

## : Public and Nonprofit Management

### INTRODUCTION:

With the recent inauguration of President Barack Obama, government has been front and center in the minds of the newspaper-reading public. From changed policies on science and technology to different approaches to foreign relations and foreign aid to an increased focus on issues affecting women and girls, the new administration continues to energize many Americans, particularly the young people who played a special role in bringing Obama to office. The current economic crisis is also drawing attention to government as the President's new appointees work to mitigate damage and create new regulatory policies. According to a recent survey conducted jointly by The Aspen Institute and Net Impact, 29% of MBA students say that their interest in working in government has increased as a result of the crisis.<sup>1</sup>

Meanwhile, a renewed spirit of public service may also draw increased attention to the world of nonprofits. This varied sector comprises 9% of the workforce, and encompasses organizations with missions as diverse as producing art, preserving culture, delivering social services and honing policy goals—all functions essential to civil society.<sup>2</sup>

While vision and commitment may top the list of sought-after qualities in government and nonprofits, a growing number of colleges and universities are designing programs to help students hone the additional skills that will help them best achieve success and contribute to society within these sectors. For example, a November 2008 New York Times story points to a rise in nonprofit management programs for undergraduates, created in response to increased interest in nonprofit work among current college students.<sup>3</sup>

While schools of public policy and public service have long been a respected source for gaining policy and management expertise at the graduate level, business schools are also increasingly offering courses and degree programs tailored to students who plan to work in the nonprofit and government sectors. Twenty percent of the business schools that have submitted data to the 2009-2010 edition of The Aspen Institute's Beyond Grey Pinstripes alternative ranking report programs that allow their MBA students to specialize in public and nonprofit management.<sup>4</sup> Courses may range from those that help students understand the challenges and opportunities facing particular kinds of nonprofit organizations (such as classes in the management of arts groups, or community-based development organizations) to those that tailor the lessons of a particular discipline to the nonprofit sector to those that aim to help students craft public policy or hone organizational mission.

Given both that talented individuals often have the opportunity to make contributions in all three sectors throughout the course of their careers, and also that many of the skills and attitudes that breed success are applicable in all arenas, these programs represent a valuable resource for all MBA students. Indeed, an approach that trains students to view business, government and nonprofit missions as complementary and interconnected may make significant strides in helping to produce a new generation of managers attuned to their role as stewards of the environment and society.

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<sup>1</sup> See "New Leaders, New Perspectives" at <http://www.netimpact.org/displaycommon.cfm?an=1&subarticlenbr=2666>

<sup>2</sup> See a report by the Independent Sector, an organization that studies nonprofits, at <http://www.independentsector.org/PDFs/npemployment.pdf>

<sup>3</sup> See "Training to Lead Nonprofits," November 10, 2008 at <http://www.nytimes.com/2008/11/11/giving/11EDUC.html?scp=5&sq=nonprofit%20sector&st=cse>

<sup>4</sup> Full Beyond Grey Pinstripes data will be available in Fall 2009.

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## THE BOTTOM LINE:

- Signs point to the potential for increased interest in government and nonprofit work among young people.
- Greater attunement to the roles of nonprofits and government may help MBAs to become better social and environmental stewards.
- Nonprofit management courses may open students' eyes to the possibility for collaborative problem solving through cross-sectoral partnerships.

## A FACULTY POINT OF VIEW:

[Debra J. Ringold](#) is Dean and JELD-WEN Professor of Free Enterprise at the Atkinson Graduate School of Management at Willamette University. She has served on the editorial board of the Journal of Public Policy and Marketing since 1991 and is currently serving a three year term as the Journal's Associate Editor. She recently completed a term as Chairperson of the American Marketing Association Board of Directors. Dean Ringold teaches courses in public, nonprofit, and private sector marketing, marketing research, marketing communications, and marketing and public policy, including the course "[Nonprofit Marketing and Strategy](#)".

On how marketing can be applied in a nonprofit setting: "Marketing is not so much a set of activities or business function as a point of view or philosophical orientation. It involves organizations' efforts to establish and maintain long-term, meaningful relationships between organizations and their clients and customers. If management believes that the purpose of the organization is to satisfy clients and customers, it behaves very differently than if its purpose is simply to maximize short term profits. This is just as true for nonprofits and government. In fact, evidence suggests that those organizations that adopt this consumer satisfaction orientation outperform the ones that have other goals."

On confronting students' assumptions: "There are two widespread and insidious ideas about the nonprofit and government sectors of which I try to disabuse my students. First, is that the work done by managers in nonprofit and government settings should be held to a lower standard because they're not part of a commercial enterprise. Second, is that nonprofit and government managers should be paid less. I address these ideas in the first class session to try to get people to grapple with them, because many of my students—even the ones who plan to go into the nonprofit sector—have absorbed these ideas. Like it or not, our society doesn't always place much value on this kind of work, and money is what society uses to assign value."

On helping students re-examine their biases: "When we look more closely at these two biases, I often find that my students compare nonprofit or government work to charity, which they think should be done for free. To get them to examine that assumption more carefully, I try to make a distinction between work that is moral and work that is important to society. As I see it, morality dictates that people (and companies) conduct themselves morally, i.e., they don't lie or cheat or steal. As long as you're not lying or cheating or stealing, there's nothing morally wrong, for example, with manufacturing potato chips—people like potato chips! Still, no matter how much you might like potato chips, giving vaccines to children is simply more important to society, and people who manage vaccination programs should be compensated for what they do. I try to help my students lay bare their own assumptions and challenge them to come to their own conclusions about how they view the world of work and how they'll make a contribution to society. One of the things that a graduate education should help people do is develop their own point of view. I want well-informed, opinionated people to come out of our program. In my course,

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students experience a fair amount of discomfort as they think about the choices they're going to make and why they're going to make those choices. We're trying to launch them into an examined life."

**On the Atkinson School's philosophy of management:** "The Atkinson faculty believes that management principles, theory and practice are essentially the same regardless of the sector. We take what some people would probably call a generic approach to management—but we consider it a cross-sectoral, interdisciplinary approach. We're looking for those core principles, concepts, frameworks, etc. that are robust across sectors. We try to impress upon our students from the day they walk through our door that regardless of their sectoral aspirations their job as a manager is to be a good steward of scarce resources and to produce the best return on investment possible in the context they've chosen. We hope that students planning to go into the nonprofit sector will be just as focused on ROI as other students, because the work they do is so important. Our philosophy is that all management, if it's done well and focuses on the satisfaction of others, is, in fact, public service. This philosophy compels performance and holds all managers to a very high standard."

**Beyond Grey Pinstripes**  
PREPARING MBAs FOR SOCIAL AND ENVIRONMENTAL STEWARDSHIP

### NOTABLE COURSEWORK:

The following course descriptions are drawn exclusively from the 2007-2008 edition of [Beyond Grey Pinstripes](#), a research survey conducted biennially by the Center for Business Education at the Aspen Institute.

- **Tuck School of Business, Dartmouth College**  
[Entrepreneurship in the Social Sector \(Elective Course\)](#)

*Instructor: John Vogel*

"There has been a worldwide explosion of entrepreneurial activities by organizations whose primary focus is on improving the health, education and wellbeing of individuals and communities. Most of this activity in what we are calling the 'social sector' has been undertaken by nongovernmental organizations (NGOs) or nonprofit organizations. In recent years, for-profit corporations have gotten more involved in the social sector either directly or in partnership with non-profit organizations. This course will look at these different approaches to solving social problems as well as how business people can make a meaningful contribution, especially as board members and consultants."

- **Jesse F. Jones Graduate School of Management, Rice University**  
[Public-Nonprofit Financial and Strategic Management \(Elective Course\)](#)

*Instructors: Duane Windsor*

"This course covers the key elements of financial management in the public and nonprofit sectors. The course starts by introducing the theory of public and nonprofit sectors and examining organizations such as the San Francisco Opera, the Dana-Farber Cancer Institute, and the United Way of Massachusetts. The course continues with cost-benefit analysis and budgeting issues and then introduces hospital management. The final module discusses financial reporting and marketing for nonprofits and governments."

- **Atkinson School of Management, Willamette University**  
[Nonprofit Marketing Strategy \(Elective Course\)](#)

*Instructor: Debra J. Ringold*

"The course explores marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products, services, and/or value with others. It emphasizes a framework for successful marketing by public and nonprofit organizations with a focus on forging productive exchange relationships with clients, customers, and donors. It utilizes cases and readings that relate to the cultural impact of advertising, social auditing, public-private partnerships, corporate social responsibility, stakeholder management, transparency,

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corporate governance and comparative governance among types of organizations. The course also investigates the concepts of the triple bottom line, inclusive capitalism, corporate citizenship, diversity, social marketing, political advocacy, and global issues, and emphasizes ethical responsibility and the sustainability of organizations that provide essential services in society.”

- **Schulich School of Business, York University**  
[Public Policy and Public Management \(Core Course\)](#)

*Instructor: David Barrows*

“As governments respond to the changing economic, social and political environment, the roles and responsibilities of government officials are evolving rapidly. Effective public sector managers must therefore utilize the most modern tools and techniques in the development of public policy and the management of government operations. The development of public policy requires an understanding of stakeholder interests and a methodology to assess, evaluate and recommend policy options. In addition to utilizing many of the approaches developed by the private sector, public sector managers also face unique managerial challenges resulting from such factors as political considerations, annual expenditure cycles and a highly unionized workplace. The three principle objectives of this course are: 1) to ensure a thorough understanding of the public policy creation process in the Canadian context, with particular attention to Canadian federalism and inter-governmental affairs; 2) to assist with an evaluation and assessment of the best public sector management tools, techniques and practices; and 3) to provide an introduction to public sector program and policy evaluation methodologies.”

For additional courses on related subjects, or to download select syllabi, search thousands of descriptions at [Beyond Grey Pinstripes](#).



### NOTABLE TEACHING MATERIALS:

Materials referenced are meant to represent the diversity of related teaching resources available at Caseplace.org. Most are available as free downloads to registered faculty members.

- **Magazine Article:** [Bloomberg: The CEO Mayor](#)

*Source: BusinessWeek*

The article asserts that New York City’s Mayor Michael Bloomberg is applying lessons from an early career on Wall Street and from two decades building his eponymous financial-information and media empire. He is using technology, marketing, data analysis, and results-driven incentives to manage what is often seen as an unmanageable city of eight million. Bloomberg sees New York City as a corporation, its citizens as customers, its sanitation workers, police officers, clerks, and deputy commissioners as talent. He is the chief executive.

- **Case Study:** [Dana-Farber Cancer Institute: Development Strategy](#)

*Source: Harvard Business School Publishing*

Despite revenues in excess of \$93 million in 1998, the world-renowned Dana-Farber Cancer Institute constantly faces an operating shortfall and looks to its highly successful development office to help cover the deficit. The development office raises money annually (with a \$42 million goal for 1999) through its two major fund-raising arms: the Development Fund and the Jimmy Fund. In addition, it conducts a major capital campaign about every five years. A new chief development officer, Susan Paresky, needs to establish the development strategy going forward. The case reviews the major fund-raising programs in the development office and presents additional growth options. Students examine

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the existing programs, assess the value of the new options, and devise a development strategy consistent with the mission and philosophy of the institute.

- **Case Study:** [Is This My Place?](#)

*Source: The Aspen Institute/Yale University*

This case, from the *Giving Voice to Values* curriculum, focuses on a recent college graduate with a degree in Accounting who faces lax record-keeping in the non-profit organization that has hired him right out of school. The case raises questions about how the protagonist can best frame his objections to other staff.

- **Case Study:** [New York City Audubon Society](#)

*Source: Kellogg School of Management*

The case examines the New York City Audubon Society (NYCAS), founded in 1979, which has become the National Audubon's largest chapter, with a city-wide membership of more than 10,000 members. Prior to 1993, NYCAS' services were provided entirely by volunteers working in a committee structure, with the board composed primarily of committee chairmen. The nature of the organization transformed as it grew in size and complexity from focusing on bird conservation to broader environmental advocacy. In 1993, the board undertook a dramatic change and hired an executive director, primarily for fundraising purposes. The case discusses fund accounting and nonprofit accounting practices, as well as the NYCAS' experiences dealing with organizational growth, investment management, grant acquisition and use, fundraising, nonprofit status, and financial disclosure.

- **Case Study:** [Turning Africa Around One Bike at a Time: ACIRFA in 2007](#)

*Source: ECCH*

This case tracks the development of ACIRFA, a U.S.-based non-profit organization, and its Zambia-based social enterprise, ZamBikes. The case illustrates the challenges the two young social entrepreneurs are faced with, from the conception of an idea while still in college to the delivery of their promises to various stakeholders. It provides a detailed account for the various strategies in dealing with a number of market and non-market issues typical in an underdeveloped country, across commercial, government and non-profit sectors and across two continents. The case provides a complex setting for discussions on alternative development strategies and business models that will not only survive the fledgling social enterprise but also maximize its social impact.

### ONGOING QUESTIONS:

- What unique skills and attitudes can students interested in government and nonprofit work gain from the MBA degree?
- How can business schools infuse the spirit of public service common to the government and nonprofit sectors throughout the MBA program as a whole?
- How can faculty help students to develop skills that can be used in all sectors?
- Is there ample opportunity in business classrooms for students with background in all three sectors to engage in robust discussion of business and society issues?

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## RESOURCES:

[BeyondGreyPinstripes.org](http://BeyondGreyPinstripes.org) – World’s biggest MBA database, including detailed records on thousands of courses and information on extracurriculars, university centers, and more, for 128 schools on six continents.

[CasePlace.org](http://CasePlace.org) – A free and practical on-line resource for up-to-date case studies, syllabi, and innovative teaching materials on business and sustainability. Created for the educators who will shape our next generation of business leaders!

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*A Closer Look* is a regular series of briefing papers on topical issues in MBA education, based on the research and programs of the Aspen Institute. The Aspen Institute’s [Center for Business Education](http://CenterforBusinessEducation.org) encourages future business leaders to innovate at the intersection of corporate profits and social impacts.

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