

AN INVESTIGATION OF COLLINS' NONPROFIT MODEL FOR ORGANIZATIONAL SUCCESS IN SOCIAL SECTORS

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INTRODUCTION

Why do some colleges/universities consistently rank higher in reports by rating entities such as U.S News & World Report or Kiplinger? Why are some consistently ranked low? Does strategic planning make a difference? Do higher ranked colleges practices principles of greatness appropriate for the social sector? What makes these colleges great?

Strategic planning has long been touted as a process by which companies can achieve excellence, above average performance, or build a sustainable competitive advantage. There have been a number of studies of high performing companies identifying characteristics of excellent companies, such as: *In Search of Excellence* by Peters & Waterman, *Good to Great* by Collins, *Rising Stars and Fast Fades* by Keith Shilit, and the *4 + 2 Formula for Sustained Business Success* by Joyce, Nohria, & Roberson. Many of the characteristics found in excellent companies are contained in well-developed company strategic plans. In 2005, Jim Collins wrote a monograph applying his findings reported in *Good To Great* to social sectors. In the past 10 years the use of strategic plans in colleges & universities has grown (Fain, 2007). The purpose of this paper is to 1) determine if a model can be developed using the principles found in *Good To Great and the Social Sectors* to analyze the strategic plans of ranked national universities, and 2) determine if strategic plans containing more of the *Good to Great* characteristics belong to higher ranked universities.

THE COLLINS' MODEL

Jim Collins (2005) has developed a 'language of greatness' and has identified 5 issues that provide a framework for discussion in *Good to Great and the Social Sectors*. This section will discuss the 5 issues identified by Collins and develop criteria to be used in analyzing the strategic plans of universities ranked in U.S. News & World Report.

Issue one: Defining "Great" – Calibrating Success without Business Metrics

The evaluation of successful performance in the social sector should be assessed relative to the organization's mission, not financial performance. The focus must be outputs not inputs (such as money) and answer the question: How effectively does the entity deliver on its mission and make an impact?

Some appropriate output measures for colleges may include:

-  How closely goals/objectives are related to the mission
-  Goals follow the SMART principle
-  Measures of progress are based on outputs
-  Unique impact, exceptional results or a Big Hairy Audacious Goal is included

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Issue two: Level 5 Leadership – Getting things done within a diffuse power structure

Social sector entities typically have a complex governance structure and diffuse power structures that require using different types of leadership than typically found in business environments. Collins suggests two types of leadership skills. One is executive leadership in which a leader has enough power to make the right decisions and is most common in the business sector. The second is legislative leadership in which an individual leader does not have the power to make important decisions by him or herself, but relies on persuasion, political currency, and shared interests to create conditions that will lead to the right decisions and is most common in the social sector.

Appropriate criteria to identify Level 5 Leadership in a university strategic plan might include:

-  Shared or upward planning process
-  Shared values/interests
-  Opportunities for self examination in the process

Issue Three: First Who –Getting the right people on the bus within social sector constraints

It is important in social sector entities to be sure the right person is hired for position. Typically social sector entities are unable to provide high levels of pay or resources and it may be more difficult to fire an individual (tenure in schools) or a volunteer. Thus, greater emphasis must be placed on getting the right people in the first place --- individuals who are self-motivated and self-disciplined and who are compulsively driven to do the best that they can.

Criteria to identify selection of the right people in a university strategic plan might include:

-  Evidence of hiring philosophy
-  A relationship between faculty requirements and the mission/goals
-  Faculty assessment mechanisms to ensure the right people are retained
-  Evidence of people first then the concept

Issue Four: The Hedgehog Concept – Rethinking the economic engine without a profit motive

The Hedgehog Concept as developed by Collins contains 3 intersection circles that reflect: 1) What are you deeply passionate about, 2) What you can be best in the world at, and 3) What drives your resource engine. Passion reflects what the entity stands for and why it exists. Being best reflects an understanding of what the social sector entity can uniquely contribute to the people it serves and how it can be better than any other entity in making this contribution.

Criteria that provide evidence in a university's strategic plan that indicates a strong Hedgehog Concept might include:

-  Evidence of passion
-  Building on strengths
-  Resources from sources other than tuition and state funds.
-  Evidence of building a brand or emotion goodwill of potential supporters

Issue Five: Turning the Flywheel – Building momentum by building the brand

The flywheel represents building momentum within the entity. Focusing on the Hedgehog Concept builds results. The results attract resources and commitment that are used to build a strong entity that delivers even better results and success. In the social sector a key link is brand reputation that is built on tangible results and emotion so that potential supporters not only believe in the entity's mission but in its capacity to deliver

Criteria reflecting the Flywheel concept in strategic plans of universities may include:

- 🌈 Evidence of building brand reputation
- 🌈 Evidence of results
- 🌈 Evidence of efforts to improve or increase resources
- 🌈 Evidence of efforts to build the organization

Proposition: Colleges/Universities that show greater evidence of the Good to Great Social Sector concepts in their strategic plans will be ranked higher (more successful) in U.S. News & World Report college rankings

METHODOLOGY

Process

Using Collins (2005) as a guideline, a checklist (Table 1) was developed to use in analyzing the strategic plans of public universities. A simple rating scale was used to determine if evidence of each of the 5 issues discussed in *Good to Great and the Social Sectors* (2005) was found in the strategic plan. For each issue a number of specific criteria were identified that would provide evidence that the college/university strategic planners had addressed the issue. If there was direct evidence of the criteria a score of '2' was given, if evidence of the criteria was implied or indirectly included a score of '1' was given, and if no evidence of the criteria was found in the strategic plan a score of '0' was given.

The 2007 U.S. News and World Report ranking of America's best colleges was used to identify the top and bottom public colleges in Tier 1 and Tier 4 categories. If a strategic plan was not found online for a public college, then the next listed college on the list was used. For consistency only public colleges were used in this study. It was decided to focus on public colleges because few private colleges are at the bottom of Tier 1 and there are very few private colleges in Tier 4. Table 2 provides information about the college strategic plans analyzed and the total scores for each college.

Because this is a preliminary study to develop a model, average scores for each of the 4 sets of schools was used to identify potential differences.

Discussion

It was expected the colleges ranked higher in their tiers would have more complete strategic plans and these plans would address more criteria relating to the Collins' issues than those schools ranked at the bottom of their tier. It appears that this holds true for schools ranked as Tier 4 Top colleges (average score of 26), but does not hold true for Tier 1 Top ranked colleges

(average score of 11.25). The colleges ranked at the bottom of their respective tiers had similar average scores of 18.5 for Tier 1 colleges and 15.8 for Tier 4 colleges. In the Tier 1 Top ranked colleges the first 20 ranked colleges are private institutions which were not included in this study. Of the 46 maximum points a college receive, three colleges received over 30 points.

There are numerous issues to consider regarding the preliminary results. First, there may be other sources or documents at a college that address the issues set forth by Collins. Colleges may have a separate hiring plan that more adequately addresses Issue 3 (First who – getting the right people on the bus) or a marketing plan that addresses Issue 5 (Turning the flywheel – building the brand). College culture may have an impact on many of the issues set forth and may define ‘how business is conducted’ at the college. Second, the presence of past strategic plans may influence the nature and detail included in the current plan. Third, the current success of a college may influence the amount of planning administrators are undertaking. Fourth, strategic planning is fairly new to higher education. College administrators may not value or find necessary the development of a strategic plan or they may not have sufficient training to develop a strategic plan. Fifth, it may be that college administrators are content to be ‘good’. The concepts set forth by Collins suggest there are differences between great and good and organizations need to be ready to embrace the ‘language of greatness’ (Collins 2005). If college administrators are not embracing the ‘language of greatness’ then there will not be evidence of the 5 issues included in the strategic plan. Sixth, the criteria used in this analytical model may not adequately reflect measures of the 5 issues identified by Collins.

CONCLUSION

This research began with the purpose of determining if 1) a model can be developed using the principles found in *Good To Great and the Social Sectors* to analyze the strategic plans of ranked national universities, and 2) strategic plans containing more of the *Good to Great* characteristics belong to higher ranked universities.

Results suggest that a model and appropriate measureable criteria can be developed to find evidence of Issues discussed in *Good to Great and the Social Sectors*. In the analysis of the strategic plans reviewed, there was specific or implied evidence of the criteria. Specifically, many of the top ranked Tier 4 colleges received high scores when evaluated by the criteria in the proposed model. This indicates that the criteria are reasonable and appropriate and should be included in a good strategic plan.

There are mixed results regarding the proposition set forth in this research. Analysis of the strategic plans of higher ranked Tier 4 colleges did support the proposition when compared to the bottom ranked colleges. However, the strategic plans of higher ranked Tier 1 colleges showed limited evidence of the criteria developed for the analytical model.

The business concepts and conclusions that Collins reported in the book *Good to Great* (2001) and then adapted in the supplemental monograph *Good to Great and the Social Sectors* (2005) provide some excellent ideas for evaluating not only companies but also social sector entities.

REFERENCES AVAILABLE UPON REQUEST