific and clear. Those being interviewed were in upper management, preferably CEOs, of local not-for-profits organizations or connected with for-profits that have foundations that have been granted 501 (c) 3 status. They must have had intimate knowledge of the financial affairs of the corporation. They must be been involved in the budgeting and long-range planning for the corporation. The interviewees must be able to document their position for the sake of the research and its validity. In addition, they were asked to sign an informed consent form stating their desire to be included in the study.

Regarding the size of the sample group for this study, the intended size was approximately 20 individuals. According to Creswell (2009) and Mason (2010), the size of the interview pool is not preset or restrictive because the size of the participant pool is centered on the collection of new information. In fact, both authors highlight a sample size around 20 as an appropriate sample size for this type of research. That is to say,

when the information from such interviews is not revealing new knowledge then the sample group has attained its proper size and function (Creswell, 2009). The researcher believes that this situation could occur with approximately 20 participants.

### **Ethical Research**

Ethical considerations are vital to any research project and occur in all research settings (Merriam, 2002). In this study, several ethical considerations were considered such as, confidentiality of participants, consent of participants, and objectivity of researcher (Creswell, 2009). Researching involves collecting information by people, generally from other people, to help find critical data that will assist in furthering the knowledge about the specific topic at hand (Punch, 2005). It is the duty of the researcher to protect and guard the research participants (Israel & Hay, 2006). The simple reality is research information from participants is critical and necessary; however, research participants must always be assured of confidentiality. Without this confidentiality, research participants could withhold complete facts from the researcher, thus invalidating the findings of the researcher (Creswell, 2009).

Merriam (2002) pointed out that these ethical issues will occur in research and must be dealt with in the proper manner in order to uphold the validity of the research. This reality demonstrates the complexity that exists in the realm of research within any field of study and topic of debate. For any researcher, the goal is always to protect the participants and their information (Creswell, 2009). The researcher must obtain consent from those participating. This consent allowed participants' information to be counted in the researcher findings (Piper & Simons, 2004). This research was conducted in a manner intended to uphold the participant's confidentiality, reliability, and participation.



A letter of invitation was sent to each prospective participant detailing the complete depth and breadth of this specific research study. In the invitation letter, all expectations and information was laid out for potential participants as they considered whether to participate. The invitation letter included several different points of clarification highlighting what the expectations were for the participant. Additionally, information was contained in the invitation letter regarding what the researcher did to protect the information collected from the participant. The invitation letter and the consent form both provided contact information for the chairperson of the committee if any further questions arose. Together these measures helped to protect the researcher, the participants, and the information gathered for the study.

The participants in this study all represented a not-for-profit corporation as the CEO or similar position and as such we're be concerned with protecting any specific information about the corporation that was sensitive in nature. Each participant was informed of the confidentiality agreement and signed said agreement before the study began. Both the researcher and the participants were held to this confidentiality agreement to ensure confidentiality. This ethical protection was necessary to ensure honesty and forthrightness within the research process. Likewise, the complete detail of procedures was laid out. Some of the important aspects of the agreement were as follows:

- No names of individuals or the names of the corporations they represent were used in this study.
- All data will be kept in a secure location for 3 years and then destroyed to protect all participants involved.

- Participants were able at any time to withdraw from this study for any reason without any repercussions.

These points only represent some of what the agreement has contained within it.

Together the letter of invitation, confidentiality agreement, along with the consent form helped to protect the participants and the researcher.

## **Data Collection**

### **Instruments**

For this study's data collection, the process of interviewing was deemed as the most appropriate technique. Creswell (2009) made the point that using this technique allows the researcher to ask follow up questions and dig deeper to uncover needed information. In addition, this technique allows for more interaction and more of an in-depth probing of those being interviewed. By controlling the questions and asking follow-up questions, the researcher is able to control the interview and receive information that is relevant to the conversation and study (Creswell, 2009). In managing the path that the interview takes, the researcher is able to understand what the interviewee is trying to say and how it relates to the phenomenon that is being investigated in the interview (Johnson, Buehring, Cassell, & Symon, 2006; Merriam, 2002; Wolf, 2002).

To insure accuracy and reliability with the collected data, the researcher recorded each interview. After each interview was completed, the researcher transcribed the interview verbatim. All documents will be saved in a safe and secure location to maintain confidentiality and integrity of the data for 3 years.

Additionally, the MLQ leadership survey was employed to help determine the specific leadership traits that affect the use and need for long-range planning (see

Appendix E). The MLQ survey instrument has significant evidence of its usefulness and success. The researcher has purchased this instrument, and received authorization to use this instrument for this specific study. Avolio et al. (1999) published a study using the MLQ that demonstrated not only its validity, but also demonstrated that measured against other similar surveys; the MLQ has been proven accurate and reliable. Additionally, Bass et al. (2003) demonstrated in their study that the connection between leadership and the characteristics that leaders possess are identifiable through the MLQ survey instrument.

The MLQ is a survey-based instrument that asks questions regarding how participants perceive themselves as leaders in several different scenarios and circumstances. The MLQ measures many different leadership traits that contribute to the way in which the participants utilize their leadership style. The participants were asked to take this brief survey as a part of the interview process in order to minimize the total amount of time required for participation in the study. Some of the traits that are measured in the MLQ are passivity, avoidance, transformational behaviors, transactional behaviors, effectiveness, and activity. These are a small sample of the things that the MLQ is looking to determine through the survey instrument. The follow is the scale used for this tool:

- 0 = *Never*
- 1 = *Once in Awhile*
- 2 = *Sometimes*
- 3 = *Fairly often*

- 4 = *Frequently, if not always*

The scores are calculated as an average of each section and presented as the mean score for the individual. The scores are then charted to describe the leadership style that individuals employ as the leaders of their given organizations. The data that are produced through this instrument will be kept by the researcher and will be available upon request.

### **Data Collection Technique**

Lists of not-for-profit corporations were obtained from Pennsylvania Association of Nonprofit Organizations (PANO). These lists were used to determine the types of corporations that were included in this study. CEO's of these corporations were contacted to invite them to participate in this study. All participants obtained permission before the data was collected (see appendix B). Of the pool of participants, 20 CEO's were interviewed with the specific questions, which are as follows;

1. How do you receive funding for your not-for-profit corporation?
2. What is your long-range planning process within your corporation?
3. How does your corporation implement your long-range planning decisions?
4. How has long-range planning affected your corporation?
5. How has long-range planning helped you to deal with economic down turns?
6. How important are downers to your corporation's finances each year?
7. What do you wish you knew before you became the CEO?
8. How has your corporation evaluated its fiscal performance over last 5 years (see Appendix D)?

Faint (2011) made the point that phenomenological research has as its goal creating new knowledge. By interviewing these CEO's, the researcher compiled the accumulated facts regarding long-range planning and fiscal stewardship. Throughout the interview process the interviewees were able to elaborate on their answers to provide detailed information on what makes their corporations successful in utilizing these techniques. Throughout this process of phenomenological interviewing, participants will be able to become engaged in the discussion and help to uncover their specific lived experiences within this research spectrum (Moustakas, 1994)

### **Data Organization Techniques**

Data organization will become important as the interviews are taking place. In that light, the method of organization that was employed was three fold. First, all interviews were recorded with written permission from the interviewee in order to demonstrate validity of data collected. These interviews were kept for the duration of the doctoral study and the writing of the project paper; likewise, these materials will be kept in a secure location for the required 3 years' duration. Each interview was transcribed from the original reordered interview. In addition, the researcher kept a log for every interview noting specific findings and remarks that were pertinent to the study. Second, each interview was conducted in the same format with the same research questions. When the interviewer asked follow-up or separate questions to the interviewee, the researcher noted that in the writing section of the log. These questions were designed to extrapolate the specific techniques and procedures that make successful not-for-profits viable, and allow these successful not-for-profits to survive difficult economic times using long-range planning. Third, the researcher reviewed each interview and

highlighted those areas of specific application. Based on what was reported in the literature, not-for-profits likely share policies and procedures that help them stand out and be successful. These similarities and likeness were noted and cataloged to ensure their usage in the presentation of materials and conclusion. Using this regimented procedure; information was collected, separated, and categorized to allow for clear and concise research findings to appear. Remaining faithful to these procedures and consistent with the implementation of these procedures, it was assumed that credibility and validity was brought to the research.

The MLQ research survey tool was administered to each participant (see Appendix E). This tool helped the researcher identify specific leadership characteristics that contributed to the use of long-range planning and sound management. As identified by Avolio et al. (1999) and Bass et al. (2003) the leadership qualities that were identified by the MLQ tool were directly related to the type of leader that each individual is within their respected corporation. Bass et al. (2003) noted that the results of the MLQ survey connected the transformational leader's characteristics to the success of their organizations. Combining the findings from the interview with the MLQ research tool, the researcher was able to triangulate the research findings to point out the significant areas of application. Likewise, by measuring the findings against the leadership skill sets and the MLQ results the researcher was able to make a connection between effective leaders who use long range planning, and leaders that disregard the need for long range planning.

### **Data Analysis Technique**

The specific method of interviewing CEOs of local not-for-profit corporations was done using the following interview questions.

1. How do you receive funding for your not-for-profit corporation?
2. What is your long-range planning process within your corporation?
3. How does your corporation implement your long-range planning decisions?
4. How has long-range planning affected your corporation?
5. How has long-range planning helped you to deal with economic down turns?
6. How important are downers to your corporation's finances each year?
7. What do you wish you knew before you became the CEO?
8. How has your corporation evaluated its fiscal performance over last 5 years

(see Appendix D)?

After collecting the data compiled through the interview process, the researcher categorized the findings. By using these specific research questions, important information of whether the given not-for-profit corporation utilized long-range planning and fiscal stewardship was obtained. By answering these questions, the researcher compiled the similar policies and procedures that identify with the most successful not-for-profit corporations. Throughout the literature reviewed it has become clear that adherence to these practices has helped many not-for-profits remain successful throughout economically challenging times.

After each interview, information was categorized; the information was separated into specific topics. These topics were previously identified through the literature review. As each interview was completed, the appropriate information was separated into the

specific categories. If new categories arose during an interview, a new category was established and previous interviews were examined to determine if those interviews have any contributing information to add to the discussion. By using categories relevant to the research topic, specific ways that not-for-profits can enhance and improve their fiscal stewardship and vision for the future were identified. Because the specific categories have been established in the literature review, the findings naturally supported or rejected the initial researcher suppositions. Utilizing real not-for-profit corporations allowed for concrete measurements and realities to be presented in the findings through the research interviews. Creswell (2009) makes the specific point that qualitative phenomenological research is about collecting information from lived experiences of participants in the specific field of study.

Each participant filled out the MLQ research tool. After each interview, the research tool was examined and all relevant data was cataloged. After the research tool was completed, the scores were calculated as an average of each section and presented as the mean score for the individual. The scores were then charted. The data that was produced through this instrument will be kept by the researcher and will be available upon request. These traits helped to identify the necessary characteristics that are possessed by the most successful not-for-profit leaders.

The MLQ format then provided the researcher with a table to chart the area that the CEOs fell into as it pertains to their leadership style. This information, combined with the interview questions, was measured and triangulated with the literature to establish the specific principles and long-range planning techniques that were best utilized by successful corporations. The MLQ software provides all the necessary



components needed to accomplish this. Included in the software package were all the formulas needed to arrive at the information collected in the survey.

### **Reliability and Validity**

#### **Reliability**

Reliability of research is critical in establishing the quality of any study. The critical aspect to reliability is how to demonstrate reliability. For this study, the researcher used the technique of interviewing experts within the not-for-profit field to gather information into best practices for preparing for and dealing with economic downturns. By using the literature review to identify the characteristics of not-for-profits' lacking of fiscal stewardship and long-range planning, key categories that not-for-profits need to address were identified. Wikman (2006) pointed out that responses to research questions that are derived from literature reviews or other professionals in the research field can be the most reliable and valid. Wikman (2006) also pointed out that the specific words used in interviews and questionnaires have critical importance to the research and its topic. Therefore, utilizing the literature review for the creation of categories was a significant measure of reliability and validity. Establishing ideas through what other research has found to be important helped to ensure that the researcher was investigating a reliable problem within the business sector.

Creswell (2009) made the significant point that the greatest degree of reliability comes from those within the research field and professionals who are impacted by the research. Additionally, Merriam (2002) pointed out that reliability and validity is tied directly to the ethical manner in which the research was conducted. What made these findings reliable and valid was that they were tested through not-for-profit corporations

and their outcomes were real and accurate. As the questions were asked, a consistent collection of the data occurred by using the same questions, ensuring that the data collected was both reliable and valid. Allowing the information from the study to dictate what recommendations and suggestions were given in the conclusion is a reliable method of disseminating research findings and brings validity to those findings (Bisoux, 2007).

### **Validity**

Validity within a research study takes on a different aspect when compared to reliability of a study. Creswell (2009) pointed out that validity is a strength of qualitative research. In light of the specific type of research method used, qualitative research can have validation through the very process that is employed. Graffigna et al. (2010) pointed out that validity is determined when the researcher is able to ensure that the variables in the study are good ones, and methods of collecting the information help to answer the research questions. Additionally, internal validity happens when the researcher is able to demonstrate consistency in collecting the data, as well as, when the information collected is applicable to the specific research questions (Graffigna et al, 2010). For the purposes of this study internal validity occurred when the information was gathered utilizing the same format and means for all research participants. Merriam, (2002) noted that clarifying what the research participants exactly said helps to demonstrate validity. In this research study, a recording was made of all interviews. These interviews were used to extrapolate the specific techniques and patterns used by successful not-for-profits. Likewise, these interviews were kept for future usage and validation.

Regarding external validity, Merriam (2002) pointed out that saturation of identical information is a point of reliability and validity within a research setting. When saturation of information occurs, the researcher can be assured that there is validity to the information that has been collected (Creswell, 2009). Together these points all demonstrate reliability and validity for this study.

### **Transition and Summary**

Throughout the section, the following areas have been addressed (a) research method, (b) research design, (c) population sampling, (d) data collection techniques, and (e) data analysis techniques. All of these areas helped to provide a concrete foundation for the reliability and validity of this specific research study. This information is vitally important as the reader continues onto the importance of this study and the specific findings of this study. To understand the methodology of a study the reader must be engaged in the study and find the variables and relationships to the study to be applicable to their specific situation (Shah & Corley, 2006). Thus, understanding the study's methodology is vital to both the readers and the researcher (Creswell, 2009).

It has been shown that the chosen research method was appropriate for this specific research study. The specific questions for the study have been presented to show the logical flow in the research thought. In Section 3, the findings of this specific research are given and application to social change and professional practice are articulated. The researcher's intention is that these findings will assist and support not-for-profits across this country as they prepare for potential downturns in the economy.

### Section 3: Application to Professional Practice and Implications for Change

The not-for-profit sector has shown significant resilience during the recent economic downturns with several corporations maintaining strong operations and increased capacity. Leigh et al., (2010) have made the point that the economic downturn in the U.S. economy has affected the not-for-profit sector in significant ways. This has not been reflective of the entire not-for-profit sector as an equal number of smaller not-for-profits have failed and closed down their operations. The case has already been made that not-for-profits are vital to their communities. Therefore, these realities are critically important for the long-term health and viability of the not-for-profit sector.

This study has focused on the ways in which not-for-profit corporations in western Pennsylvania have utilized and implemented strategic planning and fiscal stewardship. Throughout this study, information was gathered to provide to not-for-profits tools that can be used to prepare and strengthen not-for-profit corporations to meet difficult economic times now, and in the future. Many of the participants in this study showed significant knowledge of long-range planning and fiscal stewardship, a finding that assisted in arriving at the conclusion to this study. While not all of the participants were successful in implementing strategic planning and fiscal stewardship, each participant made a significant contribution to this study.

#### **Overview of Study**

The purpose of this qualitative phenomenological study was to identify (a) ways that not-for-profits can be more fiscally sound during difficult economic times, (b) ways that their leaders can plan for future effect, and (c) how successful not-for-profits utilize strategic planning to prepare for potential economic downturns. The simple reality is that

not-for-profits play a significant role within the communities they serve and contribute to their economic stability (Deitrich & Briem, 2007; Valentinov, 2011). Given these factors, this study sought to provide not-for-profits specific ways and means by which they could prepare their corporations to be successful during economically difficult times, and the incentive to use them.

This study had three basic research questions that were being investigated:

- How can 501 (c) 3 not-for-profits be more fiscally sound in their business principles, and employ long-range planning and strategic concepts for better sustainability within its given industry?
- What specific leadership styles are evident in very successful not-for-profit organizations?
- How can these leadership styles be duplicated in other industries?

These three questions center around the specific ways that not-for-profit corporations and their leaders can prepare themselves to be able to endure difficult economic times. These questions are all vital to the health and wellness of any corporation. Together, these questions will lead any corporation and its leadership to ask critical questions that will help define the corporation's desire and abilities regarding fiscal stewardship and long-range planning.

Briefly speaking, the findings of this study confirmed much of what the literature presented in the first chapter of this paper laid out. That is to say, successful corporations need to employ long-range planning and fiscal stewardship in order to be profitable and sustainable. A majority of the participants employed long-range planning and focused on fiscal stewardship. In the top five corporations in the study, which were 25% of the

corporations, it was evident that fiscal stewardship and long-range planning were a part of the corporation's culture. Each corporation had its own way in which they dealt with fiscal stewardship and sustainability. However, it was clear that each corporation took the matter very seriously by focusing on long-range planning and being proactive rather than reactive to their given industry conditions. Only one corporation, comprising 5% of the participants, indicated that while long-range planning was important, it does little to engage the leadership in a dedicated structure for planning. The information gathered would help to assist other not-for-profit corporations better prepare for economic downturns by being more vigilant to make early detection a priority to be better equipped for unexpected events.

## **Presentation of the Findings**

### **Demographic Information**

The participants in this study had a variety of missions and service a vast and diverse population. This point is crucial to note, since all participants are 501 (c) 3 not-for-profits corporations. These corporations are all service oriented and seek to uplift those they serve. However, even within these different industries each corporation provides a different service, product, or supportive activity to their clients. For this study, 20 participants were chosen based on strict criteria. Each participants maintained an executive level position in its given not-for-profit corporation. The breakdowns of the participant representation are indicated in Table 1.

Table 1

*Participant Industry Breakdown*

Industry Categories	Percentages of Participants
Childcare services	5%
Health and human services	45%
Fraternal life insurance	5%
Nonprofit special services	25%
Foundation and nonprofit service	15%
Educational institution	5%

*Note.* Health and human services includes several different organizations that provide health and supportive services to people in need.

As noted in Table 1, a diverse population participated in this study, representing several different not-for-profit communities in western Pennsylvania. Having a broad and diverse participant pool helped to reflect more accurately the information gathered within this study. Each participant group reflected a significant segment of the population served in western Pennsylvania.

In addition to the organization types, other demographic information was asked of the participants at the beginning of each interview. Several important demographic insights were seen in the range of corporations that are in the participant pool. A notable fact evident in Table 2 is that all but one participant is the executive director/president/CEO of his or her corporation. This is a crucial point because the data that were collected came directly from the person responsible for implementation and

evaluation. The size of the corporations that participated was very diverse. There was equal representation from the smallest group to the largest group employing over 1500 employees (see Table 2).

Table 2

*Participants Demographic Information*

What degree do you hold or are obtaining?	What is your gender?
30% Bachelor's Degree	30% Female
20% No Degree	70% Male
05% M.S.W.	
05% J.D.	What is your job title?
05% MBA	95% President/CEO
05% Masters in Nonprofit Management	00% Chief Operation Officer
15% Master's Degree not listed	05% Chief Admin Officer
10% Doctorate	
05% Masters In Public Administration	Size of the staff that you manage?
	20% 1-5
What is your ethnicity?	15% 6-10
95% Caucasian, non-Hispanic	30% 11-50
05% African American	05% 51-100
00% Asian	10% 101-500
00% Hispanic/Latino	20% 501 or more
00% Other	

### Research Questions and Evaluations

This research study included an exploration of the following questions:

- How can a 501 (c) 3 not-for-profit be more fiscally sound in its business principles, and employ long-range planning and strategic concepts for better sustainability within its given industry?
- What specific leadership styles are evident in very successful not-for-profit organizations?
- How can these leadership styles be duplicated in other industries?



Each of these questions helped to define the health and viability of the chosen not-for-profit corporations that participated in this study. The first research question asked how a 501 (c) 3 not-for-profit could be more fiscally sound in its business principles, employ long-range planning, and strategic concepts for better sustainability within its given industry. The findings on the first question were pointed and mutually consistent. In total, 90% of all executive leaders indicated that strong fiscal stewardship begins with a plan, and the plan must be followed in order to achieve success and viability. The answers to this research question varied in terms of how each corporation achieved the desired outcomes. However, the vast majority of those interviewed made it very clear that planning and planned execution was vital to their success long term. One research participant emphasized that achieving this type of success is only accomplished by having a road map/plan. In many ways, a majority of participants resounded this theme.

One important point to note regarding this research question was two participants in this study made it very clear that their engagement in these types of fiscal practices and long-range planning processes only began within the last 2 years. This point was significant in that, in both cases, the participants revealed that their lack of attention to fiscal matters and long range planning in the past caused heavy financial stress on their companies. Song (2009) concurred with his assertion that organizations need to make proactive changes in fiscal management of their business in order to stay ahead of their industry competitors and the changes that were occurring within their industry. Clearly, those corporations employing fiscally strong behaviors were more successful. Corporations that recognized the need to begin these types of procedures were stronger because of their decisions. In the two cases, 10% of those participating in this study were

struggling because, by their own admission, a lack of focus on disciplined fiscal management.

Thus, indications are strong that long-range planning coupled with discipline fiscal management is essential. Fritz and Ibrahim (2010) strengthened this conclusion by asserting, making strategic decisions early helps to avoid difficult decisions later on when the finances become more of an issue. The essence here is in the virtue of proactive rather than reactive responses to business issues with not-for-profit corporations. Further support of this notion is made by Jager et al. (2009) who draw attention to corporations who remain proactive and vigilant have a higher level of success and viability in all aspects of their corporate life.

The second research question asked what specific leadership styles are evident in very successful not-for-profit organizations. This question was measured by using the MLQ research survey. Each participant was asked to fill out the leader portion of the MLQ. After each participant filled out its questionnaire, the surveys were graded based on the tool provided in the survey packet. This information helped to determine the specific leadership styles of the participants. Additionally, this leadership type information helped to determine whether those leadership styles of the participants had an impact on a corporation's successfulness utilizing strategic planning and fiscal stewardship. The findings were somewhat surprising in that they showed a remarkable similarity in leadership styles of all participants interviewed.

Table 3

*Average scores on MLQ Survey*

Leadership Categories	Averages
Idealized influence (attributed) total/4 =	3
Idealized influence (behavior) total/4 =	3.5
Inspirational motivation total/4 =	3.8
Intellectual stimulation total/4 =	3.6
Individualized consideration total/4 =	3.20
Contingent reward total/4 =	3.4
Management-by-exception (active) total/4 =	1.8
Management-by-exception (passive) total/4=	1.1
Laissez-faire leadership total/4 =	.68
Extra effort total/3 =	3.45
Effectiveness total/4 =	3.5
Satisfaction total/2 =	3.4

*Note.* These categories reproduced from the MLQ survey tool. Permission for use is given in Appendix E.

As noted in Table 3, the scores for the participants were very similar. That is to say, a majority of the participants were graded with similar leadership traits. Each category was graded on a 4-point system. Therefore, scores that were 3.0 or higher indicated that a

majority of the participants answered in a similar fashion. Answers that were less than two also indicated that many within the survey answered in the same fashion.

Some of the findings were very unexpected. First, under the category of Laissez-faire, 90% of all participants indicated that they were proactive in their leadership style as it related to strategic planning and fiscal stewardship. The low number .68 within this category is the indicator. Other surprising numbers were in the categories of Inspirational Motivation, Intellectual Stimulation, and Extra Effort. These three categories showed that leaders who are proactive and put forth an extra effort are more likely to engage in fiscal stewardship and long range planning.

Overall, the leadership surveys indicated that leaders who are proactive in their management styles are more likely to engage in fiscal stewardship and long range planning. Within this study, only 10% of the participants indicated that they were not proactive in their leadership styles. Additionally, that same 10% of the participants also indicated that, while strategic planning was important, they do not do much with it. The researcher will note, these were also the organizations who indicated that their corporations were struggling financially and managerially. It is clear to me that corporations who have leaders who are proactive in their managerial efforts are far more likely to engage in fiscal stewardship and long range planning.

The third research question was how these leadership styles can be duplicated in or adapted to other industries? Given the information in Table 2, it was evident that leaders in not-for-profit corporations must be proactive in their leadership styles as they seek to prepare their organizations for success into the future. Carman et al. (2010) established the necessity for not-for-profits to hire leaders who are willing to be proactive

and lead in the face of difficulty. Likewise, the literature indicates that an executive's leadership style is directly related to how the face of the organization will begin to look over time (Austin et al., 2011). Fritz and Ibrahim (2010) supported this finding when they showed that innovative behavior and proactively responding to changing conditions are both indicators of high quality managers. This is also true when applied to strategic planning and fiscal stewardship. Throughout the interview process, many of the participants indicated that proactively managing was a key component to success and viability.

### **Outcomes from Section 2**

As presented in Section 2, the interview process was a good way to get the pulse of the not-for-profit sector regarding strategic planning and fiscal stewardship. After each interview, all recordings were transcribed and placed in Appendix E of the paper. These interviews shed meaningful information on the topic at hand. While the literature in section one laid out a strong foundation for the business problem of fiscal uncertainty and a lack of strategic planning, the interviews provided concrete information that called for a defined pattern for successful not-for-profits who utilize strategic planning and fiscal stewardship. During the course of each interview, several related issues began to emerge with regard to the research questions. Because this study employed the qualitative phenomenological method of investigation, there was an opportunity for follow-up questions and detailed discussion. Likewise, the use of the MLQ research tool allowed for a comprehensive view of the leadership traits that became distinct as necessary for a leader in the not-for-profit sector to be successful.

One important factor to note, the relationship to an organization such as PANO was a great benefit to the researcher since prior connection was made with various not-for-profit organizations in western Pennsylvania. The resource of having a list of organizations in my local area helped me save time when I began to make contact with potential participants. Once initial contact was made, the conversation turned to a connection and passion for serving and uplifting the not-for-profit community of western Pennsylvania. This was a blessing and made the research a pleasure to do.

### **Significant Data Collected**

After the data was collected, I was able to categorize the findings into three main areas of importance. First, throughout the entire research phase, the theme of dissemination continued to arise. A significant number of leaders, 75% in all, made the point that leaders need to articulate the long-range plan. In cases where long range planning was not important to the participant in the study, the corporation was struggling financially. One leader made the point that, having a long-range plan was only as good as the ability of leader to communicate that plan. Additionally, in every case the board of directors had to approve the corporation's strategic plan. In 20% of the participants interviewed, their boards of directors left the approved plan in the board meeting and had no connection to that plan. It was noted that this absence connection to long range planning made the process ineffective.

Secondly, of those who engaged in only long-range planning and fiscal stewardship, it was noted that without measurements or matrix to gauge progress the process was ineffective. That is to say, having a plan was important to success and viability. Implementing and measuring your progress was just as important as having a

plan. Without a way to measure progress, the corporation has no way of determining its effectiveness in implementing the long-range plan (Makipere & Yip, 2008). Many within the study made this point. Of those who made this point in the study, 20% of the participants felt that this factor was as important as having a strategic plan. One executive, he noted that of all of the topics regarding strategic planning and fiscal stewardship, measuring progress was the absolute highest of all the priorities.

Third, while having a long-range plan is important, and while measuring progress against it pivotal, being nimble and flexible was likewise important. The participants made it very clear in the interviews that flexibility was an essential ability that a not-for-profit must also have as it tries to remain successful in this changing economic climate. Jaskyte (2011) made this point when she noted that successful not-for-profits are more flexible, and they find new ways to be innovative in their services and products. She found that flexibility was a key component to organizational health and success. Without flexibility, a corporation has a limited ability to react and respond to the changing climate that they find themselves, because the best of strategic plans to not anticipate every future circumstance. One participant in the study noted this fact as she described her corporation's former way of dealing with change. She pointed out, before they changed their procedures regarding long range planning, to include a pattern for contingency and the way they measured progress, with this fact in mind, they were crippled when unforeseen events occurred.

### **Literature on the Topic**

Leadership is a key component to the success of any corporation, especially to the success of not-for-profit corporations (Carman et al., 2010). Not-for-profit leadership has

become a source of great debate over the last 5 years due in large part to the economic conditions of this country. Thornton (2010) concurs with this notion when he points out that leadership in the not-for-profit community is extremely important today's environment. As corporations see the need to cost cut and pare back their services in order to cope with the economic climate, leadership seems to be the key issue when dealing with long-range planning and fiscal stewardship. Tucker et al. (2005) brings this to light when they pointed out that not-for-profits struggle mightily to attract the high performance leaders that are needed to implement the necessary procedures that would strengthen not-for-profits as they seek to be fiscally healthy and sustainable. Song (2009) set the stage for this discussion when he establishes that not-for-profits must make changes help better meet their mission, vision, strategy, and structure. In order for corporations to deal with the changing economic climate and funding issues in the not-for-profit sector, corporation must be nimble, innovative, and flexible as they react and prepare for the future.

In the first chapter of this paper, I laid out a number of literature connections to this topic. In many ways, the literature in the first chapter was confirmed in this study. Not-for-profits corporations struggle financially. This theme from chapter one was corroborated by the interviews with leaders in the not-for-profit sector. Furthermore, 85% of all participants interviewed made the point that, without leadership from the executives in a corporation, boards will struggle to find their way strategically and fiscally. Hamilton et al. (2009) highlighted this when they noted that leadership from the top of the corporation is the only way to deal with fiscal stewardship and planning. In 10% of the cases in this study, it was obvious that corporations whose leaders are not



engaged in the process of long-range planning and fiscal stewardship are suffering. Even the participants in those organizations noted this during the interviews. Another aspect of this issue specifically relates to the engagement that the board of directors had with the leader of the organization. Carman et al. (2010) noted this when they highlighted, boards of directors need to be connected to what is happening with the organization. In many cases, this information came through the leader of the organization. That is to say, the CEO or Executive Director. As the direct leader of the organization, the leader must communicate the information and vision to the board so they are prepared to make an informed decision. A significant number of participants noted that they must communicate clearly the vision and mission to the board. If the board has no engagement with the leader then there is a detachment that will happen from the mission and vision of the organization to its implementation. In some cases, it comes by further investigation and proactive contribution by the board of directors itself. This relationship is a key if a corporations desire to successfully implement and use long range planning and fiscal stewardship.

### **Connection to Conceptual/Theoretical Framework**

As noted in Section 1, the systems theory was identified to provide a framework for considering the practical applications found in organizations that demonstrate success in their respective field. Because systems theory has at its core the identification of commonalities between things, it was a natural fit for the exploration of procedures to help corporations find common practices for long-range planning. This study identified specific common traits of successful not-for-profit corporations that are able to be duplicated or adapted and reproducible. Dominici and Levanti, (2011) defined systems

theory as an interdisciplinary method of investigating the principles that are common to all things and the overall models that can be used to identify and explain them, as well as their similarities. This principle proved to be applicable in this study. In 90% of those interviewed, it became apparent that focusing on long-range planning and fiscal stewardship is not a once a year event. To be successful as a not-for-profit, dedicated long-range planning and fiscal stewardship principles must be revisited and be employed throughout the life cycle of the corporation. This fits the understanding of what Dominici and Levanti, (2011) define as the systems theory. By identifying a pattern that is duplicated in successful not-for-profits, the systems theory brings credibility to this study and the findings of this study. Additionally, when, in the process of investigating a pattern is seen to develop, credibility to your findings increases do to the repetition of the similarity of information that is being gathered continually.

### **Research Finding Connecting to Effective Business Practices**

In a recent study by Prybil and Levey (2010), it was noted that, leadership within not-for-profit corporations is critical to all aspects of organizational health and wellbeing. Organizations in which leadership focuses on long-range planning and fiscal stewardship as a part of the culture of the company see higher levels of success. This was demonstrated throughout the study as 90% of respondents indicated the need to both communicate the long-range plan and connect it to all aspects of mission and vision of the corporation. This point was driven home through many different studies on the topic who found the significant need for corporate culture to match mission, vision, and long-range planning goals (Austin et al., 2011; Carman et al., 2010). Another significant point, as it relates to effective business practices comes from adherence to the long-range

plan that has been officially accepted. Burke (2008) contributed by noting, adherence to your long-range plan can be the difference between success and failure. Several participants who noted the need to stick to the plan in all circumstances brought this out in the research. In fact, one participant noted, only successful corporations create a plan and stick to it. The research findings support this point clearly. In 10% of the participant pool, it became clear that where the corporation was not planning, or not sticking to the plan that financial stress followed. The MLQ tool indicated that leaders who were not transformational and proactive tended to lead corporations to a certain state of unhealthy fiscal performance.

Throughout the literature reviewed for this study, one clear point continued to arise within the totality of the literature. Organizational capacity was a key to whether a corporation can strategically plan, or whether they are able to carry those plans out. Phipps and Burbach (2010) highlighted this when they noted, that great leaders build the capacity of their organization as they plan for success. Several participants in this study made similar points in that, while having a strategic plan is necessary, sticking to it and carrying it out is even more critical. Assignment of responsibilities to perform the planning functions and the mentoring of it is essential. Without the ability to change and adapt to conditions in which the corporation finds itself from time to time, no amount of strategic planning will help. When evaluating the participants, some had greater capacity to change and adapt than other participants did. Throughout the interviews, this became apparent. Certain corporations have a higher capacity than others do for change and adaptation.

Effective leaders lead through a process of evaluation and corrective planning. In 75% of the participants whose services were in the human care industry, the leaders of those organizations noted the urgent responsibility they had for monitoring economic and reimbursement conditions. In the participant group, over 80% of all participants indicated that flexibility and remaining nimble to the changing conditions was the dominant factor in remaining successful as an effective not-for-profit business in today's economic environment.

### **Applications to Professional Practice**

The not-for-profit sector is critical to the overall economic environment of our society (Benz, 2005). The government has turned to the not-for-profit sector to assist in serving people in areas where they have had to cut funding drastically, and it has attempted to find ways to extract funds from the sector in the process (Thornton, 2010). The social impact of not-for-profits is immeasurable, and it uplifts communities across our country (Burke, 2008; Stid & Bradach, 2009). Without a doubt, the not-for-profit sector is critical to the life of citizens throughout this great nation. The findings of this specific study play a critical role in strengthening the not-for-profit sector as it seeks to increase its impact on society wherever it may be serving. One question stood out in the literature review for this study, what condition would many people be in if there were not a strong not-for-profit sector? Alexander and Nank (2009) defend this position and note that the not-for-profit sector changes the lives of people across this country. Additionally, Austin et al. (2011) defends this thought by pointing out that the changing environment in which the not-for-profit sector finds itself could have a significant impact on many of the people it serves.

For the reasons noted above, the findings of this study are significant. Without a fiscally strong and vibrant not-for-profit sector, many people will be forced to substandard care or no care at all. In this way, strengthening the not-for-profit sector with a dedicated long range planning process will solidify this sector to be better positioned to meet the changing economic landscape and uncertain financial future. Moreover, the Bureau of Labor and Statistics has published the fact that the baby boomer generation will begin to retire at a very high rate, and not-for-profits will be forced ultimately to deal with this fact. This over-flow of people will all need to be served in one way or another by a not-for-profit institution. One participant, who leads a service organization for seniors, pointed out this stark reality that many service related not-for-profits would deal with in the next 20 years. If organizations are not planning now for how they will meet the needs of this significant population, there will be catastrophic consequences. Likewise, if organizations ignore the need for fiscal stewardship now, there will be no time to prepare while an organization is trying to meet these greater needs of society.

Not-for-profit organizations are seeing the need to have a long-range plan and stick to that plan. Furthermore, even those not-for-profits who participated in this study noted the significant need for fiscal stewardship. As the United States finds itself trying to redefine its economic stability, and as the government deals with debt issues combined with funding problems, the not-for-profit sector must remain vigilant and ready to act when the government fails (Austin et al., 2011; Song, 2009). This study demonstrated the need for long-range planning and dedicated fiscal stewardship as a means to prepare for an uncertain future of funding and reimbursements. A byproduct of these two

strategies is improved business practice for overall corporate health and viability. When the corporation is strong, and employees are engaged in its mission, great things happen in terms of service and impact.

### **Implications for Social Change**

The specter of social change was at the heart of what this study set out to accomplish by investigating long-range planning and fiscal stewardship. With an expressed desire to strengthen the not-for-profit sector and prepare it to endure unforeseen economic downturns. This study has accomplished that goal in many different ways. By interviewing different not-for-profit leaders, in different sectors of service, this study was able to set the standard across the sector for what defines success within the not-for-profit community. One participant noted, “If you do not have money in your organization, you do not have money to carry out your mission” (Study Participant). The implication for social change in this study points directly to the need to plan and be dedicated to fiscal stewardship. This point encompasses all levels of society from individuals and communities to organizations and institutions. Anyone involved in not-for-profit funding, and administration and management can benefit from the findings in this study. Fiscal stewardship is not a principle that business alone utilizes. In fact, even individuals would benefit from reading these findings. Bloxham and Kent (2009) highlight this point when they discuss the rise of indebtedness among people. There are many factors that have led to this; however, one reason that is given is the aging of the population and the desire to hold debt longer. This has proven to be costly in the recent history of the U.S. Because of this reality, it is evident that individuals would benefit from hearing about the need for a long-range plan and fiscal stewardship.

In every interview for this study, leaders indicated that businesses in general have made changes for the sake of survival. In the case of individuals, the harshness of the economic downturn may not yet have influenced them as harshly as it has the not-for-profit sector. In some case, the interviewees noted that they were forced to make long-range planning a more significant part of their leadership because of survivability issues. In this way, the findings of this study should have a broader impact on all those who learn the need for long-range planning and fiscal stewardship.

### **Recommendations for Action**

Many important factors throughout this research project indicated the need for long-range planning and fiscal stewardship. The conclusion of this project ties the importance of utilizing strategic long-range planning and being fiscally sound in management. One natural movement that flowed from this study would be a detailed look at different long-range planning processes. Since each corporation has its own culture, and since each organization utilizes long-range planning in a different manner, CEO's of not-for-profits could unite to present the best practices conference on what works strategically. Not-for-profit corporations would benefit from bringing an outside person or agency in to evaluate their use of long-range planning. Likewise, it is crucially important to put in place measures that allow the leadership of the corporation to measure their progress along the strategic plan. As noted earlier, if there is no matrix or measurement in place a long-range plan is useless. Businesses across this country that utilize long-range planning move their corporation effectively into a position of success.

Another segment of the not-for-profit sector that should pay attention to these findings consists of the boards of directors of not-for-profit corporations. Carman et al.

(2010) suggested that the boards of directors bare a significant amount of responsibility when it comes to the future direction of the corporation they serve. If the boards of directors are not maintaining a watchful eye into the workings of the corporation, leadership can wavier, and the corporation can be led off course away from its mission. Song (2009) noted that building the corporate team around this new vision could be a challenge that the boards must address. If a corporation sees the need to adjust its view of long-range planning, many within the corporation will need to change their behavior to support that change. This, for some corporations, can be a difficult task. For that reason, it is important for the board to take an active role in disseminating research results such as these. Change is inevitable and constant; therefore, boards must remain vigilant to make those changes when they are needed. Jaslyte (2011) pointed out that not-for-profits are in a great position to make changes as they arise. Because the not-for-profit industry is nimble and flexible in its service mentality, many believe that this sector is poised to adjust to the changing conditions economically and legislatively (Jager et al., 2009).

The not-for-profit community like its for-profit counterpart continues to educate its members in many different facets through conferences and convention. These finding could be used to educate the not-for-profit section regarding the need for long-range planning and fiscal stewardship. Since this information is critical to the sector, providing an education session or conference presentation utilizing the information in the study would be beneficial. At the beginning of this study, it was noted that churches are one segment of the not-for-profit sector who infrequently utilizes long-range planning and fiscal stewardship. Because of this reality, pastors and church leaders would be a target audience for a presentation at a conference or convention.



### **Recommendations for Further Study**

The not-for-profit sector plays a pivotal role in the communities where it is found (Benz, 2005; Valentinov, 2011). Jaskyte (2011) made the significant point that not-for-profit corporations are always forced to adjust and change; therefore, they are always introducing new ways of dealing with fiscal stewardship during economic difficulties. Simply put, change is a way of life for many not-for-profit corporations (Song, 2009). Because of this reality, the recommendations that I would first make is to encourage further study into how not-for-profits utilize their strategic planning processes to prepare for fiscal and social impact. This could be done in a number of ways. By looking deeper into the planning process and the implementation process of not-for-profit corporations, research could yield some useful best practices regarding these areas. Second, a more in-depth look into the financials of not-for-profits would be helpful. That is to say, comparing the real financial return on the strategic plan would yield some interesting results. These results could be used to measure the success that not-for-profit corporations have with their specific long range planning process. The current study did not validate the fiscal health of the not-for-profits that were included in this study. Because of this, the study lacks some degree of depth regarding the overall impact that the participant corporations had regarding their fiscal health. Additionally, how affective they were with their use of strategic planning and fiscal stewardship could be evaluated more deeply.

Future studies on this topic should use more sophisticated statistical measurements in order to indicate the overall impact that dedicated long range planning is having. This would relate to the not-for-profits corporation's financial health and

specific measurement standards gauged against the strategic plan. This could be accomplished by a quantitative study that investigated the measurement standards of the not-for-profit corporations. Without some statistical measurements to be a guide in evaluating progress, corporations cannot benchmark themselves against a norm. Additionally, a larger sample size might yield different results given a broader scope of participants. While this study had a diverse population of participant, a larger sample size would have yielded an even more diverse participant pool.

Lastly, I believe that further investigation needs to take place regarding implementation and communication of strategic plans and fiscal practices. It was noted by 20% of the participants that little to no communication took place regarding strategic planning and fiscal stewardship among the staff and the leadership outside of the board of directors. Because of this reality, I believe a more in-depth investigation would assist in understanding the impact that this has on corporations as they carried out an envisioned plan. For example, without a communication strategy for articulating the plan, corporations will have little to no buy in from employees (Carman et al., 2010).

### **Reflections**

When this study began, it was my intention to put together a strategic planning process that would strength not-for-profit corporations and prepare them for economic downturns. Since my life is lived in the not-for-profit world, I had an unfair bias into what I believed would be an impactful study. It was my preconceived notion that many not-for-profit corporations did not employ strategic planning and fiscal stewardship. This preconception was driven by my personal experience with many church related entities with which I had contact. As this study progressed and I had the opportunity to interview

a vast number of corporations in the western Pennsylvania area, I found that my preconceived notion was very inaccurate. This preconceived notion drove me to do this specific study. Yet, it was that false assumption on my part that allowed me to investigate this issue further. What I found was completely the opposite of my preconceived notion. All but one corporation utilized strategic planning in their corporation's business life. Even the one corporation who did not utilize strategic planning and fiscal stewardship acknowledged the need for them to start to use it.

In this way, I believe several corporation leaders in this study reevaluated their use of strategic planning and its implementation. The specific interview questions caused them to evaluate their corporation's stance regarding strategic planning and fiscal stewardship. In fact, in several cases, the leaders of the participating corporations indicated to me their thankfulness for my asking them to participate. Leaders indicated to me that their participation in this study motivated them to rethink their stance regarding long-range planning and fiscal stewardship. Because of these comments, I believe that this study had a profound effect on those who participated. It certainly had a significant impact on me as the researcher.

Clearly, the results of the study completely changed the way that I felt about the not-for-profit corporations in western Pennsylvania. It also caused me to reflect on the ways that I can help those organizations that I am working with to strengthen their use of strategic planning and fiscal stewardship. I am convinced that I would not feel the same way about the not-for-profit world or Pennsylvania without having done this study. Likewise, I have a new measure of optimism for the not-for-profit community of western Pennsylvania. Many of the executives that I interviewed showed significant leadership

abilities that pertained to strategic planning and fiscal stewardship. In total, 90% of the corporations in this study had a substantial program that employed strategic planning and fiscal stewardship. Prior to this study, I had a preconceived notion that less than 50% of the participants would have had a substantial program pertaining to strategic planning and fiscal stewardship.

My thought process has radically changed regarding my personal view of the not-for-profit corporations in western Pennsylvania. While this sector is still relatively weak when it comes to overall fiscal health, my level of optimism has grown drastically. With the implementation of a high quality strategic planning processes and a dedicated view of fiscal stewardship, this sector can fulfill its mission and be affective, Austin et.al (2011) made the significant point that, even though the not-for-profit sector will struggle because of economic uncertainty, highly effective leadership will help to secure this sector's impact well into the future. By utilizing strategic planning and having a fiscally sound mindset, not-for-profit corporations will be successful now and into the future.

## **Summary and Study Conclusions**

### **Summary**

In the first chapter of this study the research problem and purpose statement were laid out. In addition, the background to this study and the limitation/delimitations were outlined. Finally, in section one a thorough literature review was presented on the topic. Significant information was presented to lay the foundation of this study and its importance to the business community. In section two a summary of the research, method and data collection techniques were outlined to give the reader a look at what type of research design and methodology was going to be used. Each phase of research

was laid so the reader can see the logical flow of the researcher. By presenting the information in a logical flow, each component of research shows the clear thought process used to arrive at the research findings. Section three detailed a thorough discussion of the research findings was presented and detailed explanation was given as to how these findings would effect a positive social change for those who examined this study. Information was presented to indicate the need for long-range planning and fiscal stewardship. Lastly, section three dealt with further aspects for study and personal reflections. These sections all pointed to the conclusion of the findings for this study.

### **Study Conclusion**

Clearly, long-range planning and fiscal stewardship are key areas of concern for not-for-profit corporations. Corporations who neglect this reality perform poorer than those who engage in long-range planning and fiscal stewardship (Austin et al., 2011). On one hand, I found that 95% of all participant corporations use long-range planning and fiscal stewardship within their corporations. However, of those 95%, all but two of those corporations have measures in place to monitor their progress and chart their performance towards the long-range plan. This point was very clear throughout the study, if you have a plan, use it and measure your progress. If you do not have a long-range plan, create one that is specific to your organizations needs and abilities.

One important point to note regarding this study, while the participant pool is small in comparison to the overall not-for-profit community of western Pennsylvania, the data collected is from leaders in real not-for-profit corporations. These results are the lived experience of the CEOs who participated in this study. Because of this reality, the information gathered is credible and reliable. Graffigna et al. (2010) makes the point that

information gathered in an ethical manner, and in the environment where the participants are engaged is the most reliable form of qualitative research.

Finally, three specific areas need to be repeated from the forgoing text based on the information gathered in this study. First, all participants agree that corporation need to have a long-range plan and work towards that plan in order to be successful. Second, if you have a plan for growth and viability you need to measure your progress-utilizing matrix or other statistical forms of information to indicate the progress you are making. Finally, planning for fiscal health and viability is one aspect to corporate leadership. Engaging the corporations in process to achieve that success takes effort and dedicated planning. Without the combination of the two, not-for-profit corporations will not be successful now or into the future.

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## Appendix A: Letter of Invitation for Participant

### Letter of Invitation

I am conducting a research study into fiscal stewardship and long range planning and its effects on nonprofit corporations. I am investigating this issue with the hopes of developing procedures that nonprofits can follow to help bolster themselves amidst the potential economic downturn of our recent history. This research will consist of a demographic information form, a brief interview that should take roughly 30 minutes. A survey will be given at the completion of the interview that will help to determine your specific leadership strengths. The information in both the interview and the survey will be kept in strict confidence, and the cumulative information will be compiled for the final analysis. No individual names will be used in the doctoral study.

If you chose to take part in the project, you will be helping provide valuable information leading towards a better understanding of how long range planning affects nonprofit corporations. If you chose to take part in this research project, it should be noted that it is voluntary, and no one will hold it against you if you chose not to participate. If you do decide to participate, you may stop at any time during the process without any penalty. In addition, you have the right to have your information withdrawn at any time after the interview is completed.

If you chose to participate in the study, or you have any further questions about the research please feel free to call or email. This project has been approved by the institutional Review Board at Walden University on February 7<sup>th</sup>, 2012.

Sincerely,

Rev. Jamison J. Hardy

Doctoral Student

## Appendix B: Consent Form

### CONSENT FORM

You are invited to take part in a research study of nonprofit corporations, and how strategic planning and sustainability efforts can help to prepare corporations for potential economic downturns. You were chosen for the study because you are an executive leader in a nonprofit corporation in western Pennsylvania who has demonstrated competency and innovation in your field. This form is part of a process called “informed consent” to allow you to understand this study before deciding whether to take part.

This study is being conducted by a researcher named Jamison J. Hardy, who is a doctoral student at Walden University.

#### **Background Information:**

The purpose of this study is to determine ways that nonprofits can be more fiscally sound during difficult economic times, and plan for future impact. Simply put, nonprofits play a significant role within the communities that they are serving and contributing to the economic stability in many significant ways. Because of this reality, the need for financially healthy and stable nonprofit service organizations is critical for communities across America.

#### **Procedures:**

If you agree to be in this study, you will be asked to:

- Fill out the consent form and demographic information sheet 10 minutes
- Submit to an interview lasting about 30 minutes
- Fill out a survey form of your leadership style 10 min
- You will be audio recorded to ensure accuracy of your answers retained in the data.

**Voluntary Nature of the Study:**

Your participation in this study is voluntary. This means that everyone will respect your decision of whether or not you want to be in the study. If you decide to join the study now, you can still change your mind during the study. If you feel stressed during the study, you may stop at any time. You may skip any questions that you feel are too personal.

**Conflict of Interest:**

This research study has no connection to any of the participants in this study. The researcher has not used any undue authority or pressure to require you or any participant to participate in this study. As a participant, you have no financial benefit from your participation in this study. Your relationship to the researcher is not connected to this study and will not be used as an inclusion or exclusion criteria for this research study. Additionally, your choice to participate, or not to participate, will not affect your relationship to the researcher.

**Risks and Benefits of Being in the Study:**

This study carries little to no risk to you or your organization. No financial information will be requested and strategic practices and principals will be discussed. Your identity will remain secret thus protecting your individual answers. The benefits to this study are many. By participating in this study, you will help to build best practices regarding stewardship, long range planning, and fiscal stewardship. These will all be used to help other not-for-profits prepare for uncertain economic times. Additionally, the information gathered will assist in strengthening other not-for-profits in the communities and places where they serve.

**Compensation:**

There is no compensation for participation in this doctoral study.

**Confidentiality:**

Any information you provide will be kept in the strictest of confidence and only the researcher will have access to the recorded interview and the information gathered there in. The researcher will not use your information for any purposes outside of this research project. In addition, the researcher will not include your name or anything else that could identify you in any reports of the study.

**Contacts and Questions:**

You may ask any questions you have now. On the other hand, if you have questions later, you may contact the researcher via telephone at 724-413-8511 or email at jamison.hardy@waldenu.edu. If you want to talk privately about your rights as a participant, you can call Dr. Leilani Endicott. She is the Walden University representative who can discuss this with you. Her phone number is 1-800-925-3368, extension 1210. Walden University's approval number for this study is **02-07-12-0121390** and it expires on **February 6<sup>th</sup>, 2013**.

The researcher will give you a copy of this form to keep.

**Statement of Consent:**

I have read the above information and I feel I understand the study well enough to make a decision about my involvement. By signing below I am agreeing to the terms described above.

Printed Name of Participant

---

Date of consent

---

Participant's Written or Electronic\* Signature

---

Researcher's Written or Electronic\* Signature

---

Electronic signatures are regulated by the Uniform Electronic Transactions Act. Legally, an "electronic signature" can be the person's typed name, their email address, or any other identifying marker. An electronic signature is just as valid as a written signature as long as both parties have agreed to conduct the transaction electronically.



## Appendix C: Demographic Information of Participants

## Demographic Information

- A. What is your gender? \_\_\_\_\_
- Female
  - Male
- B. What is your ethnicity? \_\_\_\_\_
- Caucasian, non-Hispanic
  - African American
  - Asian
  - Hispanic/Latino
  - Other
- C. What is your age? \_\_\_\_\_
- D. What is your job title? \_\_\_\_\_
- Executive Director/President/CEO
  - Chief Operation Officer COO
  - Chief Administration officer
- E. What degree do hold or are obtaining? \_\_\_\_\_
- Certificate in Nonprofit Management
  - Masters in Public Administration
  - M.S.W
  - J.D.
  - MBA
  - Masters in Nonprofit Management
  - Masters Degree not listed
  - Doctorate
- F. Select the size of the staff that you manage? \_\_\_\_\_
- 1-5
  - 6-10
  - 11-50
  - 51-100
  - 101-500
  - 501 or more
- G. Indicate the type of nonprofit organization you are in charge of?  
\_\_\_\_\_
- H. How many years have you been in this position? \_\_\_\_\_

## Appendix D: Interview Questions

### Interview Questions

1. How do you receive funding for your nonprofit corporation?
2. What is your long-range planning process within your corporation?
3. How does your corporation implement your long-range planning decisions?
4. How has long range planning affected your corporation?
5. How has long-range planning helped you to deal with economic down turns?
6. How important are downers to your corporation's finances each year?
7. What do you wish you knew before you became the CEO?
8. Evaluate your corporations last 5 years financially?

Appendix E: Permission to Use Research Tool

For use by Jamison HARDY only. Received from Mind Garden, Inc on June 1, 2011  
Permission for Jamison HARDY to Reproduce 1 copy  
Within one year of June 1, 2011

# **Multifactor Leadership Questionnaire**

Third Edition  
Manual and Sampler Set

Bruce J. Avolio and Bernard M. Bass  
University of Nebraska and SUNY Binghamtom

Contribution by:  
Dr. Fred Walumbwa  
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**MLQ Multifactor Leadership Questionnaire Leader Form (5x-Short)**

My Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Organization ID #: \_\_\_\_\_ Leader ID #: \_\_\_\_\_

This questionnaire is to describe your leadership style as you perceive it. Please answer all items on this answer sheet. **If an item is irrelevant, or if you are unsure or do not know the answer, leave the answer blank.**

Forty-five descriptive statements are listed on the following pages. Judge how frequently each statement fits you. The word others may mean your peers, clients, direct reports, supervisors, and/or all of these individuals.

Use the following rating scale:

**Not at all      Once in a while      Sometimes      Fairly often      Frequently, if not always**  
 0                                      1                                      2                                      3                                      4

1. I provide others with assistance in exchange for their efforts..... 0 1 2 3 4
2. I re-examine critical assumptions to question whether they are appropriate..... 0 1 2 3 4
3. I fail to interfere until problems become serious .....0 1 2 3 4
4. I focus attention on irregularities, mistakes, exceptions, and deviations from standards.....0 1 2 3 4
5. I avoid getting involved when important issues arise.....0 1 2 3 4
6. I Talk about my most important values and beliefs.....0 1 2 3 4
7. I am absent when needed.....0 1 2 3 4
8. I seek differing perspectives when solving problems.....0 1 2 3 4
9. I talk optimistically about the future.....0 1 2 3 4
10. I instill pride in others for being associated with me.....0 1 2 3 4
11. I discuss in specific terms who is responsible for achieving performance targets .....0 1 2 3 4
12. I wait for things to go wrong before taking action .....0 1 2 3 4
13. I talk enthusiastically about what needs to be accomplished .....0 1 2 3 4
14. I specify the importance of having a strong sense of purpose.....0 1 2 3 4
15. I spend time teaching and coaching .....0 1 2 3 4

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	<b>Not at all</b>	<b>Once in a while</b>	<b>Sometimes</b>	<b>Fairly often</b>	<b>Frequently, if not always</b>	
	0	1	2	3	4	
16.	I make clear what one can expect to receive when performance goals are achieved .....	0	1	2	3	4
17.	I show that I am a firm believer in If it isn't broke, don't fix it.....	0	1	2	3	4
18.	I go beyond self-interest for the good of the group.....	0	1	2	3	4
19.	I treat others as individuals rather than just as a member of a group.....	0	1	2	3	4
20.	I demonstrate that problems must become chronic before I take action.....	0	1	2	3	4
21.	I act in ways that build others respect for me .....	0	1	2	3	4
22.	I concentrate my full attention on dealing with mistakes, complaints, and failures .....	0	1	2	3	4
23.	I consider the moral and ethical consequences of decisions .....	0	1	2	3	4
24.	I keep track of all mistakes .....	0	1	2	3	4
25.	I display a sense of power and confidence .....	0	1	2	3	4
26.	I articulate a compelling vision of the future .....	0	1	2	3	4
27.	I direct my attention toward failures to meet standards.....	0	1	2	3	4
28.	I avoid making decisions .....	0	1	2	3	4
29.	I consider an individual as having different needs, abilities, and aspirations from others.	0	1	2	3	4
30.	I get others to look at problems from many different angles .....	0	1	2	3	4
31.	I help others to develop their strengths.....	0	1	2	3	4
32.	I suggest new ways of looking at how to complete assignments.....	0	1	2	3	4
33.	I delay responding to urgent questions .....	0	1	2	3	4
34.	I emphasize the importance of having a collective sense of mission .....	0	1	2	3	4
35.	I express satisfaction when others meet expectations.....	0	1	2	3	4
36.	I express confidence that goals will be achieved.....	0	1	2	3	4
37.	I am effective in meeting others job-related needs.....	0	1	2	3	4
38.	I use methods of leadership that are satisfying .....	0	1	2	3	4
39.	I get others to do more than they expected to do.....	0	1	2	3	4

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40. I am effective in representing others to higher authority.....0 1 2 3 4
41. I work with others in a satisfactory way .....0 1 2 3 4
42. I heighten others desire to succeed.....0 1 2 3 4
43. I am effective in meeting organizational requirements .....0 1 2 3 4
44. I increase others willingness to try harder .....0 1 2 3 4
45. I lead a group that is effective .....0 1 2 3 4

## Appendix F: Interview Transcripts

### Interview with Participant 1

1. How do you receive funding for your nonprofit corporation?

Participant: We receive funding from individuals; we receive it from corporations, and grants.

2. What is your long-range planning process within your corporation?

Participant: We have a board of directors and we meet once a month. And we have regular talks about it. We actually meet monthly and talk about the future.

3. How does your corporation implement your long-range planning decisions?

Participant: Well, we have regular update every month, don't know how you want me to answer that. We basically review and keep each other on task.

4. How has long-range planning affected your corporation?

Participant: Well no, I think it has been incredible successful, especially the last three years.

5. How has long-range planning helped you to deal with economic down turns?

Participants: We were easily able to weather that. We have had no problems what so ever. So I think that has everything to do with long term planning. It also has to do with recruiting people to. You know some of our people.

6. How important are donors to your corporation's finances each year?

Participant: It is vitally important, we cannot do ministry without funding. We can't continue without funding. We do ministry we just cannot continue.

7. What do you wish you knew before you became the CEO?

Participants: How rapidly the company would have grown. I wish I would have known a little more prepared and a little more financially secure before we grew.

8. Evaluate your corporations last 5 years financially?

Participants: Well we have only been in existence for 5 years. So, financially we have, how do you evaluate that, because financially we've had a low budget. This year is the most financially successful year that we have had. It has been a struggle ever-single year. But we have always-meet budget every single year. Barely, but we have made it.

## Interview Questions Participant 2

### 1. How do you receive funding for your nonprofit corporation?

Participant: We have three distinct revenue sources. We have earned revenue, which are the fees we charge for guest to stay at Family house each night. That covers about 65% of our operating cost. We complement that with fund raising, donation, individuals, and corporations and foundations. That covers, in good years, that round out the budget. We also have a small investment portfolio; we do not have an endowment but in reasonable years, we have some interest earning from that that complement our revenue stream and round out the budget.

### 2. What is your long-range planning process within your corporation?

Participants: We actually have incorporated a strategic plan. We went through a year's worth of invest in some retreats with our key stakeholders and board members, guests, employees, and volunteers with the management team, which I lead. We actually crafted the strategic plan to meet the mission and vision and the goals of our board. We participated on that discussion as well and the board adopted it at our December Board meeting. It is a 5-year plan that has 3-year set of targets and goals.

### 3. How does your corporation implement your long-range planning decisions?

Participant: We took a tiered approach to the mission, vision, and values. Then we took a look at who we are and what we want to grow into as an organization. We have adopted a structure and aligned our board and board committee structure to compliant our strategic plan. So that is the frame work that we will work within, so then we will have very strict set of goals in year one that we want to accomplish and build upon for year two.

### 4. How has long-range planning affected your corporation?

Participant: A great tool for our organization, we are evolving from a small organization type of organization. We went through a massive expansion in 2009 in opening a fourth facility. Culturally, we are growing into, what does being a bigger organization mean? So the long term planning component of strategic plan is a great coming together for all of us, giving us some clarity. The role that each of us plays, and pushing our mission forward. Very mission focused.

### 5. How has long-range planning helped you to deal with economic down turns?

Participant: I think that the long-term strategic plan that we now have in place provides us with a framework in dealing with economic down turns in future years. We will be better able to cope or respond to it in an objective organizational way. We did not have such a plan in place in 2008, 09, 10. There was a lot of emotion and panic, because we were not all viewing our organization thru a similar lens.

### 6. How important are donors to your corporation's finances each year?



Participant: Paramount. Actually, it is I becoming more and more important to our organization in the long term. Planning and sustainability. We typically cannot charge people who benefit from our mission enough to cover the operating cost that we have.

7. What do you wish you knew before you became the CEO?

Participant: I think looking back, I wish I had known before I had come into this position that the decision that I make truly are mine to own. There not the boards to own, they are mine to own. We work in partnership certainly, we have a great board. But, I think I underestimated my role in really driving our organization forward. I work for the board, but yet I am the educator of the board. SO it is an interesting dynamic.

8. Evaluate your corporations last 5 years financially?

Participant: It has been a struggle we have a strong balance sheet, we have had tremendous financial stewardship over a 29-year history. We are very prudent managers. We kind of align ourselves with the no money no mission. We tend to look at ourselves as trying to do the very, very best we can do. If doing the very, very best we can do means we can serve 7,000 people terrific Great. If it means we can do our very, very best and serve 12000 traffic. Then that is great to. So we are very cautious group. But, we operational struggled with cash flow, definitely during the years we expanded. I think dynamics changed with our quest population.

### Interview Questions Participant 3

1. How do you receive funding for your nonprofit corporation?

Participant: Well, we are different in the fact that we actually just sell a product. Ad, we sell life insurance and annuity, and that is really how we make our money. It enables us to take care of the fraternal side and the nonprofit side. For example, last year sales were well over 100 million dollars, and we had record profits last year, we just finished the numbers last week actually. We made 3.6 million dollars. Which is the best we have ever done in the history of the society in a 122 years. We have assets currently of 585 million dollars at the end of the year. By April we should be able to over 600 million. We invest our money, which is another way of funding. Our Investments are a large part of it. Donations are, here is another thing to do with it Pastor, we are a 501 C 8 NSS life, selling life insurance and fraternal products Annuities. We also underneath our rung have 2 501 C 3. We have our scholarship program, which is funded a lot by donations, fund raising projects such a\ the gold outing or bowling outing. We have a raffle to raise money that way for the kids. And we also raise money from donations for our other 501 C 3 our museum. I will take you back and show you the museum before you leave, and give you the 5-cent tour. So, even thou we are a nonprofit organization, we do make money and we use those monies to give back to our members and to the communities that our members are in. Helping life in general. This is the reason why we are constantly fighting the tax exemption situation. We do not ever want to lose our tax-exempt status from the government. Because the monies from the volunteer hours that the fraternal

system give back to society, could not be measured up with the amounts of taxes that they would get from us from by taxing us.

2. What is your long-range planning process within your corporation?

Participant: Ah, we have a strategic plan that is like a five-year plan. We had set some goals for growth. Way back 5 or 6 years ago, our goal was to get 100 million in assets. Well, we were a little bit more aggressive, and we ended up getting a lot more agents and so we grew leaps and bounds. So, our biggest problem right now is controlling that right now growth. My goal, my personal goals is, and the board I think is on board with me, I want to grow this company to 1 billion dollar in assets. When I leave this office, I want to have a strong solvency and surplus, of maybe 108-109 percent solvency. That would be my goal. I think it is achievable over the next 5 or 6, 7 years.

3. How does your corporation implement your long-range planning decisions?

Participant: Well, just by growth. We constantly ad agents, and the ones that are not writing for us we eliminate them. If they are not writing for us we don't need to carry them on our books. Expenses, well there is one thing that I cannot control is who is going to die, we have life insurance claims. I really cannot control the economy, as an up and down. But, I can control expenses. I am charged with running a tight ship. We have a lean and mean team here of about 16 staff members and this is the national headquarters. And we service about 27,000 members. It is always done out of this office. We are going to expand into some different things. We are going to get into the preneed business. We are going to sell with funeral directors; The market is out there already and there only about 5 or 6 competitors. Maybe, one or two fraternal and 1 oe 2 commercial companies. We will be starting in the Pittsburgh/Tristate area of Ohio. We can offer better service and just a better product. And some other advantages that I believe will give us a piece of the market.

4. How has long-range planning affected your corporation?

Participant: Gives me a good road map to follow, you know, we have the strategic plan and an annual budget. But, you know, budgets are basically a starting point. You can vary from it up or down. Rob peter to pay Paul. Some things you spend a little bit more money on and some things you spend a little less money on. It just gives me a, you know, We are not a mom and pop operation any more. When I first took over, we had about 50 million in assets and that was 19 years ago. Even before that, I can remember when NSS was a 12-15 million-dollar organization. When you get into bigger business, you have to have more of a business plan. We are fraternal and we are a membership organization not-for-profit. We have to have guidelines to thou to operate by.

5. How has long-range planning helped you to deal with economic down turns?

Participant: We were not affected at all by the 2008 downfall. We were actually one of the few fraternal in the country who made money that year. We have an investment advisor out of Texas, our portfolio of investments is as squeaky clean it could ever be in 103 years. He had gotten rid of some Gm bonds before they were downgraded to junk bonds. Would did not have an Leman Brothers or some of the companies that went down

the tubes. Whether it was a crystal ball or just luck, we have been at the right place at the right time with our investments. So economic downturn did not really affect us at all.

6. How important are donors to your corporation's finances each year?

Participant: They are important as far as the scholarship and the museum programs. We get a lot of donations towards the scholarship program. We pay a lot, approximately 80,000 a year in college scholarships. That is a four-year scholarship when a kid gets to college age and they qualify for the scholarship it is non-competitive now. When someone applies for it they get it. All you have to do is be a member for 2 years and have a 10,000 permanent plan of insurance or 5,000 annuity in your name. It is 400 dollars a year for 4 years. It pays for books for a semester. We get a lot of donations for that we solicit those from the members when we send out our semiannual statements with annuities, we basically send it out the two people who have the money. We send out a little form so that they can think about donating to this scholarship fund. We get a lot of donations that way. Some of the important activities are the museum and that. Any shortfall that we do not have we, the organization actual budgets X amount of dollars each year to put in to make up the difference. Now our goal is, we have X amount of dollars built up in that, probably about 500,000 dollars. The goal is to get about 2 Million dollars so that we can pay for the scholarships with just the interest. But that's going to take a little time to do that. We are going in the right direction.

7. What do you wish you knew before you became the CEO?

Participant: It might have been a little bit better to have more of a financial background, accounting background type thing. I can go through the money reports, the financial statements, and all that kind of stuff. But ah, that would have been a little bit more helpful in my job here. I feel like I am more of a sales type president/CEO. A lot of my peers in the fraternal industry are financial type people and CPA's type people. But, there grow thin there companies are not as good. I think you need to have some sales type background or orientation to make the company grow. When I brought to the company about ten years ago the board, that we get into an advertising program. This is pretty much of unheard of in the fraternal industry. Only because no one knew who national Slovak society was. So we took the name NSS Life, not to scare people away from not being Slovak. Being able to join, and seeing commercials on television, radio, and billboard. Just to get our name out there. A little bit more exposure and become a common name. So that when our agents do go into homes they say, I have this company that may be perfect for your niche, they have good rates on young kids, they good rates on older people, as far as insurance. NSS life, you may have heard of them. Yea, I have seen them on television. These rates went hand in hand and it worked out.

8. Evaluate your corporations last 5 years financially?

Participant: We have done excellent. This has been a record year in 2011. Every year we have made a nice profit. Even in the downturn in 2008-09, we still showed a profit. We have a proactive board they are very agreeable to a lot of things that we have done. Willing to take a chance, spend a buck to make a buck. Type of thing. But fiscally, we are on a growth pattern. Membership wise we are growing, which is another plus

compared to some other of our fraternal peers. Counting losing membership, there problem is it's an aging membership. We have our 80-90 year old members who are dying off. But, we have a lot of younger people who are coming in. We have a lot of middle aged people coming in with good investments, so fiscally, we are getting stronger and stronger. Last couple of years I have had to control the growth, because if I take too much in it hurts us financially. We pay our commissions out of our own bottom line. It does not cost our members to have an annuity. There is no front load there is no back load, we give them a fair interest rate. That is what helped fuel the growth too. Once they get in they see how we treat them and the service that our staff gives to them. We try to go the extra mile there so. It has been all positive for the last 5 years for sure.

#### Interview Questions Participant 4

##### 1. How do you receive funding for your nonprofit corporation?

Participant: Our Funding Stream is a little different than a typical nonprofit. We get about 98 percent of our funding from parent tuition, or state funded subsidy programs paying our tuition rates. We get some amount of funding from the Keystone Stars quality improvement recognition program, we have gotten funding in the past from private department of community and economic development foundations, we have gotten funding in the past from the state open programs. On a year to year bases at least 98 percent of our funding comes is parents or someone paying a a tuition rate.

Researcher: You would consider that to be fee for service?

Participant: Yes, exactly.

##### 2. What is your long-range planning process within your corporation?

Participant: For the most part, I sat down quite a few years ago and came up with a business plan. I belong to a CEO group, and I sat down with my chair and who specialty for years has been strategic planning. We went through, and I would be happy to show you that, we identified a bunch of strategies that we wanted to pursue. Every year, year and half or so I pull it out and see if anything needs to be updated. It has sort of been my blue print for the last 15 years.

##### 3. How does your corporation implement your long-range planning decisions?

Participant: Again, Unlike many nonprofits, our board pretty much allows me, for the most part free rein to do the daily operating decisions, what we will do we will get together when we, for example when we come down talking for the number for the Lutheran church project, we may, I'll get them involved with that, or we had at one point explored selling one of our schools. Not in PA, obviously, the board is very involved in those types of decisions. But for the most part, we pretty much; well I do with my executive team. We do what we need to do to grow and make the company stronger.

Researcher; As a supplemental questions, Do you basic follow the carver model? That is to say, the board set the executive limitations and you live within those limitations.

Participant: Yes

4. How has long-range planning affected your corporation?

Participant: I do not think you can get where you want to go without a road map. That would be the best way that I would explain it. We set out, you know this is a challenging business, very low margins, and we really need to make sure we are doing things as effectively and efficiently as we can. It was important to me to set out, what our are operation strategies, what are our Marketing strategies, what are our facilities strategies, again, I will show you my plan. Extensive document. As I said, it is the road map that we follow. I don't know how you are going to get, if you are looking long range, you have to have something to steer you in the right way, otherwise it is like, it's just out there.

5. How has long-range planning helped you to deal with economic down turns?

Participant: It is, and it is the very last section of my plan, Swat Analysis. Yes, we have right in there what is a threat, the economy, and when things started to go down there in 09" for the most part we came through it unscathed. We dipped a little bit, a lot of that were factors beyond our control. Pratt Whitney closed a Hugh factory in Middletown Connecticut that really affected us, Couple of things like that, Continuing to say, obviously when people lose their jobs, you know. That would be my answer. Paying attention to that swat analysis. Have we developed any other strengths or weakness are there any other opportunities or threats that we did not have 3 years ago.

Researcher: How often do your reevaluate that SWAT analysis?

Participant: I reevaluate the whole plan, if not annually every 1 ½ years to 2 years. I am about do now, I noticed that it was dated January 11<sup>th</sup>, so.

6. How important are donors to your corporation's finances each year?

Participant: Not Critical, As long as we have a base of customers paying for the children to attend and receiving the services that we provide, allowing us to continue to reward teachers not really so much. We do participate in the United Way designated donor program. Just as an example, that is not for us to fund operating cost, we use all the moneys that we get from the designated donor program o recognize one teacher in every school as an outstanding teacher of the year. Actually, we end up supplementing that so that they get dinner, a plaque, a stipend. We thought, that if people are going to donate their dollars we want to be able to tangible show them that we not just for operating expenses, but we are recognizing the teachers who need to be recognized. That is one example.

Research: About how much money would you say that you receive from the United Way?

Participant: Less than 50,000 dollars out of a 25 million dollar budget. That is not that significant, but, Other than that, it has been a few years since we have gone for private funding for capital projects, expansions and new schools. But then again, we really have not opened anything since 05'.

7. What do you wish you knew before you became the CEO?

Participant: My education and background is in business management. I would have like to have a stronger financial background. I tend to rely on Jeff and offal lot when it comes to debt issues, financing issues, those kinds of things. I wished that I had been better prepared for those things through my education to be able to do a lot more of that stuff on my own. That's the one long term, kind of, sort of, financial thing that I am not a CPA. But, the one good thing was, when I needed a new one I stepped up and paid for one that had all the experience and costs us a lot more than we wanted to pay, but it was the best thing that I ever did.

#### 8. Evaluate your corporations last 5 years financially?

Participant: Yea, that is pretty simple. We have three reasons; we have 17 schools in Pennsylvania, 9 in Iowa, and 5 in Connecticut. Back all the way through the early 2000's we used to manage the Pittsburgh schools in 2 different regions. We had 2 regional managers. One of the had 9 and the other had 8. In 2004, my other regional manager departed on agreed upon terms. I gave all the schools to Pittsburgh; our graph has shot straight up ever since. We went up, we had a carrier year in 05, 06, 07 and 08. Down a little bit in 09 and we went right back in 10 and 11. So we are as strong as we have ever been. Every now and then Jeff and I have to have a conversation about the great problem. That is too much cash. So we have been paying down our mortgage debt, of all the 11 building we own, any excess cash we get we pay down debt. So we are doing very well, the other thing that we continue to increase our benefits. In increased our contribution to benefits for health insurance for our employees this year. As much we could. We created bonus pots, for the schools last year, and we will be able to do that this year. Where we can say, ok, the company did well, were putting it back in. One of the ways we put it back in for those people who never miss a teacher meeting, those people who show up to parent events ever time. The people who are our long term, really, that makes us successful.

#### Interview Questions Participant 5

##### 1. How do you receive funding for your nonprofit corporation?

Participant: Were a 20,000,000 dollar agency, and 90% of our funding comes through government Fee for service contracts and grants, and third party fee for service commercial insurance. Medicate base contracts. Basically, 90% Medicate Funding

##### 2. What is your long-range planning process within your corporation?

Participant: The process that we use, and I brought a copy of it so that we can go through, is that we have a strategic planning process that. That starts with January through March, we run on a fiscal year July through June, But on a calendar year January through March I do a internal process with my senior executive team. And we do a score card of our services, every last one of our services gets evaluate on 20 point type criteria. And we determine, and you know, based off that criterion, we compare that to prior years to see if there has been improvement up or down. Then, once we score card all of our services then I get my senior officer, my Chief executive officers COO, my chief operating

officer, my CFO, we sit down and we put the programs on a program service cycle, It a grid, kind of like a for-profit uses, we translate it into nonprofit. Opportunities, stable, about to decline, and then problematic services. And that based upon all the different areas, not just fiscal, but also is that service line in the market, is there need for it anymore. Do we see a changing trend in what is happening? So we put all our services on that grid. And for the services that land in the problematic area they go on a one year correction plan. So they say, what do we need to do to move that up to a stable or do we need to make a determination shut down or terminate that service.

Researcher: So simply put, You evaluate it every year.

Participant: Yes Every Year. I have been trained in three year, five year plans, but, we have to many diverse services that changes to much, we do ah, I have ah I have a long term strategic goals. There are four of them, that's Maintaining existing services, then develop new services, then we look at, fund raising, we wanted to be able to establish an endowment. Then we wanted to establish the problematic category, then we do the budget. To support those services that are opportunities so that we can expand so we provide resources to those, we look at ways that need to maintain existing services so we set program quality goals for to make sure that we monitor those. Along with fiscal census goals, because everything now is a fee for service based upon direct services. So we know, we have a daily census that comes out now, that we monitor all of our services and then each of the program directors have to report why there is a variance on that target goal. And then we go to and have a board retreat in April, were we discuss it with the board. Go and make sure that they understand that we are on the same page, and then, June's board meeting is when they vote on the budget and the hole goals for the next fiscal year. And then those goals get translated from my goals, to each of my department directors who sets up those departments goal then they put those into the staff goals which are a part of the staff evaluations.

### 3. How does your corporation implement your long-range planning decisions?

Participant: Based off of the department goals that come from the annual strategic goals. Each department directors responsible for working to get combining consensus with departments, then those goals get translated to each individual staff person, upon their annual evaluation there judged based upon that performance, there judged and then, its monitored on a monthly basis for fiscal, because there is a meeting with the CFO and the director and maybe a manager depending upon each month, for each services line. Then as far as the quarterly, there is PQI Performance quality improvement. Monitoring, having a director who monitors that with each director and myself monitor each of it based upon performance-based goals that are set. And then it is reported up twice a year to the board. There is a board committee that they review that also.

### 4. How has long-range planning affected your corporation?

Participant: It has kept us nibble and flexible enough to deal with the decreasing reimbursements. Each year for the last four years we have seen a decrease of about half a million dollars of funding coming out. And because we were able to be position out the services that needed to be terminated, but then we were already in the planning stage to

bring new services on. Once one service quick, we were able to bring another service on to help balance that out.

5. How has long-range planning helped you to deal with economic down turns?

Participant: Same answer as before

6. How important are donors to your corporation's finances each year?

Participant: Right now, it is minimal, right now. The long-term goal is that they will be very important. Right now our, the problem right now is that unrestricted donations are really minimal since we are medicate funded. We get about 500,000 dollars of restrict grant from foundations now. But, they cannot be used for operating purposes. So, with our new development director, one of the long term overarching goals is to increase a fund raising and establish an endowment. We have an endowment that is slightly under 2,000,000, the goal is to get it up to about 5,-6 million dollars so that we can spin off ½ Million dollars a year in income . Then I could you that 500,000 a year for collier increase, regardless of where the government gives increases. Some 300,000 would go for COLLA's. 200,000 would go to help to cover health insurance increases, 100,000 would be available for investing into new services. That is the three-year goal/plan to work towards. And that is by getting individual annual gifts because in this economy most of the donations come from individuals.

7. What do you wish you knew before you became the CEO?

Participant: I wish, I wish I knew how much that politics play, especially in Allegheny County. Its, I what I have found out. It's not about the right organization and all that, but that the problem is that there are over 3,000 nonprofits under a million dollars in Allegheny County who have been established 20-30 years. Having there execs there. As a new executive coming in, even thou I have been in the industry for 20 something years, but family links have been there for 10 years, I am still being look at as one of the newbie's. And people already have establish relationships with counties, with foundations with and they have already, with the economy going on those moneys are not open. And it is really about; I am not going to let you in because it will take moneys away from me. Unfortunately, the politics as much as it plays in it I did n really anticipate that as much. Verses having a good agency that provides a good service. That still might not be enough, you still might need to network and make those connections.

8. Evaluate your corporations last 5 years financially?

Participant: We, that's part of what we look at when we do are strategic planning, we look at that, and we look at those that we serve and the numbers that we serve. Over the last five years there has only been one year that there was a deficit, 2008, that was a deficit. That is when a lot of the fee for services changes took place. But other than that we have had surplus ranging from 300,000, 400,000- up to half a million dollars. In any other years. Which is difficult, since we did that by doing bonuses verse cola movements instead of compensation?



## Interview with Participant 6

### 1. How do you receive funding for your nonprofit corporation?

Participant: We use a variety of sources to achieve the overall goal. Our strategy changed from the beginning of the organization to present. We solicit funds through our foundation and from individuals.

### 2. What is your long-range planning process within your corporation?

Participant: We have a strategic retreat with the staff every year and we have a leadership group that discusses the overall goals of the various components of our organization. We work both within operation safety net, and also report to our parent organization Pittsburgh Mercy health system.

### 3. How does your corporation implement your long-range planning decisions?

Participant: We communicate with the staff and the relevant members of our organization. Whose area of activity reflects that and then there is a reporting structure to see if we are on target for those goals, we usually have a revisiting of that at about a quarterly basis.

Researcher: For all strategic planning about a quarterly basis?

Participant: Yes, for the overall organization.

### 4. How has long-range planning affected your corporation?

Participant: You know, it has been a positive thing because as our scope of work has grown, our capacity to perform work has increased. We do need a time to reassess both, the targeted activities that we want to get involved in, and also, I think it helps us gain a sense of unity and mission. During retreats, we have a ah, usually a retreat off site every year.

Researcher: Do you plan that yourself or do you bring someone on?

Participant: We plan it ourselves.

### 5. How has long-range planning helped you to deal with economic down turns?

Participant: Well, a lot of the viability economically happens on a more day to day basis. We discuss the grants, and the opportunities, and the staffing and the other issues that we have to juggle in terms of our budget. But, the strategic planning process I think we do a SWOT analysis, we look at a broader sense for partners that we may not be working with to enhance our mission, and also to extend our resources further. Those meetings actually do address the economic realities. That we are dealing with.

### 6. How important are donors to your corporation's finances each year?

Participant: Donors are critical to our particular organization. There is no reimbursement per say for much of the medical services that we provide, social services. We have to rely both on grants and the individual and corporate donors and we have been fortunate our mission and visibility have been such that, individual donors are and corporate donors are attracted to our work. But they are central.

7. What do you wish you knew before you became the CEO?

Participant: Well, I often think that if I knew what I was getting into I might not have done it. But, I am very grateful in a sense to have it unfold the way that I was ready for it when it finally came to be. The growth, the fact that we would have to continue to expand and grow, would have been a useful concept for me. Fortunately, within our organization we have had leadership that has taken on the challenge, and in fact it has been one of our hallmarks and we continue to grow and to expand our services. Therefore, survive. I think that would have been the thing that I would have to learn.

8. Evaluate your corporations last 5 years financially?

Participant: Despite our work with some of the most poor and vulnerable people in our community, and despite the economic downturn that we been experiencing. Thanks to the staff here, Linda Sheet in particular, we have been able to navigate that remarkably well and be expand our staff and our services. So, I would say we have done far beyond what I would have expected. Financial viability and success.

Interview with Participant 7

1. How do you receive funding for your nonprofit corporation?

Participant: Our primary source of funding, about 88% of our funding is from government contracts. We contract with Allegany County, and some of the funding comes directly through the county. That they get from the state. The rest of it comes from Federal Sources, paid to us by the state. A little bit of it, probably about 5% of it is through fund raising and the remainder would be through private tuition payments.

2. What is your long-range planning process within your corporation?

Participant: The long range planning has evolved; when I came on as executive directors, we had not had a strategic plan since 1998. When I came on as executive director, hired from within as executive director, in 2008. So we went ten years without a strategic plan. Our first plan was more of a 3-year operational plan, because majority of my leadership team had never completed a strategic plan before. So, we put a lot of detail into to it to help them understand, and keep them on task on what they should be working on. As far as the process and how that was developed, we got a real sense of mission and long-range vision. The board set 3 overall strategic mission objectives, with input from the leadership team and then it was up to the leadership team to develop the tasks and strategic task, and strategic task that were going to be accomplished to load up into those overall arching 3 objectives. We just did our review of that plan, and we just went through the process of updating that. Now we have an 18-month strategic plan, just because in our industry things change so fast with funding that we found that about 18<sup>th</sup> months out is about how far we go. This time, now that my team is more familiar with

the strategic planning process, we did not put as much detail into the plan itself. They have operational plans back in each department with the specific tasks that they are going to do. Then that all roles up to a 30,000-foot view, strategic plan that goes before the board. Then the board, in this case did also set the 3 overarching strategic objectives. Everything leads back up to that. Is consistent with the three overarching objectives.

3. How does your corporation implement your long-range planning decisions?

Participant: Well, it is up to every department director or coordinator to implement, and because they all had input into the process and set the goals that went underlying the three strategic objectives. They are responsible for developing tasks to help them get there. It is really important for them input and feel that they are a part of the process, and be the process essentially. Because there were a lot of ideas in the brain storming phase that as we tried to flush them out, we realized that we had a shortness of resources to do them. So as we flushed them out they really stuck with three to five tasks over the next 18 months that each department is going to working on. So they are going to go back, now that plan was just recently approved by the board, they go back to their 18 month operational plan and implement and do what they set they were going to do. Then we periodically, about every quarter, check in on the goals and objectives that they set forth. Recalibrate if necessary, is this working out like you thought was, if not, then we tweak some things.

4. How has long-range planning affected your corporation?

Participant: Well, it has really been huge. Prior to me coming on as executive director we had nothing for ten years. One of the reasons historically that we had not done anything for ten years, is, it was one of those plans that was done at the board level, with a facilitator coming in, with no input from the staff. Nobody really took it on as their own. So, those kinds of plans obviously don't work. So, taking staff through a process, it was very tedious the first time around since, it had a lot of detail to it. But now, having gone through it, twice, the staff sees that, yep, we are actually going to follow through and check in on these things quarterly. And report back on as to whether we did them. We have been able to accomplish a lot. Not everything worked out exactly as we saw it, whether we did a funding change or different trend in education or human services, but I think a big Ah HA moment for my staff was, understanding that they could set bug goals they did not have to accomplish everything. They certainly could not come back and say, I did not do anything that I said I was going to do. But, to learn through the process and to say we know you are not going to be able to do everything that you said you were going to do, but, you at least tried. And there was no punitive aspect to the process.

5. How has long-range planning helped you to deal with economic down turns?

Participant: We have been more out in front of the trends. I came on as executive director in 2008 and 2 months into my year as executive director our state did not pass a budget. So we have been able to be much more nibble as an organization, and keep our ear to the ground more closely as to environmental funding trends. So we were able to get a second line of credit have that in place, so when the state budget was not passed we weren't caught flat footed. We ended up being able to serve children that other providers

were not able to serve because they did not have the line of credit in place, they weren't ready. It's helped us to be much more nibble as an organization. I won't say that our funding is diverse, as you know at 88% government funding we are not there. But, I think we are better positioned to be ready to take steps, we have opened some new centers, we closed a center because it was not programmatically needed any more, and it did not make sense with our mission any more. Because, our mission changed in the population we were serving so we decided to divert those resources into other areas. So we closed one program, we will be opening other programs that make more sense with our mission. And that's all because of strategic planning really.

6. How important are donors to your corporation's finances each year?

Participant: They are very important. Right now they don't represent contributions what charitable giving does, they represent a small portion of our revenue at this point in time. We definitely need to put more time and energy into that. Because with 88% government funding, if that would drop off we would serious trouble. One of our key goals, strategic planning goals, and this year is diversification of revenue. That goal, you never achieve in that goal, you can be diverse, but you can never be diversified enough. 88% of government funding makes me very uncomfortable. So we need to look more to donors. An particularly, individual donors, because 80% of charitable giving is from individual donors.

7. What do you wish you knew before you became the CEO?

Participant: I wish I had a crystal ball. Because, I would love to be able to look out three years ahead and be able to plan for it. Things change so quickly, and I think I underestimated how quickly things change in the funding environment, yet, how long it takes; I underestimated how long it takes to make changes in an organization.

8. Evaluate your corporations last 5 years financially?

Participant: Fiscally, we are very sound. When I took over as executive director we had been going through a period, for a variety of reasons, we had been in the red for 5 years in a row. And, I was able to implement a lot of, best practices to turn things around. We implemented productivity measures in our largest program; we were able to reduce expenses 60 percent in program alone, at the same time increasing revenue by 40%. Which is pretty much unheard of? So we went from losing money 5 years in a row, to having a operational surplus the first year that I was executive director. We have not been able to have an operational surplus the last couple of years because our funding has been cut. But, to be able to at least be healthy financially, we have a nice strong endowment, we have gone through a due diligence process on that to make sure that we are getting good investment advice. Really, looking at the bottom line and making some tuff decisions. We had to make some difficult cuts. We cut our pension contribution. We have gotten very lean. We have cut as much fat as we could if there was any fat it is gone. Really, the opportunities for us now are to increase revenue. And, it has been an interesting process. We have a very strong finance committee on my board, which not a lot of nonprofits do have the benefit of that. We have a lot of auditors and bankers and

financial restructuring attorney. So I pick their brains a lot. One of the complaints that I heard from my staff about 18 months in was as a director you are running this place like a business. Well it is a business, it is a nonprofit, but it is a business. So a big part of what we are trying to do is get the staff to understand, no money no mission. Not every decision that we make is driven by the bottom line. We are continuing to operate a program that is continuing to lose money, because it is our vision. But if every single program that we operated lost money we would not be in business. We would not be around very long.

#### Interview with Participant 8

1. How do you receive funding for your nonprofit corporation?

Participant: State food purchase program, and the emergency food assistance food program, which in short is call TEFAP. Grants, Donations, fundraisers.

2. What is your long-range planning process within your corporation?

Participant: Right now, we're still on one that we are in the third year. We need to do one for the future. So it does need to be updated. The one that we are on right now was done prior to me being executive director. So it does need to be, especially when we are in the process of buying property and building a new building and grant writing.

Researcher: You are in that process now?

Participant: We are in that process now. So the long range planning up until this point was, to get property and get a new build and so when we get to that point. I guess our wishes and dreams for the future just might have some new ones for a change. I have been here for 13 going on 14 year. It will be nice to have a new challenge besides property and a building.

3. How does your corporation implement your long-range planning decisions?

Participant: This one has been a long funding wise it is difficult. To be able to keep your mission going and working toward your mission and at the same time saving for the ways that you want to grow. To meet that strategic plan takes, takes, it is a long process.

4. How has long-range planning affected your corporation?

Participant: It gives you something to work toward. Not that you are just working on a daily basis to continue the same thing that, if, do you want to grow. And if you are going to grow, how big do you want to grow. And achievements to make.

5. How has long-range planning helped you to deal with economic down turns?

Participant: Did not help at all. Who Knew.

6. How important are donors to your corporation's finances each year?

Participant: We would not secede without them. Our individual donors, I would have to say, together. I mean, if you are talking individual compared to corporate. Those individual dollars probably add up to more than what those corporate dollars do. We

would not be able to provide the services that we do without the individual donors. At a much smaller level.

7. What do you wish you knew before you became the CEO?

Participant: You do not have that much paper.

Researcher: Than let us pick one or two.

Participant: Having to, I don't know how to say it there are times when you have to have that hard nose, I am the boss attitude. I think it is the worse part, for me, being executive director. Not just work wise, employee wise. Navigating the political waters. They need to make that a bumper sticker.

8. Evaluate your corporations last 5 years financially?

Participant: This is amazing, that the economic downturn and that we have kept our heads above water. Were one of the only food banks that are not having to use a line of credit to keep going. I have managed to, let me think, in 2 ½ years that was pretty much when the economy started dropping. We have a CD, when the food bank became its own entity, we moved away from the county. Joe Hardy next door. He is not one to just say, you need help, here is money. You have this amount of time to raise as much money as you can and whatever you raise I will match it, up to 100,000 dollars. And that put us a good 100,000 dollars in the bank that we deal with, they set us up with a CD, and if we need to borrow from it we are not penalized and we try to keep it there. When I took over 2 ½ years ago, that CD was down to 43,000 dollars, because, with the economy and just, donation were not coming in. In 2 ½ years I have had it stake up to over a 100,000 dollars now for over a year. So, when you started there was more of a push to get the message out about the food bank and what we do.

#### Interview with Participant 9

1. How do you receive funding for your nonprofit corporation?

Participant: We receive it from the general public, foundations, other social institutions church, rotary clubs that sort of thing. We also get about 20% of our fund from other charities in the form of goods that cover part of our costs

2. What is your long-range planning process within your corporation?

Participant: We talk internally among the staff and then we relay information to board with important projects that have a long-term impact. We discuss those projects ideas with the board and then to create a consensus for them to take action.

3. How does your corporation implement your long-range planning decisions?

Participant: well, the strategic plan is, can be a general sense of direction. In a small organization you then assign people to carry out the plan. The plan can be impacted suddenly and dramatically by unforeseen events. And as a small organization responding to disasters. Those disaster and those problems can supersede timetables. We have

established horizon plans for major disasters that we resounded to in the last several years, that has happened. But, our strategic plan is a general sense of direction and we work towards that as we move in those directions.

4. How has long-range planning affected your corporation?

Participant: well, it has certainly created dialogue between the board and the staff. Which by itself is an education process? Gives the board a better opportunity to understand what we do. Because, in order for a strategic plan to be developed board members need to know the particulars of what we do and how we do it in this environment. So the strategic plan is an education process. It also allows the board members to articulate some of their ideas and about direction, which may differ than staffs which allows for a reconciliation process.

5. How has long-range planning helped you to deal with economic down turns?

Participant: I would say, we have been secure during economic downturns because we one of our basic principles is to be in expense where ever possible. To come up with inexpensive solutions. I have never really thought of it as a strategic plan, I have always thought of it as a principle of the operation. So, using that principle we have been very secure during the economic downturns over the changes of the past ten years.

6. How important are donors to your corporation's finances each year?

Participant: Donors are very important. They represent 80% of our cash income. So, educating them and encouraging them as to what to give is very important to us. The 80% is on the cash side. The product side 99.95% of our material is donated to us.

7. What do you wish you knew before you became the CEO?

Participant: Understanding practices of other nonprofits. I became CEO at an early age, I was 31. I had no experience at outside brother's brother and my church. A lot of this is self-taught, oh, I taught myself the wrong thing.

8. Evaluate your corporations last 5 years financially?

Participant: We have recognized nationally by numerous organizations as the most cost effective charities in America. Forbes magazine being one of them. We are very secure financially. Because of prudent practices. We maintain currently a three year cash reserve. Which allows us to undertake project now, which are unfunded, or will be unfunded, particularly in Africa.

#### Interview with Participant 10

1. How do you receive funding for your nonprofit corporation?

Participant: We have a pretty extensive funding mix. Were, the single largest sources of funding comes from area foundations here in southwestern Pennsylvania, but we are also

a membership organization and both individuals and corporations are able to be members. Individual membership dues begin with dues rates of about 25 dollars a year for students and educator, and range up into the thousands depending on how much of a contribution that an individual wants to make. Corporate memberships begin at 250 and go into the thousands as well. So there is real funding mix for our overall budget. Our budget is 1 million dollars, plus or minus. It fluctuates between 850 thousand and 1.2 Million depending on any given year.

2. What is your long-range planning process within your corporation?

Participant: Its underdeveloped, in terms of, one can always get into specifics of what does long range mean. I think at the council, there is certainly a mapping out into the fiscal year. Our Fiscal year runs from July 1 through June 30<sup>th</sup>. So, at this point sort of winter spring of the previous year is when we start mapping out our budgeting process for the coming fiscal year. So that hopefully by March/April we can sign off on a budget. We do not tend to do longer range planning than that. Or have not historically, and I think that there are a couple of reasons for that. But let me preface that by saying, I am still relevantly new here and I have been here about a year and a half. So, Part of it is my, trying to figure out what the traditions have been in the past and sin some senses continuing with those traditions a, but then also making some changes and improvements. There have been, and we can get into this with some of your later questions. There have been cases where we have received multiyear commitments of funding, from certain donors, generally from foundations. And, that has made the long range planning a little easier because we know that we have the money at that we can count on. Yes, there have been reporting requirements but our feeling has been that we have been barely successful if we do the work then the funding is there since it has been ear marked for us. That has helped with some of the planning. There has also been some donors, several foundations that even if there has not been that type of relationship for commitment to begin with in writing. There has been that understanding that they are good for however much their contribution is from year to year. My feeling having worked at other places is, those kinds of commitments should not be taken for granted. So, we should move in the direction of having more longer range planning makes a lot of sense.

3. How does your corporation implement your long-range planning decisions?

Participant: So, again assuming that the long-range plan is talking about here is basically the budgeting process for the following fiscal year. The way that we work it on it, is that the presidency of the organization together with my vice president, as well as, our accountant, will sit down and map out our budget for the coming year. As well as, our expected sources of income for the coming year. We take that to our executive committee and then have them sign off on it. Once the executive committee has signed off on it, it then goes to the board, the board approves it and then we work, we write the plan and then we work that plan. One of the things that I feel that we are doing a much better job on at the moment, from what was previously the case, is we have a much narrower definition of what restricted funding is. In the past restricted funding has been restrict by the time. But not necessarily by purpose. And so, if we were to receive one of



those multiyear grants, or if we were to receive a grant right now in February of 2012 for this calendar year. A portion of that would be restricted to the next fiscal year. A portion of that would be used for the current fiscal year. But in the past there did not see, to be any allocation of funding defined by purpose. And so, we are doing now is a much tighter coordination of income and perspective income based on time but also function. And I feel like that has been useful in really helping focus our planning process when it comes to finances.

4. How has long-range planning affected your corporation?

Participant: I mean, not as much as it should. I guess that would be the short answer. I don't feel like the, for a lack of a better word, corporate culture is one. To be think several years down the line. But to be thinking the next year done the lone. The world affairs council just celebrated its 80 anniversary. So we have been around since 1931. And I feel like especially in the anniversary year it is important to be think where I we going to be in 5 years, 10 years, where are we going to be when we have our centennial? But there is not necessarily that type of culture within the organization or on the board at the moment. But that is certainly something that could be something that could be changed.

5. How has long-range planning helped you to deal with economic down turns?

Participant: I mean, I believe this is a key question for the world affairs council. I mean, as I mentioned, we have a budget of about 1 million. If we have, as we have had in the past, multiyear commitments a year from some foundations. That has been very very helpful for us, when the economic crunch of 2008-now, but certainly through 2010 hits. We know that we have some granted funding because have this multiyear funding. However, in our discussions with foundations what we have found is that many foundations are not giving as many multiyear commitments as they had in the past. Because, they have been hit front and back. They have been hit by making the commitment and but the, there investment are not doing quit as well. And yet, they have these commitments to organizations like the council. So, from our perspective, when we have had these multiyear commitments, it has been a great asset to us for our fiscal and financial planning. In an environment where there are fewer and fewer foundations that are making multiyear grants, I see new challenges unfolding for us.

6. How important are donors to your corporation's finances each year?

Participant: Right, donors are key. I mean, I'd say, and again it depends on how we define donors. But we are not a fee for service type organization. So the majority of the funding that we receive is a donor in one shape or another. We tend not to think of our members as donors per say, but when we have corporate sponsors or corporate contributors and their membership dues are in the thousands, that's basically equivalent to a donor. So donors are key, a key source of funding for world affairs council.

7. What do you wish you knew before you became the CEO?

Participant: So this is, I short of began to laugh when I read this question. Because I wish I had, I felt that I had kicked the tires of the world affair council when it came to the

budget and the finances. Do to no ill intend I do not feel that I had a full picture of where the finances of the council were. And interesting enough, I walked into a situation in my first year as president. The board, at least initially, would not sign off on the budget. And that came as a little bit of a shock to me. We ended up ironing it out, and within basically instead of the July board meeting at the august board September board meeting. We put forth a budget that the board passed. Bit it turn out that after coming in and really getting my feet wet, that I realized that the finances were not quit what I had thought that they would be . And I have a little bit of an analogy with this. Because I have seen it in other places as well, and that is, it is a little bit like a bicycle as long as your moving you won't fall over. But when you stop moving, you will fall. And so, again, no ill will intended to anybody, but they a, if you look at funding coming and don't have these narrow definitions of what is restricted funding. You're able to continue to function, on the basis that you will still have funding coming in later. That you'll be able to allocate to what you have already made promises for. That for me is a really insecure place to to operate from. So in a sense what I have done is making my life more difficult, for me, moving forward. By having tighter definitions for restricted funding. But I feel like it creates best transparency and is in the best interest of the organization to have that. Because I do not want to be, bring in money to day to be paying for commitments that I made yesterday.

8. Evaluate your corporations last 5 years financially?

Participant: So I mean, in terms of the overall numbers, the council has always hovered around a million dollars. And the council has always managed to have a balanced budget, where the income equals expenditure. I feel like, in the last, I mean, with the last economic financial crisis there has certainly been a impact on the world affairs council. Membership numbers have gone down. Some funders that used to fund us have become more reluctant funders, or have reduced the level of funding. Yet, the council has continued to be able to untapped new sources or get existing sources to step up to the plate a little bit more to fill the gap. But again, more recently in the last year or so, I feel like moving in the direction of having a tighter fiscal structure and tighter guideline, ultimately strengthens the financial well-being of the organization.

Interview with Participant 11

1. How do you receive funding for your nonprofit corporation?

Participant: Concordia Lutheran Ministries receives funding in 4 different ways primarily. First, and most significant from the Medicare program for our skilled nursing rehab. For our homecare and hospice patients. Secondly, from private payers in our personal care and retirement living services. Thirdly, from medical assistance in the skilled nursing environment. And fourth, from private insurers, managed care product, HMO's, Highmark's, security blues, UPMC health care. Those kinds of situations.

2. What is your long-range planning process within your corporation?

Participant: Corporate wide, basically I would say we strive to anticipate future needs. We look at our resources managerially. We look at our areas of strength and knowledge. We look at our capital abilities, and essentially, we try to match our human capital and our financial capital to anticipate future needs according to our mission statement. Which is essentially, serve Gods people and provide high quality services. We look at our, again, our human capital, our financial capital, and we try to anticipate trends and in human needs and in government reimbursement services. As macro issue in strategic planning.

3. How does your corporation implement your long-range planning decisions?

Participant: I can best answer that by giving an example. In the 80's we were primarily funded by medical assistance, we took steps to diversify away from having three quarters of our income coming from state funds. We diversified into Medicare. We secondly diversified into retirement living where there were private payers involved. Thirdly, we diversified by adding more personal care assisted living beds, which are also paid for by private funds. If you look at our organization today, about 1/2 of our revenue comes from private funds. The other half comes from Medicare, private insurances, and medicated. And, again, I have already gone over the four funding sources. And we believe that gives us some protections should any one payer have a dramatic reduction.

4. How has long-range planning affected your corporation?

Participant: We have been very fortunate, we grown a lot. We have gone from under a million dollars in size, 27-28 years ago when I started, 28 years ago when I started, almost 29. Today we are about 115/120 million dollars in annual revenue. During that to me frame we determine that we wanted to diversify, first into retirement living and we built about 1 million square feet in retirement products that we determined would meet the needs of the average working man, versus the highest income people in the population. That strategy services us well. Obviously, there are a lot more average people than there are people in the upper 5% of retirees. Which is where most retirement communities strive to serve? Secondly, we determined that we would, we saw a trend coming for short term rehab, and shorter term stays in the nursing home because we believe that the government would not want to pay, and pay less for shorter periods of time. We then built our facilities with all private rooms, which turn out to be huge strategic advantage for us in growing the short-term rehab business. Quit frankly, now is about 25 million dollars a year. And, thirdly, because of the same prediction we made 20 years ago that the government would pay for less care in the hospitals and skilled nursing facilities. We determined that we would go into the home and community services. And 15 years ago we developed a home care company they grew from nothing to about 40 million dollars in annual revenue in home care hospice. So, really looking at trends of people's needs and anticipating where the government was going to try to have those people served, as a part of our overarching reimburse crunch and really budget problems in the United States. By predicting those things accurately and diversifying. I would say Concordia's success is primarily strategic success.

5. How has long-range planning helped you to deal with economic down turns?

Participant: There again we diversify. Last year, we received an 11% cut in October in Medicare in short term rehab. We have picked that up in other areas. We picked that up in personal care. That 11% cut was mitigated a homecare, hospice, and in some of our new acquisitions. Filling up retirement communities adding Concordia of the South hills. Corporately, we have had enough moving parts that we've had growth and success, the turn around some of newer acquisitions. It's been able to offset reduction other areas.

6. How important are donors to your corporation's finances each year?

Participant: Donors are important for a couple of reasons. Even though donations are probably only 1% of our budget. That little bit of icing on the cake enables us to act out on our mission, which is to serve those who are without funds. In addition to the dollars, it connects people, individuals, and churches with our mission. They connect to us, and the dollars are important. But also the connectivity between individuals and churches and foundations who care about our work are very important. It is a much bigger impact than the one percent that it pervades for us.

7. What do you wish you knew before you became the CEO?

Participant: I think the one thing that I wish that I would have known was that, it is more important to learn how to get things done through others than, that even more important than being an expert than getting things done themselves. When you become CEO it's no longer adequate to be the star player on the team. You have to determine how you are going to be the coach of the team. And get the most out of all the teammate that you work with every day. Getting them to grow and getting them to produce, getting them to embrace goals, getting them to embrace quality and high standards and financial performance is actually far more important than what you do personally. So I'd say, the star player was not good enough, star players will probably fail organizationally. But, really understanding that coaching the team is more important.

8. Evaluate your corporations last 5 years financially?

Participant: Concordia over the last 25 years has been blessed with a large endowment that we have developed through excess revenues. That's frankly, 120 million dollars. Our operations continue to be strong over the last five year, through diversification, through synergistic and cross referral of homecare to hospices. Retirement living to personal care. Personal Care to skilled care, short-term rehab back to retirement living. Synergistic services has ultimately, has ultimately really enabled us to have strong margins 8-10 percent system wide. However, because of the growth in our endowment. We are much more susceptible to market ups and downs. We have actually had a year where in 2008/09 where operations were very strong, and those operations were completely wiped out, 10 million dollars of operations were wiped out with market loses. Occasionally you get a year like the one we had in 2011, where we had strong operating performance with a reasonable strong stock market. Ended our fiscal year ending in June 30<sup>th</sup>, 2011 we were up 30 million, because those two things happened together. Long term, despite the, despite budget cuts that have occurred and will occur in the future, we

have done well by not over hiring. We have never had to lay off, but we have also done so judiciously hired contemplating future cuts.

### Interview Questions Participant 12

1. How do you receive funding for your nonprofit corporation?

Participant: There are multiple streams. One of the major streams is government grant provided by the state department. It is provided as a part of outreach from the state department to host international delegation from overseas. An additional source of income is from home stays. We work with English as a second language schools in Pittsburgh, to place both international students and faculty, as well as professionals in homes for a period of duration. Of which we derive a portion of income from. Third stream of income is from grants provided by foundation in the community and outside the community. Lastly, there are fee for services. To arrange business or other connections in the community. Oh, and more addition we do run one other, marketing of higher education within the region, and we do have schools who pay. And a fee to do so. And of course, primary are there but then there are, secondary sources would be individual and corporate membership to the organization.

2. What is your long-range planning process within your corporation?

Participant: There is a board of directors. The board of directors guides the planning process. We have accountant who is a partner in a major firm who is intimately involved in the planning process. We have an executive committee for the board who makes strategic decisions. And then, working with the key board partner who is an accountant, we make specific plans. I am also involved in that process and I have been involved in brainstorming and other related sessions revolving around fiancés process and managing and also long term stability of the organization.

3. How does your corporation implement your long-range planning decisions?

Participant: Yes, we just like any business would do, we have target markets and target goals for each of the revenue streams that we have targeted over a given year or a multi year period. And it is the responsibility with staff in conjunction with the board to pursue those opportunities as appropriate.

4. How has long-range planning affected your corporation?

Participant: Since I am newer, I can only speak to my tenure. It was critical from the moment that I came in to look at long-term financial stability of the organization. Looking at historic data as a baseline, and also looking at developing new streams of revenue. In addition, one of the key factors that I am most interested in is developing and endowment for the organization, similar to university or other large organization have. And to that end I am bring in expertise from a major financial firm. A major financial firm to help us to develop an potential endowment plan. And also estate planning for

those folks who are, may be interested in gift conversation or estate planning to pass on. For tax favorable funding toward the organization.

5. How has long-range planning helped you to deal with economic down turns?

Participant: It is very clear that nonprofits always operate on a very close margin. An obviously, the foundation community after the recession had may be a little bit different approach. That's why I am so critically involved in pushing for the development of an endowment and other sustainable practices. And in addition, I am also looking at additional tax favorable consequences that are within the law. But may assist donors or wealthy corporations in working with us. At the same time, I am also interested in providing them with some value. So it's not just a matter of being a better charitable asker. But also asking ourselves hard questions about what value proposition do we deliver to the corporate community as well as individuals and national delegations. Now obviously for government funding, even if we increase our value added, the degree to which we will get remunerated is limited. But if we do that better it may set up new opportunities within the corporate community. And in my vision, that's an essential part of what we do. We need to develop value added business case methods for going after corporate business. In line with our nonprofit mission.

6. How important are donors to your corporation's finances each year?

Participant: Corporate donors probably much larger. Individual donors are helpful in developing a network of supporters. Because so much of what our work involves includes volunteering. A financial stake in an organization is critical to building loyalty. Although, the base income from individual members is not necessarily going to be a huge part of our operating budget. It does develop closer ties with the organization and a level of participation that we want to enhance. Both for the people who are providing the services, as well as the people who are receiving them.

7. What do you wish you knew before you became the CEO?

Participant: Interesting question, I think in my situation it is a little different than the average bear since I came in as acting director position. I was given, almost overnight, everything that you could ask for. Probably faster than people might ask for or need. But for me I got what I needed to make those decisions. And fortunately I am working with a board who has been willing to provide me with the information quickly and in detail. So I can't say that there was an glaring omission. Because I have been trained at Carnegie Mellon, the caliber of the education is pretty top flight. I was equipped with the tools when I landed here to ask the tough hard questions that needed to be asked about the organization. Shape and direction. And I have also worked in nonprofits, or related organizations for a number of years. At a high level. So I was at Carnegie Mellon for 3 years working in the executive side. Also, a government nonprofit for about 8 years. So, the combination of those equipped me well to come in and not be surprised like someone else might be who had not worked in a nonprofit or a near nonprofit environment.

8. Evaluate your corporations last 5 years financially?

Participant: I think the transition has been that fee for service has become a large part of, not necessarily the income at large. But it has become a bigger part of the mission. And I think that the marketing of higher education as a destination has clearly something that very robust. We have about 17 schools that are involved now; the big schools will become involved in the near future. From my mind, we are very fortunate to have a solid program with the international visitor's leadership program hear. As a grant from the federal government. That's a great base line to build from. But, the other side of the corporation, home stays, the corporate services business link and the market of higher education offer us a serious of services that are sort of unique in the community. Because they are not as business, the right way to put it, they are longer-term business developments. We are nonprofit, so the things that we are doing have a longer time line, then to say other organization. So there is really not a direct competitor for what we do. And so much of what we do is an overlay the core program that we have that with the federal government.

Interview Questions Participant 13

1. How do you receive funding for your nonprofit corporation?

Participant: Our Revenues are predominantly fee for service. We have some philanthropy.

2. What is your long-range planning process within your corporation?

Participant: We have a series of board committees, also the full board they oversee our long range planning efforts relative to community need. Competitive strategies, facilities, quality and patient satisfaction, human resources and finances.

3. How does your corporation implement your long-range planning decisions?

Participant: Through management actions.

Researcher: Is that departmental then.

Participant: Once the board approves the plan that they entrusted to me and the other senior managers were responsible for implementing it. And involving middle management rank and force as necessary.

4. How has long-range planning affected your corporation?

Participant: Enabled us to achieve more than 5 consecutive years of increasing success despite difficult market conditions.

5. How has long-range planning helped you to deal with economic down turns?

Participant: Well we, it's allowed us to anticipate them, and I mean, the context of what we want to do from a community need standpoint and plan for them. And plan what we need to do to be successful despite them. And fortunately we have been able to do that and to do very well.

6. How important are donors to your corporation's finances each year?

Participant: They constitute a relatively small percentage of our overall revenues. But, it's a critical percentage none the less. I do not now for you off the top of my head, what percentage that comprises, but certainly less than 10%. But those funds enable us to do things that we may otherwise not have the funds to do. Including some very vital program, such as example we have a van service which provides free rides to people that do not have the means to get to their doctor and get to the hospital for vital tests. So all of that is underwritten by donors. Small but meaningful is my point.

7. What do you wish you knew before you became the CEO?

Participant: I wrote down here, that I think I as CEO or any leader excepts the fact that there personally responsible for anything that goes wrong with the organization. And isn't defensive. The sooner the organization will improve. You know, through failure comes opportunities for improvement. Early on, I think like most people I was probably a bit defensive. I did not always let it show. I think I became a better CEO, when I embraced the fact that things in our organization could be better. And ultimately it is my fault if they are not better. When I embraced that and became at peace with that I became a better leader. Because I was more understanding of my own shortcomings, and the understanding of everyone else shortcomings. But also, have the ability to a brutal easement of reality, and assess were we weren't meeting our goals and where we could better than we were. When I did that I think it made the whole organization accept continuous improvement as our goal.

8. Evaluate your corporations last 5 years financially?

Participant: We've done very well. We have surpassed the median hospitals who have bonds who are graded A+ or better. We have done very very well. In spite of the fact that we have had very significant reimbursement cuts during that time. So on less revenue per capita we are doing better. And the reason for that. Quality in my opinion if you have studied value-engineering, quality is always more efficient. So we have, and this was a very fine hospital to begin with, we have gotten even better. Our quality is better, our processes are even better, and we focus relentlessly on those two things efficiency and quality. And so, our costs today are lower than they were today than they were a year ago. Despite the fact the we are paying more for supplies and more for our employees. But, quality is always cheaper.

#### Interview Questions Participant 14

1. How do you receive funding for your nonprofit corporation?

Participant: Your talking insurance companies. So, insurance, Medicare, Medicate, government, Self-pays, also through a fundraising campaign to help to raise money.

2. What is your long-range planning process within your corporation?



Participant: Actually for me we do a lot of, I do not want to call it long range, it is more short range strategic planning. Simply because how healthcare is just changing every day. And also, how this market is changing every day. So, we do a lot of short range strategic planning. Healthcare moves to quickly to say long range.

3. How does your corporation implement your long-range planning decisions?

Participant: Usually through both corporate resources, West Penn Allegheny Health system corporate resources, and Canonsburg General Hospital resources are used to be able to implement any of our planning decisions.

4. How has long-range planning affected your corporation?

Participant: I think that it has allowed us to be able to strategically set our expectation in our community and to our secondary community in our area. I should say primary service area and secondary service area. One being the Peters outpatient service center, being our secondary service area.

5. How has long-range planning helped you to deal with economic down turns?

Participant: I will give you, you know for us being able to get into more into our secondary service area to the north of us, it has helped us get into a better payer mix.

6. How important are donors to your corporation's finances each year?

Participant: We have some significant donors in the area, corporate donors, who help us with capital funding on projects throughout our hospital. Whether it be renovation to our building or purchasing clinical equipment. So there, they are valuable to help us be able to meet the.

7. What do you wish you knew before you became the CEO?

Participant: If I could tell you, one thing that I wish I had a little more strength in would be finances. I was, my background was IT and business. I wish I had more knowledge in finances. An also, maybe a little bit more knowledge on the clinical side of things. When I mean clinical I mean, nursing, physician medical, and physician type of knowledge.

8. Evaluate your corporations last 5 years financially?

Participant: I am going to defer that one.

#### Interview Questions Participant 15

1. How do you receive funding for your nonprofit corporation?

Participant: We receive grants, private donations, fundraisers, and that's about it.

2. What is your long-range planning process within your corporation?

Participant: We do have a 5 yearlong range plan that we work together with my board of directors, and we set different objectives to meet every quart or every year, depending on what it is to grow our program. So we just work with a couple of the board members to develop it.

3. How does your corporation implement your long-range planning decisions?

Participant: I have to implement it. So I just have it in my mind what those objectives are and try to set goals to meet those objectives within the time period that we have set.

4. How has long-range planning affected your corporation?

Participant: I think it has been helpful, because it gives me some vision to follow. To move the program in different directions and different places. Grows the program, I think that if you do not have any goals then you never meet anything that you want to do.

5. How has long-range planning helped you to deal with economic down turns?

Participant: Its helped because we have adjusted some of our long range plans according to the income we receive Through donations and grants. Because, we did lose some foundation money because of the economic downturn. Because foundations did stop giving money to certain people. Or they reduced it or offered it in other types of block grants. We don't have any state or federal funding for our program because we do not want to have any restrictions on who can use our program. And that's what they were giving us. So, it's helped us maintain our financial stability because we have our long range plan, which is also based on the fiscal program.

6. How important are donors to your corporation's finances each year?

Participant: Donors are very important since that is one of the, I would say that it is 75% of our income is form donors.

7. What do you wish you knew before you became the CEO?

Participant: I wish I would have known all of the political ramifications that were involved in protecting children in the state of PA and other states. I don't know what I would have done about it. I did not realize politics would be involved in so many important decisions.

8. Evaluate your corporations last 5 years financially?

Participant: We have not received as much income. But, we didn't do as much as we wanted to regarding marketing and programs management that we were going to do. So we adjusted our plans, so that we would not be spending as much money as we thought we were going to spend if we would have had more grant income that came in. So we were able to do everything we needed to maintain the program, we just were not able to reach out into extra things.

## Interview Questions Participant 16

## 1. How do you receive funding for your nonprofit corporation?

Participant: Well, we work with most of the local foundations in the community. So we receive a significant amount of grant and contract income from the larger foundations in town. Second, we do contract work with corporations technology transfer, advising them on their marketing strategies and implementing new products in the area. We receive fees, retainers and hourly fees from corporations. Third, we do a good bit of management of other 501 c 3's. So again, we have performance based fee relationship with 6 or 7 other 501 c 3's. Some of them we turnkey manage, others we particular aspects of their work. That, we do a good bit of, we have equity and we do long term management with private corporations that focus on cluster and technology. So we, were involved in equity dividends and again some hourly billing by the corporations that are looking to establish new products and new business in the region. And the last area is pretty complicated. We diversify our revenue; we have deals that we participate. For example, we purchased 6.6 acres of the hill district, and we are building an energy center. So we have situation where we are creating energies solar, geothermal, and we participate almost like a virtual utility. So we get diversified revenue from some of the products coming out of our center. And we do a pretty substantial amount of that. And that has been a growing part of our organization.

## 2. What is your long-range planning process within your corporation?

Participant: Process, well in the programs that we star that are educational training and workforce development. We use a process call DACUM, it is a well establish method of developing curriculum and we organize industry leaders and we take them through three-day workshops. We assemble their needs in the marketplace and then we build a curriculum according to college standards. We conduct and internal planning with four of our executive team, there are only 8 of us here at the center. So, we have 4 executives, we do planning and we work with the organizations in the area like Dew and Kay, we work with the Forbes Fund. And we do a lot of review internal with our own plans. So, so we get some off-site consulting to do that.

## 3. How does your corporation implement your long-range planning decisions?

Participant: We implement it through our four officers. I mean, I take the ultimate charge of that. We have an every two-week session for our little organizational correction. We have 2 ½ hours meetings every two weeks and we sit and review our plans. Then we start breaking down, we think of it in two-week next steps activities. We sort of review what just happened and then we schedule next what is to happen. And then I do a monthly summary of that and send it to one of our committees on the board. And we, on the board then, a committee works with me then on a sort of two times a year make an assessment of our performance against our own standards. I set that up; I created that, I asked the board to do that. I set the standard, I asked the board to do that. Let them look at it through there lens.

## 4. How has long-range planning affected your corporation?

Participant: We have experienced, we started from a very small nonprofit, and we probably had double digit growth each year for the past 14 years. We have also transformed ourselves two times within that 14 years. So the planning has been essential to our direction. Today, we are doing things in the city of Pittsburgh were doing much higher impact than we have before. I guess then it's essential.

5. How has long-range planning helped you to deal with economic down turns?

Participant: Well, first of all I think we are pretty good at that. We stay vigilant to creative ways that nonprofits can create and diversify revenues. So, every year we measure our planning against the net result of our income. And we look at our income in terms of soft money/hard money, and new money, new rounds of funds. So we've been, fairly successful in that. And when times get tough we aim our impact sights higher. A lot of nonprofits tend to play small ball and shrink back, we do the opposite we tend to look above ourselves. And then we start taking on projects that are very high profile. I guess the original question is how is planning, so if we base all these decisions on planning? I think that is probably my main goal. Here in planning is to have a vision that continues to, that will go up and people will be surprised that we go up. And by the time that they understand it we are up again. We tend to have people who will watch what happens, rather than react to things. So we have been pretty affective at that so far.

6. How important are donors to your corporation's finances each year?

Participant: You're not counting foundations are you?

Researcher: That's a good question. For the study, we count all donors, I look more, my question is more looking at individual donors. But your company's revenue source is not that so.

Participant: We do not depend much on capital campaign; we never have had a capital campaign. We rarely have an individual donor. Our board is not expected to contribute and, they never have, and we do not ask them. So, in the traditional sense a capital campaign and board members jumping up and events that sustain our organizations, we do literally none of that. We pretty much are all foundations, contracts, and fees, and diversified revenues.

7. What do you wish you knew before you became the CEO?

Participant: Well, I that is a very good question. I have learned a lot. Before I came here, I managed a lot of people. SO before I came here I, you always learn there. I don't think, I probably, I came into the organization thinking that you follow studies and demographics and organizational trends. What you think is next in economic development. And I wished I knew back then, that it is more important in selecting people who have a passion and a talent, and building your strategies around their passions. So I wished I'd know that. It took me a little time to figure that out. Also this point that I made with this last question, when I came in, really thinking that in time of difficulty in nonprofits you sort of hunker down, and I wished I had learned earlier, to start taking visions higher and faster. So, I wished Id knew that. Third, you work as much for a small request as you do for a large request, and I sort of learned that I could

aim higher than I had thought at first. And I wished that I had employed that a little sooner in our organization. I guess this would be the three things.

8. Evaluate your corporation's last 5 years financially?

Participant: Well we grew in the last 5 years, we have doubled. Our operations, we've got deeper involved in community based real-estate. So yea, having answered before, we have been satisfied over the last 5 years, and we have been through, as you know some very difficult times. So, when we, when our staff looks back we are pretty excited about what occurred over the last 5 years, and about 5 years ago, it was right before it got pretty serious in nonprofit work in Pittsburgh. I guess 5 years ago we were not feeling it directly, but it was about to come. So, we look back on that 5 years and we sort of handled that, and we concurred that in some respects. I mean every day is a challenge, and you are one bad project away from getting, in this type of town, you have one bad project and everybody knows about it. So again, we are satisfied.

Interview Questions Participant 17

1. How do you receive funding for your nonprofit corporation?

Participant: So, 25% is endowed, 25% comes from the Pittsburgh Foundation, and the other 50% I raise every year from other foundations in the region.

2. What is your long-range planning process within your corporation?

Participant: So we have a very clearly defined mission and vision and three core lines of business, which are grant making, applied research and sector leadership. And we sort of set broad goals for each of those. But then we revisit each of those annually to respond. Our whole purpose as an intermediary organization is to identify trends, anticipate the needs, and then to provide the resources for nonprofits to respond. So, much of what we do is responding to real time issues and needs. While our long-term plan is around high performance, we set goals around high performance. For high performing nonprofits, our real strategy is really and annual strategy that is driven by, I would say, is driven by direct market research.

3. How does your corporation implement your long-range planning decisions?

Participant: So, we have a very methodical, we have a very clear process. So, for example our core competency is the ability to go in and conduct a diagnostic and then working in partnership with the organization, come up with the right strategy to solve that problem. And then what we do is provide the resources so that they can work through it. Our model however is, everything that we do is about change management. Like that is our mission. We help nonprofits manage change. We have a model that is an inverted pyramid for our implementation. At the top of that model is we convene, we convene and educate around topics. So that builds the momentum and creates the appetite for change. And then we give what is called cohort grants. That are generally there is a group of nonprofits that all are dealing with the same issues, and we find the best

expert to come and work over a period of time and save space with the leaders to work through that issue. And then at the tip our are management assistants grants which are direct grants for individual organizations to deal with very discrete and very specific issues that they need to work through. In addition to that, that is our grant making. In addition, we do applied research and we commission studies every year. And we have, again we have three components to it. One is the short term, so there are 200 nonprofits agreed to be a part of a control group for us. And they agreed to quarterly respond to a short quick survey. It enables us to get the pulse of the sector on a very real issue in real time. So that we can better inform communities, in form policy makers, and on form nonprofits, and if there are things that we discover, we can begin to foster the conversation about you change that situation. We also commission a, we have taken on a long-term issue which is increasing poverty in Pittsburgh and we want to understand how can you reverse that trend line. So this year we have the urban institute completing a study that's really looking at poverty in the 10 county region. And we will take pieces of that, over the next three year. Again, using that model, right, you can use data to drive the conversation. And then the third piece, which we haven't implemented yet, which we will debut in the spring. We will start publishing case studies on change management, and what we will do is take issues that we know are core to the system right now, and find organizations that have gone through that and then write up the case study that will allow for the analysis of that case. So, right now I can give you examples of 5 different nonprofit in the last 2 years who have gone through significant leadership transitions. So we want to write a case study on these, on the different succession models that they have used for their agencies. None are good, none are bad, none are right, none are wrong, but there are some insight and real learning since there are so many nonprofits who are about to transition long term and longtime execs can glean from that. So we will release that study and we will convene and talk about succession broadly and what it is, and how we are going to think about. Then we will do the cohort grants for the agency execs who are on the verge to figure out how they manage this personally and organizationally. And if they need some help today on this we will get somebody to help.

#### 4. How has long-range planning affected your corporation?

Participant: Well, we regularly go back and test our assumptions, and so, if I share long range planning with you over a 30 year period, because we have been around for thirty year, when we were founded it was directly in response to crisis. We were all about crisis intervention. So, the roof blew off the building and you need to get the roof repaired. You have a cash flow crisis, you need a loan, you can get that from the Forbes fund. And so, long range as we looked at, we continually looked to the future. We have morphed into an organization that builds the capacity of the sector. And have approached this very differently, but that has been consistently true a long range view that asks are we offering relevant and related needs of our market. Which happens to be nonprofit.

#### 5. How has long-range planning helped you to deal with economic down turns?

Participant: So, we are small, we are lean, and nimble. And so, this is where being an intermediary is very different. That is why I sort of raised that. As an intermediary you are only as, how can I, let me see if I can explain this to you. Here how I will explain it

to you. If you are a business that direct. If you deliver a business product, so you're a front line nonprofit and, you are critical to the service delivery system. You can get funding, purely based on mission. Because, it is too important, even if you are not run particularly well. You can still get the funding. And then there is the other end of the spectrum. People really believe in leadership. Even if they do not agree, even if they don't think the outcomes are that great, they believe so much in the leaders and their vision that they will invest to support that leader and mission. As an intermediary you have to constantly be on the edge and demonstrate value in order to get funding. You might argue that, if you have, are on the right side of what I just talked about, but if you are that leader, at the end of the day you are relevant. The ability to raise the funding is at a much higher level. Dependent on your ability to deliver. Much, much more than those other two. Two things. One, because I have been in my role for five years. We are not the same organization that we were 5 years ago. And so, the way that we have structured and built up the field has uniquely positioned us to receive funds in this bad economy. And two, quite frankly, something like our organization, is almost more important in a bad economy than it is in a good economy. So the people turn to us and so raising the funds. Not that it has been easy, by any stretch. It is a different approach.

6. How important are donors to your corporation's finances each year?

Participant: There are critical, so we, I engaging them as, again, my. First of all, I am going to share with you. Here why I am raising that, I am, I have run, I have run 4 organizations, I founded director of 2. In all of those situations, I have always looked to donors as my peers. And I have always looked to donors as; I am going to give you the opportunity to solve a problem. That type of view, of donors gives you a very different type of relationship with them. I have always engaged them as partners and part of the solution. So, I know what I do provide important information that can make them better. Donors are critical, but they are in my mind, they are partners in the process. I used to always say, and I still say, a donor cannot do their job well without, there the financiers, but we are the machine. One cannot do it without the other. There is an inherent interdependence, and that's the lens that we will get donors through.

7. What do you wish you knew before you became the CEO?

Participant: I will be honest with you, having gone from traditional nonprofits to philanthropy; I wish my knowledge of the financials were stronger. I am a wiz now. But I had to learn that the hard way. In fact, I know more than most CPA's now. I wish I had known more about financial management and the politics are a lot more complicated in this particular job. I wish I had been prepared to manage those politics. Those are probably the two. In fact, I am going to tell you yesterday there was a big meeting here, not in my organization, but it's all about another intermediary that is failing and not doing their job. Apparently, the conclusion that these national evaluators came to, we need to pull the money and give it to the Forbes Fund. These whole conversations happen and I am not at the table.

8. Evaluate your corporations last 5 years financially?

Participant: Well we have been balanced. We keep our books balanced. We under promise and over deliver. We are, I would say, we are aggressive in our work. We are not aggressive in our growth. We are very cautious, and very slow to grow the organization. But, we execute and deliver brilliantly. And, we are very good about utilizing people very well, so we can get done double what most places can get done.

### Interview Questions Participant 18

#### 1. How do you receive funding for your nonprofit corporation?

Participant: We have a variety of sources of funding. All very important to us. If you look in our annual report, you will see the graph of revenue. They are all made up by foundation gifts. Do you want the percentages of the categories?

Researcher: No

Participant: The foundations, local and national, who were able to build relationships with and request funding through a grant proposal process. Individual contribution and they would be the next highest category. And these are people who just learned about our services and find value in it and give generously. Some our families, some our schools, church groups, business who have like a group who want to give a gift in kind. So, we also do special events where we plan an organize about two special events per year. One in the spring, like either a luncheon or a part of a walk that takes place in Pittsburgh. And then in the fall we do an event were we honor someone with an award. Just try to bring in lots of new friends to the organization. In fact, some people call these our friend raisers and not necessarily our fundraisers. We are on the states EITC approved list for pre k scholarship organization and that has been a generous funding stream for our organization. We get a small percent from government grants. You know county, development block grants. We also get a small percentage for each child's meal that we provide from the USDA. We have donated goods that come in as equivalent to funding; it's not monetary gifts in that form. It begins to save us money when people donate cleaning supply, diaper, art supplies. We have investment returns from savings and that we have been able to invest. That would include our endowment. Our endowment is pretty small, but that yields an investment. Again, all of those are broken down with percentages, all of those our broken down in our annual report. But those are really the categories.

#### 2. What is your long-range planning process within your corporation?

Participant: We have a strategic plan that we consider a living document. It's generated by a committee of people. Represented by people like, board members, staff members, we have one parent in the program participate, and alumni of the program, one volunteer. It's very representative; we try to bring in every perspective to try to see what the goals are. We also survey our team, and try to determine what the priorities should be. The plan was adopted in 2009, and it's targeted to cover three full years. So, we are were on the downhill side of it now. The way we see it is, we track quarterly updates, and I present those to the board. At the end we of the year we do a full analysis of the plan,



taking into consideration of the quarterly updates, what are the goals that have little to no movement to them? What are the goals that are no longer relevant? What are the goals that we need to increase our intention to? It becomes the, a really good tool in knowing where we need to focus our energy. Also, helping us make decision for, if something comes up as a great opportunity on the surface, but it's not a part of the plan. We have identified, then maybe it's not something that we want to look at at that time. But we do have input from our administrating staff and our board of directors in completing the quarterly plan.

3. How does your corporation implement your long-range planning decisions?

Participant: We have, like I said, regular discussion at our board meetings and our admin team meetings where we do look at the quarterly update. It is almost seen as we celebrate the things that have been accomplished. It's a token of appreciation of the team, collectively the whole team staff and board. For accomplishing these things. It's also something that we embed in our, we have an agency task calendar here were, with all of the goals. If they happen at a certain point in the year. Especially, if it is something that would happen repeatedly, year after year. We have an agency task calendar that targets a section for each month out of the year. We can imbed it to make sure that it is a task that will get to every year.

4. How has long-range planning affected your corporation?

Participant: Very positively. Referencing the strategic plan, it builds confidence when we are able to see on paper something tangible. You know, these are the things that we hope to accomplish and here is where we stand currently. It's very gratifying to know that we have a team of people that can be affective and accomplish all these things. It also helps us to regroup, and sort of serves as a target point when three quarters of a year goes by and we have no movement on this particular goal. Do we need to look at it again; is it still important to us? If it is, let's get moving and if not let's readapt and determine what are the priorities.

5. How has long-range planning helped you to deal with economic down turns?

Participant: Again, prioritizing goals. I started with the organization in 2007, which was right before the big, you know. It was really helpful to know these are the goals, these are the absolute minimums. These are the absolute minimums that we need to focus on. Anything else that comes along is just not feasible right now. Our board would have conversation about possibly collaborating with other organizations or to spend money differently. If we were thinking about, and if there was a position that became vacant and if it was in our strategic plan to fill it, but maybe the economy did not call for it immediately. We would take the opportunity to safe some of that salary cost and then wait till it made more sense to the organization to move forward. Again, in decision making its helped us to say no to things that would be attractive, but not something that would detract us from our current goals.

6. How important are donors to your corporation's finances each year?

Participant: Tremendously important, are you speaking of individual donors. Any donors. Individual donors are the second highest form of revenue. The second after foundations. And we try to increase our individual donors every year. We hope to have a goal were individual donors make up a larger percentage every year than foundation grants. It would be nice to not have to rely so heavily on foundations. But, donors are tremendously important to us. Not just from the monetary aspect, but we know that each person who gives knows that there more likely to spread the message of our services. So there potentially the ones who are telling our clients about us helping us to get the word our about what we offer. And we think that that's the bigger impact.

7. What do you wish you knew before you became the CEO?

Participant: Well, as it relates to fiscal stewardship. I wish I knew the challenges that facilities management. We are in a really great place, and it is a blessing that own all three of our properties. We have three different locations. Then we own all three properties debt free. It is such an expense, not only financially, but time and resources and morale, the morale connected with. When you have an idea on how your day is going to go and then things break. Or something urgent comes up. All the sudden you are spending your day collecting estimates and bids from companies, trying to be the knowledgeable person for all of this stuff and it's something that I was not prepared for. And I still find it to be a very big challenge because; there is always something that comes up. Some of these things are pretty large expenses like a new roof on one of our building. Or mortar work around the entire property. And, I am in early childhood. Being the executive director without a maintenance person on staff and it all comes through me. We collect the bids and then I communicate them to the board, and it becomes this process that is there has to be a better way. The Challenges of facilities maintenance. One of the things I wish I would have known about, PANO, and PANO in the past few year, our organization is a member now. And we are going through the process now of the obtain our standards of excellence certification. But I have found that to be a great resources. They have developed many things that would have been extremely helpful from the very beginning. Because I wasted a lot of time trying to put things in place that PANO laid out very smoothly for organizations. And then, I guess Coaching opportunities. The role of executive directors is very isolating. Your report to the board, the staff reports to you. You are sort of in the middle without your own peer coaching/peer mentoring opportunities. There was an opportunity were a local foundation put together a lot of first time executive directors the year that I started. It was a one-time conversation that we had together, and they talked about continuing it, but then like a lot of things, the interest was there but then it did not pan count for practical reasons like timing and scheduling and all that stuff. I think a program like that would be very helpful. I wish I would have known that there are people who specialize in that. And there is a lot of nonprofit coaches and leadership mentors I would have been way more proactive in asking the board to help fund something like that. An seeing it as an investment instead of and expense. Our board has been excellent in sending me to these types of opportunities. I have been able to go through different programs offered locally and built a great sense of support for me separate from what I would get from the board or the staff. This one does not really relate to fiscal stewardship, I think the biggest

thing that I wish I had knowledge of before I became executive director is the, I do not want to say depersonalization of the role, but building the awareness that it happens. Secondly, developing the tools to respond to it when people through things, they sling things, concerns or, anything that comes up about wanting things to be different about the corporation. If they want it to be different, this is mostly from a staff's perspective, it's about the organization, it's almost like a hologram image. It is like they want it to be different but it goes right through that hologram and it lands right I me. I am such a people person that I want to make it all better. And so, if I had known right from the beginning, that most of the things that come my way are about the organization and not about the person. I believe that would have been tremendously helpful. I would have been able to respond in a more practical way. And really look at what was the issue and not the feeling connected to it. I have been learning a lot about myself lately.

8. Evaluate your corporations last 5 years financially?

Participant: Every year after our audit I put together a chart that breaks down our revenue and our expenses and each fiscal year where we feel with all of that. I just happen to be on year five with that, because I started, this is my fifth year. Some of the trends and patterns that I can pull out from that are one revenue side. We have had an increase in revenue each year, with the exception of two fiscal years 2008-9, we took a decrease and 2010-11 between those fiscal years we took a decrease. We were given a onetime contribution that accounted for the decrease between 2010-11. The decrease between 08-08 was obvious economic issues. But, overall we have seen an increase over the five years with the exception of those two fiscal years.

Interview Questions Participant #19

1. How do you receive funding for your nonprofit corporation?

Participant: Well we work with nonprofits, so the majority of nonprofits that we work with receive state and or federal money. They receive foundations grants. To some degree to receive individual contributions, that may vary, and unrestricted revenue from contracts that they may do. In terms of providing services.

Researcher: So would you say your business is fee for service?

Participant: Our business is fee for service and we receive all our fees from foundations or nonprofits.

2. What is your long-range planning process within your corporation?

Participants: What we use for us, and other people is, we use a process of inclusion. We, ask the environment in which they are operating on. We challenge assumption but also verify internal strengthens and weaknesses. We set a measureable vision that leads an, that suggests an aspiration in a certain period of time. We develop metrics by which to measure the progress to plan and then we set goals overarching strategy, annual targets, measures, and accountability into resources that will be required. For some, if they do a strategic business plan then we do much more in the area of financial modeling.

3. How does your corporation implement your long-range planning decisions?

Participant: We see, before we end the planning process with the client we really make sure that they really make sure that they understand the interconnection with goals. And what they have to get done by quarters in the first year, and then we also go back after the first 90 days to see, in fact whether they have been able to move forward or have the encountered a glitch or surprise, which always happens, just to make sure that they know how to recalibrate the plan, So that they can keep moving forward. The plan is a living document so we want to make sure that the leading skills that they have, that they know it as a team, board, and staff how the plan will be adjusted so that they do not lose sight of their aspirations.

4. How has long-range planning affected your corporation?

Participant: I think, when done properly it really has helped them to be more proactive about the changes that they need to manage.

5. How has long-range planning helped you to deal with economic down turns?

Participant: Well with our clients, it really significantly depends on how in touch they are with their funding sources. If they do not have that and we are by chance not a specialist in that specific type of funding stream, that can still catch them by surprise. So the external relationships that they need to manage to stay current and be able to anticipate are critical. But our plans are designed to look at those economic realities both historically and futuristically.

6. How important are donors to your corporation's finances each year?

Participant: We do not have donors.

7. What do you wish you knew before you became the CEO?

Participant: I actually wish I would have had more technical training on finance.

8. Evaluate your corporation's last 5 years financially?

Participants: By in large we have grown every year, somewhere between 10-15% organic growth, with the exception of 2008. When the economic downturn happened, the last six months of 2008 were chaotic for us because our clients were in chaos.

### Interview Questions Participant #20

1. How do you receive funding for your nonprofit corporation?

Participant: The primary source for funding would be through occupancy fees. The residence who live here, independent living, or we call it retirement living, personal care, and nursing. When they move in they put down an entrance fee and on a monthly basis, they pay a service fee. We also have other service lines; we also received fees for the

services lines. We also receive donation on an annual basis. Sometimes fairly substantial donations.

2. What is your long-range planning process within your corporation?

Participants: We have, here in Sewickley, we have, I have formed a long range planning committee, which is a group of about 8-9 residence. Who are, generally people who would have some type of background that would be helpful with strategic planning, business background, some form of background that would be helpful? Also, influencers in the community. We meet every couple of months; we talk about what are the needs of the campus long term. We have had some speakers come in and talk about where the industry is going. We have had attorneys come in and talk about legal matters. On the director's side, we meet quarterly and do planning, and some of that is, sometimes it is more long range focused. Sometimes it is in the current year, or the following year, and then at the corporate level, we do strategic planning as well, some of that is long range in focus, and some of that is this year and next year short range. Then we have a master planning process for this campus that we are actually in the process of finalizing a master plan, which would be in the next 5-10 years what, is this campus going to look like. We take a long-range perspective on our planning, so we buy any properties that are contiguous to our properties that our up for sale, we will make an attempt to purchase those. We have 5-6 homes up here on Merriam, where you came in. Likely, in the next year start looking to put villas in there. We bought some on Redgate, turn right off of Merriam, contiguous to our community in that direction. We have bought three homes on Redgate. We are always looking at, and part of our long range plan is to look at, geographically look at our community and say, what are the areas around our community that we would like to focus on over the next 10-20 years as opportunities come up we would pursue those opportunities. Then the board would get involved in approving that master plan. We would present that master plan, we presented that master plan to our long-range committee of the residences, they have seen it. It has not been approved yet, but the long range planning committee has seen it, they have given their input, and they are pleased that their input was all represented and in the master plan. This is a copy of the master plan, everything in purple would be things that are new, everything that are in orange is the existing. So the residence are integrally involved, the director team is integrally involved in that plan, that long range planning process.

3. How does your corporation implement your long-range planning decisions?

Participant: So I talked about the master planning process. So the board would approve the master planning process, we would just go about and look at, from a prioritization standpoint, my long range planning committee here of residence, they gave me there input what was most important to them, what is least important to them, and then we would get build into the budget process as we move forward. We would look at what is most important, what is going to get started in 2013, 2014 and so forth.

4. How has long-range planning affected your corporation?

Participant: I came from Erickson retirement, which was a wonderful organization-leading builder and manger of retirement communities in the country. But it went

bankrupt. So I chose the company that I am with because they had been such good stewards. They have 400-600 million in reserves. They have very strong financial reserves that they have built up over 100 years. They are very careful about their stewardship. The results of that are they have a rated bond, which is very rare in our industry. Which gives you lower interest rates? It gives our, in terms of our perspectives residence. It gives them some security in the economic environment that there coming to a place that is going to be here in 100 years. And they don't have to worry about whether there arras would get back their entrance fees, if they had a refundable entrance fee. You know, on a more practical level, we are doing a 25 million dollar renovation of our nursing home and we are not adding any beds. So we are basically doubling the square footage of our nursing home and we are not getting not a dollar of additional revenue. We can do that because we have the reserve, and because we have done two capital campaigns. A 50 million dollar capital campaign, and a 25 million dollar capital campaign, and we hit our goals both times. When you are able to raise those types of moneys it also gives you the flexibility to do those types of renovation were you are not solely looking at what you can get back, what can you bring back in terms of revenue.

5. How has long-range planning helped you to deal with economic down turns?

Participant: We are not an organization, in our industry there are a lot of organizations that re dependent on return on investments to run their operations. Now I will tell you that we intentionally lose money every year. We have a high percentage of people who are on medical assistance. That is just a part of our mission. Our mission is such that, we want to bring in people who do not have the ability to enjoy this lifestyle, financial they do not have the ability to enjoy this lifestyle Masons and non-masons. We want to be able to provide that lifestyle for them, and we can do that because of the financial planning that has been done over the last 100 years from the reserves that our out there. We also with the downturn have come up with a cost containment plan; we did not eliminate any staff. We made a commitment to the staff; we said we would not eliminate any jobs. We did not stop our merit increases, we did not stop our contribution to the retirement plans, and we did not stop any of that. We looked for smaller ways were we could go in and cut back on our expenses. We saved about 10 million dollars through going through that process. Quite frankly, a lot of what we did in our cost containment we continued with it once the economy rebounded because it just made sense to do that.

6. How important are donors to your corporation's finances each year?

Participant: Very important, you heard me say two capital drives, 50 million dollar capital drive, 25 million dollar capital drive, and those are huge for us. The masons are very generous group. Because of our Masonic affiliation, we believe we have greater opportunities to bring in larger dollars because of that. In this community we have been part of those 50 million dollar, 25 million dollar capital drive, we also have had for example, last year we had a resident give us 177,000 for a new shuttle. We received a Honda CRV and a Ford Explorer from residence who were just not driving any more. We have got someone in the process of giving us a grant piano, we have got some in the process of looking at giving us 300,000 for an expansion and renovation of our assembly

room next door. So we have been very fortunate to have some very generous residence, and not just residence, also folks that are associated with free masonry who don't live here. Because of the Masonic Mission, they're willing to contribute. We lose 20 million dollars; at our five communities, we lose about 20 million dollars a year. We do that intentionally, because medicate, medical assistance does not cover the cost of that care. 50% of the people in my nursing home are on medicate. We do not get the money to pay for all their care.

7. What do you wish you knew before you became the CEO?

Participant: I have no, I can honestly say, I have not had any major surprise. Now, the first time that I was an executive director there were things that looking back, I would say, I wish that I had known that, things. First time I was an executive director the professional in the information technology world and the service industry. And when I had started working in the service industry there are things I learned working with service level employees. For example, I am walking down the hall way and I am preoccupied and I don't say hello to the house keeper, I am thinking that I am preoccupied and I am thinking about this, the house keeper is looking at me and thinking he thinks he is so good and does not need to say hello to me. He thinks that as management, he is better than me, and so there are things that I learned in the service industry that I learned. Here I think I knew what I was getting into and I have had great experiences. No major surprises.

8. Evaluate your corporations last 5 years financially?

Participants: Well, a lot of our, for us is going to be our ability to raise money and our ability to invest what we have. Because we are set up to lose money every year, then a lot of it comes down to our ability to invest appropriately and raise money. So, we hit a low point in 2009 where we had about 390 million in reserves verses 600 million, so we lost about a third. All of that has come back since 2009 and now we are over 600 million again. In between there I mentioned the cost containment plan, so that got us through. You know, when you are at that low point, we could not count on our investment returns for that 20 million dollars in loses we encouraged because of our charitable giving. So, we made up 10 million of that through cost containment. We are not 100% but we are, we have been running 95-96% and as you know, in this western PA area a lot of our competitors there are more in the 89-93% range. We have been pretty constantly run that, even in our nursing facility as well.

## Curriculum Vitae

**JAMISON J. HARDY, M.Div, MPA, DBA IN PROGRESS**

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**PROFILE**

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Strategic non-profit corporation manager offering extensive leadership experience, poised for a role defining mission and vision for a nonprofit, conceptualizing and driving programming, developing funds, managing resources, and raising awareness. Proven performance in senior-level managerial roles, with an executive leadership approach characterized by passion, energy, and integrity. Talent for drawing from a broad base of disciplines and core competencies, to build strategy that reflects deep understanding of public policy and economic/social equity issues. Outstanding communication skills, to convey action plans to a variety of audiences. Proven success navigating multi-stakeholder landscapes, with experience in facilitating cross-sectoral dialogue and partnerships.

- ◆ Non-Profit Management
- ◆ Corporate Management
- ◆ Organization Mission & Vision
- ◆ Operational Leadership
- ◆ Program Management
- ◆ Foundation Management
- ◆ Client Relationship Management
- ◆ Finance

**EDUCATION**

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<b>DOCTORATE CANDIDATE, BUSINESS ADMINISTRATION</b> <i>Emphasis: Management &amp; Leadership in the Non-profit Corporation</i> <b>Walden University, Baltimore, MD</b>	<b>2012</b>
<b>MASTER OF PUBLIC POLICY</b> <b>MANAGEMENT AND LEADERSHIP IN THE NONPROFIT CORPORATION</b> <b>Walden University, Baltimore, MD</b>	<b>2009</b>
<b>MASTER OF DIVINITY</b> <b>Concordia Theological Seminary, Fort Wayne, IN</b>	<b>2000</b>
<b>BACHELOR OF SCIENCE, EDUCATION</b> <i>Emphasis: Broad Field Social Science</i> <b>Concordia University Wisconsin, Mequon, WI</b>	<b>1996</b>

**EXPERIENCE & ACHIEVEMENTS**

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**CONCORDIA LUTHERAN MINISTRIES (CLM) 2003 to Present**

Board Member: Strategically guide this CARF-CCAC accredited Aging Services Network, an organization with \$105 million annual sales, one of the 100 largest senior care providers nationally. Define mission and vision; provide executive leadership and operations management. Concordia offers adult day services, assisted living, home care, hospice, rehabilitation, retirement living, and skilled nursing. Instrumentally contribute to organizational growth, by issuing expertise regarding multi-million dollar purchases and acquisitions. Participated on the executive committee, and chaired the personnel and chaplaincy committees. Previously served as Board Member of Concordia at Rebecca Residence.



- ◆ Launched the Africa orphans benevolent program.
- ◆ Travel abroad, primarily to Europe and Africa, representing the corporation in partner negotiations and mission partnerships. Also represent Concordia in the Pennsylvania State Senate's Non-profit Caucus, and currently a member of PANO (Pennsylvania Association of Nonprofit Organizations).

**LUTHERAN CHURCH MISSOURI SYNOD, Pittsburgh, PA** **6/2009 to Present**

Vice President, English District: Elected by peers to this role. Represent the president, traveling along the US East Coast to address church issues, resolve problems, manage conflict, and facilitate resolution. Completed a leadership training seminar relevant to church and non-profit operations. Previously I was *Circuit Visitor*.

**PEACE LUTHERAN CHURCH, McMurray, PA** **2008 to Present**

Pastor: Conduct religious worship and provide spiritual leadership to a 280-member congregation. Raised attendance approximately 15% over the last two years consecutively. (Merger of Our Savior below and formerly the Hope congregation)

**OUR SAVIOR LUTHERAN CHURCH, Mt. Lebanon, PA** **2000 to 2008**

Pastor: Fully directed church programs, services, and activities, which chiefly involved planning weekly services, overseeing Sunday school and Bible study, and interfacing with the church elders, trustees and council. Expanded membership by 25%. Also conducted home and hospital visitations. Mentored student pastors. Acted as the vicarage supervisor. Facilitated the merger of this church with Peace Lutheran (above).

**HOPE LUTHERAN CHURCH, Upper St. Clair, PA** **2006 to 2008**  
**2001 to 2003**

Interim Pastor: Led church operations during the search for a permanent Pastor.

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**OTHER EXPERIENCE**

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**COMMUNITY COLLEGE OF ALLEGHENY COUNTY, NORTH CAMPUS** **2007 to Present**

Adjunct Professor: Teach philosophy, social science, ethics, and logic.

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**LEADERSHIP**

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**PAUL HARRIS FELLOW** **2012**

**CONCORDIA LUTHERAN MINISTRIES REPRESENTATIVE**  
**Pennsylvania State Senate Non-profit Caucus** **2003 to Present**

**VICE PRESIDENT & TREASURER**  
**Pittsburgh Pastoral Conference** **2002 to 2007**

**CHAIR, REFORMATION RALLY**  
**Pittsburgh Region LCMS** **2001 to 2007**  
*Orchestrated the region's religious celebration and participation in this conference.*

**PRESIDENT, VICE PRESIDENT, ADVISOR TO THE BOARD & CHAPLAIN**  
**Lions Clubs International, Western Pennsylvania, Mt. Lebanon Chapter**

**VICE PRESIDENT OF ROTARY CLUB 3220**

**GROUP LEADER, SOUTH AFRICA ORPHAN BUILD PROJECT  
Habitat for Humanity International**

**AFFILIATIONS**

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Alliance for the Non-profit  
Pennsylvania Association of Non-profits Organization (PANO)  
Concordia Historical Society  
Non-Profit Issues  
ASPA American Society for Public Administration  
World Council of Affairs  
Issues ect.