Chapter 13

Close Encounters: The Circulation and Reception of Managerial Practices in the San Francisco Bay Area Nonprofit Community

Walter W. Powell, Denise L. Gammal and Caroline Simard, Stanford University, USA

The processes through which ideas and practices travel have long been of keen interest. Relatively few empirical analyses of diffusion processes, however, consider that the things that are adopted may hold very different meanings for diverse recipients. Indeed, passionate adopters may well interpret and transform objects in a manner that their originators never imagined (Westney, 1987). This chapter attends to the various ways that management ideas circulate across organizations, illuminating the differential reception of ideas. We draw on the concepts of circulation and translation (Czarniawska and Joerges, 1996; Czarniawska and Sevón, 1996; Sahlin-Andersson and Engwall, 2002), and give less weight to the idea of diffusion (Rogers, 1983). Diffusion implies a central broadcast point and wide reception with rather passive receivers, whereas translation implies a more relational and active process of reception. The concepts of circulation and translation recognize that ideas follow various routes and networks, and emphasize the possibility that ideas may be edited in the process of travel.

Stakeholders and managers often search for new ideas that will elevate or distinguish their organizations. The leaders of nonprofit organizations in the United States currently face a convergence of powerful external and internal

---

1 Research support provided by the Center for Social Innovation at the Stanford Graduate School of Business, the William and Flora Hewlett Foundation, and the David and Lucile Packard Foundation. We are grateful to Eva Boxenbaum, Greg Dees, Hoky Hwang, David Suarez, and participants at the Venice conference for comments on an earlier draft. Marc Schneberg offered useful questions, as did audience members at a seminar at the Stockholm Center for Organizational Research.
pressures that have magnified the appeal of “new” management ideas and
practices. First, due to federal and state government cutbacks and retrench-
ment, there is increased unmet social need. Nonprofits are increasingly
called upon to provide social services that are no longer delivered by fed-
eral or state governments (Abramson et al., 1999; Salamon, 2002). Second,
as government provision declines, both for-profit and nonprofit organiza-
tions compete for the markets associated with the provision of social services.
In mixed industries, such as health care, daycare, and other human services,
where competition between nonprofits and for-profits is strong, increased
convergence in organizational behavior has occurred (Mauser, 1998;
Schlesinger, 1998; Weisbrod, 1998). Third, the economic downturn of the
early 2000s put new pressures on the sector in a double blow: more indi-
viduals sought assistance from nonprofits, while shrinking government
budgets and foundation endowments increased competition for funding.
Finally, governance scandals across all sectors have generated questions
about accountability and how best to achieve organizational goals and
measure their outcomes.

The United States has the most developed nonprofit sector of any nation.
The sector presently employs some twelve million employees, and in 2003,
approximately 100 million Americans volunteered, donated to, or worked
in the nonprofit sector (Licht, 2004). Most employment is concentrated in
health care, education, and social services; with volunteers added, religion
becomes the most active area (Salamon, 2002). The scale and scope of the
sector are due, in large part, to three distinctive factors. The origins of vol-
untary associations date back to the colonial era, and predate the formation
of the U.S. federal government (Hall, forthcoming). Two, federal and state
governments rely to a considerable extent on nonprofit organizations to
provide public services, a practice Salamon (1987) termed third-party gov-
ernment. Three, the ethnic and religious diversity of the U.S. contributes to
considerable organizational heterogeneity (Weisbrod, 1988).

The current amalgamation of social, political, and economic pressures has
created a climate ripe for the circulation of ideas and practices across sector
boundaries. Both the number of providers of new ideas and the volume of
talk have greatly increased. Management consultants, funders, and the news

media have pressed nonprofit organizations to become more “accountable”
and “efficient” in order to “create value” (Leets et al., 1997; Porter and
Kramer, 1999; Dees et al., 2001; Morino Institute, 2001). A new generation
of donors and nonprofit leaders, including both “social entrepreneurs” and
“venture philanthropists,” are eager not only to share their wealth but also
their management expertise with the social sector. Many key funders have
become vocal proponents of a social return on investment, accountability,
and outcome measurement. Ideas about efficiency, scalability, and perform-
ance measures, common to the realm of for-profit management, are cur-
rently popular in nonprofit circles. The aim of such efforts is well inten-
tioned, to aid nonprofits in delivering services more effectively and spending
money more wisely. Whether such efforts are novel or efficacious is the sub-
ject of much debate (Katz, 2004).

Nonprofits are not, however, equally exposed to these new ideas and prac-
tices. The transfer of business practices is mediated through divergent pat-
terns of interaction, and shaped by key organizational characteristics. While
external events and actors may pressure nonprofits to adopt new ideas and
practices, internal pressures such as financial crises or the desire to grow also
spur some managers to actively seek ways to change and enhance their
organizations. And the increasing professionalization of the nonprofit labor
force – itself a response to external demands – renders nonprofit executives
much more active seekers and consumers of new methods of organizing.

Using data from the Internal Revenue Service, the U.S. taxation authority,
provided by the National Center for Charitable Statistics, we drew a ran-
dom sample of 200 organizations out of the nearly 10,000 nonprofits oper-
ating in the ten-county San Francisco Bay Area of Northern California. This
region has a population of more than seven million, including the three
urban centers of San Francisco, Oakland, and San Jose, as well as the sur-
rounding suburban and rural areas. The organizations in our sample range
from small, “minimalist” organizations to very large, diversified enterprises
with multi-million dollar budgets. All quotes presented below are drawn
from interviews with the executive directors.

In the next section, we present our ideas about the transfer of organiza-
tional methods and efforts at the emulation of organization practices.
Drawing from our material from detailed interviews with the executive
directors of 200 organizations, we develop a range of ideal types that match
specific organizational characteristics with patterns of exposure to manage-
rial ideas. We then present five cases that illustrate these ideal types. We
turn next to comparisons across the cases, abstracting from them to devel-
open more general arguments about processes of emulation and resistance. We
conclude with a summary and discussion of the implications of our work.

2 Pressures on nonprofits to become more “business-like” are by no means new in the United
States; such challenges have appeared frequently throughout the sector’s history (Hall, 1997;
2006). In the early decades of the 20th century, the movement for scientific charity was led by
progressives who sought to rationalize the delivery of social services (Lubove, 1965; Mohr and
Duquenne, 1997). During the 1920s, champions of scientific management pressed for the
adoption of engineering principles in schools, prisons, and social services (Callahan, 1962;
Tyack, 1974). In the 1970s and 1980s, leading for-profit consulting firms persuaded many
large, national nonprofit organizations to develop strategic plans to modernize their oper-
atons (DiMaggio and Powell, 1983; Mintzberg, 1994; McKenna, 2005).

3 For a more detailed description of the study, see Hwang and Suarez in this volume.
The Transfer of Managerial Practices

What factors determine the popularity and influence of managerial practices and the receptiveness of different organizations toward such ideas? Early statements in new-institutional analysis suggested that tension and contestation between sources of authority and expertise and organizations were not uncommon. Meyer and Rowan (1977) drew on Goffman's (1967) imagery of the contrast between front and back stage activities to argue that internal features of organizations were often loosely coupled with the more conformist or ceremonial poses that organizations adopted toward the external environment. DiMaggio and Powell (1983) noted that normative, coercive, and mimetic influences rarely occurred in isolation; rather these forces co-mingled, and often generated muddled organizational responses. Scott (1987) and Powell (1991) observed that divergent external pressures often triggered internal conflict within organizations.

Research designs that capture multiple external influences and their resulting cross-cutting and contradictory internal effects are by no means easy to develop, however. As commentators have noted, most empirical institutional analyses opted, quite sensibly, to focus on a single mechanism of institutionalization or to analyze the spatial diffusion of a specific practice (Mizruchi and Fein, 1999; Schneiberg and Clemens, 2005). Such research strategies, however, resulted in portraits of organizations and nation states as rather pliant or conformist. In response to this overly static imagery, scholars have turned attention to the dynamics of institutional change. Friedland and Alford (1991) were an important influence here, stressing that much of modern life is characterized by the rival institutional logics of the family, market, polity, and church. These logics serve as organizing principles, spelling out vocabularies of motives, courses of action, and conceptions of identity. This insight led a number of researchers to examine the processes by which a dominant logic erodes and is challenged by an alternative that is eventually triumphant. Davis et al. (1994) analyzed the dismantling of the conglomerate corporate form and its replacement by a leaner and more focused form. Scott et al. (2000) captured the transition in health care from a professional era of doctors and patients to a business model of health care providers and customers. Thornton (2004) studied the transition from family to market capitalism in college book publishing and the attendant decline of editorial power and the rise in the influence of marketing departments.

Perhaps the most extensive study of the borrowing of organizational practices is Westney's (1987) analysis of Meiji Japan's deliberate emulation of Western organizational models between 1868 and 1912. This remarkable societal transformation saw Japan model its navy on the British, its police on the French, the banking system on the American model, and its post office on the British. Standard accounts of this modernization process have characterized the Meiji adoptions through the metaphors of either the "rational shopper" or the "clever little copier" but Westney carefully documented that even the most assiduous efforts at emulation often result in alterations of the original patterns in order to adjust them to the new context. For example, Japan first modeled its army on the French, but then shifted to the German; the educational system cycled through a series of exemplars, first the French, then the American, and finally the German system. Moreover, while the Japanese were emulating and adapting, Westney notes that all the major Western powers were going through a period of extensive organization building on their own, thus the models the Japanese emissaries took back home quickly became dated pictures of their original sources.

These various excellent studies all draw on rich longitudinal data sets, taking a long view that affords insight into how a dominant logic is replaced by an alternative one. Viewed in this perspective, institutional change might appear to be inexorable. In contrast, micro-level ethnographic studies of institutionalization processes offer vivid portraits of fluidity and tension, highlighting a more conflictual and interpretive account of institutional dynamics (Elsbach, 1994; Alexander, 1996; Phillips and Hardy, 1997; Oakes et al. 1998; Creed et al., 2002). These studies emphasize contestation and struggle over the symbols that provide legitimating accounts of organizational activities. Both perspectives are deeply rooted in their respective research designs, and the choice of "thinner" over-time quantitative data or "thicker" short-term qualitative observations can color the interpretations that are advanced. Recognition of how much methodological preferences can shape analytical accounts has not been widespread, however. Too often, these different perspectives are posed as "theory contests" or "family squabbles" and the critical analytical differences glossed over (see, for example, Hirsch and Lounsbury, 1997).

A line of research advanced by Nordic management scholars focuses on processes of translation and circulation (Czarniawska and Sevón, 1996; Sahlin-Andersson and Engwall, 2002). Using a metaphor of travel, these scholars stress that the transfer of ideas is highly interactive, with diverse means of transportation carrying ideas from one setting to another. In this process of travel, ideas are frequently edited, translated, and cobbled together from various sources for idiosyncratic use. Moreover, Sahlin-Andersson and Engwall (2002) point out that management itself is a rather diffuse concept, one not tied to a specific content or meaning. Rather, management is a process dependent upon where, how, and by whom managerial activities are conducted. Such openness affords entry by all manner of practitioners, and thus the expansion of management knowledge in recent times has led to rapid growth in models, procedures, and purported solutions, as well as a proliferation of management consultants, publications,
professional schools, and researchers. The management field is rife with ideas and tools that diverse carriers can package and circulate. We draw on these ideas to develop an analytical framework to study the transfer of managerial practices within and across sectors.

Our goal is to account for the differential receptivity or resistance by nonprofits to pressures for greater accountability and the adoption of business-like practices. We highlight the ways in which various influences and tools are linked to specific types of carriers and receivers. For example, when organizations belong to professional associations and sector organizing groups, there are strong normative pressures to consider certain practices. Thus, executive directors we have interviewed frequently mention professional intermediaries, such as nonprofit capacity-building groups or trade associations, as being a fertile source of new management ideas and practices. One such intermediary that provides support and training for the sector advertises upcoming seminars on strategic restructuring, best practice, and effective meetings on its website, promoting a specific image of what it means to be well-managed. Not all nonprofits are equally exposed to and influenced by management professionals, however. Community-based volunteer organizations, for example, may be unlikely to belong to a professional nonprofit association and therefore less likely to experience such normative influences.

Demands to implement specific ideas can sometimes be imposed. For example, our interviews reveal frequent instances of management practices dictated as a sine qua non condition for fiscal support. Diverse funders - government, foundations, venture philanthropists, and others - push ardently for the pursuit of specific practices. Such practices might include independent financial audits, accounting methods, strategic plans, or outcome measurements, to name but a few. Nonetheless, even when coerced, nonprofits can translate requirements in variable ways. Again, depending on nonprofits' need for a specific source of funding and the realm of activity in which they operate, nonprofits are more or less likely to be receptive to such demands.

In the course of more than 200 interviews with the directors of San Francisco Bay Area nonprofits, we found vivid examples of “encounters” between organizations, steeped in an expressive logic of volunteerism, participation, and charity, and forces, both internal and external to the organization, that call for economies of scale, a focus on income generation, and a more instrumental logic. Our sampling strategy was based on a random sample of the Bay Area operating charities population, but for our purposes in this chapter, we focus on five revealing cases drawn from our interviews that illustrate key dimensions of these encounters. We use these particular organizations and their experiences to develop illustrations of divergent organizational responses to contact with managerial ideas. Put differently, the views, positions, and influences captured by each case represent an ideal type, in the Weberian sense. We specify key criteria by which the organizations and their contacts with external parties differ.

Four elements constitute the dimensions on which our ideal types vary. One feature is the carrier of the idea. Individual carriers can range from the passionate originator of an idea, to a convert or disciple who transplants the idea, to a consultant who adapts the idea to a specific context in return for compensation. The context in which practices travel is a second element. Some circumstances have a coercive aspect, as when a funder stipulates a consultant must be engaged if financial support is to be obtained. The venue of consulting lends itself to reception, as both the expert and client are bound together in common endeavor. Professional training, executive education, and conferences are sites where managers are both exposed to and searching for new ideas, and are subject to common normative influences as members of a field. Finally, professional journals, the Internet, the business press, and the op-ed pages of local newspapers are venues where ideas are promulgated and given a diffuse notion of legitimacy.

Aside from the carriers and the context, the object itself is, of course, important. The degree of tangibility of an artifact, its codification, portability, and fit with existing practices can render a new management tool more or less accessible. A fourth factor is the temporal and experiential nature of contact, which shapes adoption and translation. Encounters that are one-shot events have less impact than enduring repeated exchanges. Contacts with originators or their apostles are more direct and vivid than indirect exposure through professional consultants that have re-packaged or translated an idea.

An organization's mission is critical as well, as mission provides an interpretive lens through which practices are assessed. For example, a small, consensus-driven, all-volunteer nonprofit may resist developing a formal organizational chart because of its egalitarian culture, yet readily agree to institute annual independent financial audits as a condition for receiving government funding. An organization highly dependent on foundation grant money may be under more pressure to implement outcome measurement tools than an organization that relies solely on membership dues or individ-

---

4 Scott (2003) suggests that intermediaries, ranging from government agencies to international organizations to labor unions to securities analysts, play a powerful role in shaping the transfer of ideas. See also Hedmo et al. in this volume.
5 See www.cen.org, Center for Excellence in Nonprofits.

6 By ideal type, we mean a set of experiences that accurately capture a coherent and distinctive encounter. An ideal type is a typification, not an ideal in the sense of exemplary or a statistical average.
ual donations. Depending on the set of influences and the mediating organizational characteristics, managerial practices will be rejected, instituted, or translated in divergent ways.

These four dimensions combine to shape differential patterns of receptivity and resistance to managerial practices on the part of nonprofit organizations. We draw on these combinatorial patterns to develop a continuum that captures a range of possible responses to managerial ideas. We locate our types on this continuum, characterizing the organizations in the following manner:

– The enthusiastic adopter, an organization that actively seeks out new business models and best practices;
– The converted innocent, that wakes up to discover its modus operandi has undergone a marked transformation;
– The engaged translator, an organization intent on putting its own stamp on new business tools;
– The reluctant conformer, an organization forced to consider new practices, only to find itself rebuffed by the very proponents that urged the effort;
– The active resistor, determined to remain distinctive and willing to reject and fashionable ideas in order to hew to its historical mission.

Translation at Work
To explore divergent patterns of reception and resistance, we present examples that reflect the above ideal types.

The enthusiastic adopter
The “Bay Academy” has an annual budget of $15 million, educates a student body of 800, and employs 120 staff. It is one of the largest nonprofit independent schools in the Bay Area and charges tuition of $17,000 per child. The private school field is highly competitive, and Bay Academy needs to maintain near full enrollment to cover its expenses. This earned income represents more than 80 percent of the school’s total revenues. According to the head of school, the economic downturn has had little impact on enrollment at Bay Academy: “We lost some people to other schools or, most likely, to geographic relocation ... But we’re still able to recruit new people to replace them, so it’s not so much that the business is suffering but that the community is changing.” Besides a high tuition price and a full enrollment, the school relies on a steady supply of individual gifts, especially from its board. Board members are expected to make significant financial contributions: “They have to give a lot of money. They shouldn’t accept a position on the board if they’re not prepared to do that.” These individual gifts, the tuition rate, as well as more than 8,000 volunteer hours each year from parents, put this school in a stable and enviable financial situation.

The school’s staff includes a number of positions designated as “senior management”: assistant principals, a chief financial officer (CFO), a director of fundraising, and a director of information technology. Most managers have an education background, with the exception of the CFO (business) and the IT director (engineering). Bay Academy’s twenty board members are an equal mix of non-working, well-to-do parents and professionals from the business, accounting, and legal fields.

Encounters. The Bay Academy was exposed to new ideas through its leader, an educator by training: “This is my first appointment as head of a school, and it’s the first private school in which I’ve ever worked.” Her lack of leadership experience prompted her to search for tools that would help her succeed in her new environment. Ten years into the job, she has become a veteran administrator who continuously seeks and adopts business ideas. She emphasizes that teachers are often ill prepared to run a school: “I think that for the future of the profession, more and more education leaders should be doing whatever business training they can ... We should all do more business training.” The head cites an important experience in her professional development while attending an executive education program at the Stanford Graduate School of Business: “I attended a program on leading and managing. It was mostly for-profit managers. This was during the big dot-com year in ’98, so I was sitting there with lots of really interesting people, executives from Dell and HP, etc. It was very, very valuable.”

The Bay Academy regularly hires consulting firms to bring in fresh ideas and convert them into practice: “We always seem to have a consultant hanging around somewhere.” The school hired a national consulting firm specializing in the management of independent schools to develop the school’s board training program. The school has found the consultant’s input useful to establish a common language for the board and the staff; the consultant “has everyone speaking the same language about board work.” The school used another large national consulting firm for fundraising. This firm’s self-described mission as fundraising consultants is to help nonprofits’ bottom-lines and improve their competitiveness for scarce dollars. Again, the head of school found the encounter quite positive: “It was quite useful in terms of thinking a little bit outside the box in the way we were doing fundraising.”

The school administration wholeheartedly implements the recommendations brought in from these consultants, and is a firm believer in the practices they carry.

---

7 All names have been changed to preserve the confidentiality of participants in our study.
Reception. The ongoing search for management tools has resulted in an abundance of business artifacts that are in regular use at the school. The organization produces a strategic plan, a technology plan, an emergency plan, an annual report, and an organizational chart, to name but a few. The school is an ardent proponent of business strategy and planning. Bay Academy views these practices as crucial to their credibility and reputation. Their strategic plan is used both as a tool for decision-making and as a marketing document for fundraising: “We can go to fundraisers and say, ‘These are our goals.’ Then you can measure your success as a funder. If you don’t have a strategic plan, you’re either doing the same old thing or you’re floundering a bit.” The school uses these business practices to signal its legitimacy to clients and donors. The head repeatedly emphasized that she “would not trust a nonprofit that does not feature business practices.”

As someone who is a firm believer in the “best practices,” the head also acts as a proselytizer to others in her field. Serving on the board of an international organization for independent schools, she often promotes management practices to a wider audience in her field through presentations and discussions. She developed a lengthy power-point presentation summarizing and promoting many of the concepts she has adopted, including BHAG (Big Hairy Audacious Goal), visionary companies, core values, change-based organizational models, and team building. These concepts were first encountered at the Stanford executive education program. Now the head of school carries these business ideas to other schools.

As the leader of a nonprofit operating in a competitive, elite environment, the head of school is also acutely aware of the nonprofit field’s desire for more accountability in the wake of recent corporate and nonprofit scandals in the United States: “I think people are becoming much more critical of the product they’re buying in the nonprofit environment. Families say to us, ‘Tell us what we’re getting for the tuition.’ They’re asking for more accountability.” The school also complies with expectations of accountability in order to compete for scarce donors, as foundations demand more evaluations and shift their funding patterns.

The Bay Academy was an early believer in outcome measurement. “We have every kind of measurement. We have language test scores, baccalaureate scores, advanced placement test scores, etc.” The school is currently working to develop a comprehensive evaluation database: “We try to track some longitudinal studies on individual students, so you take Student X, track the score from third grade to grade 12 in every domain that they have taken a test and see if you can identify any trends. They can add different things in, like who was the teacher that particular year, or how big was the class size. We are just building that.” Such a longitudinal student achievement database would represent the implementation of one of the most comprehensive educational accountability practices, a further accomplishment for the elite independent school.

The Bay Academy seeks recognition not only as an excellent educational institution, but also for its management practices as well. The organization readily implements new workplace regulations that other nonprofits are unaware of or lack the resources to implement, including regulatory standards for ergonomics in the office, sexual harassment policies, and wage requirements. To stay ahead of the times, the school hired a full-time human relations director:

I’ve had to hire an HR director who knows all this stuff. The school never used to have HR directors and business managers ... We had an ergonomic audit and we had to buy this and that for people’s necks, arms, backs, ankles, whatever. You just have to keep ahead of that, make sure everybody’s workstation is conforming to the rules. Every year there are new regulations and things you have to post to be legally appropriate. We put in a non-harassment policy, whistle blowing, and a fraud policy.

In sum, the Bay Academy is an active adopter, ardently searching for and implementing new ideas that enhance its reputation as state-of-the-art. The executive director is passionate about these efforts and in turn actively urges that other nonprofit leaders follow a comparable strategy.

The converted innocent

“Kids Place,” a small, two-year preschool serving about 100 families, encountered new management ideas and practices in the last few years largely by chance. This contact resulted in an organizational transformation that has increased the viability of the school and changed it for the better in many ways. The preschool operates on a budget of $275,000 per year, quite small as preschools go, with more than 90 percent of its budget based on tuition revenues. The remainder of its income is derived from an annual fundraising event. The 30-year-old nonprofit is located in a relatively small rural community.

Until recently, a small board comprised of mothers of children attending the school governed Kids Place. The organization is managed by the executive director and by a part-time financial administrator with four teachers in the classroom. The executive director, who was previously a teacher at the school, noted the typical disservice the childhood development field does to its teachers: “Take a good teacher and turn her into a director, which they have no idea how to do, none.” The director spent four years before she felt comfortable in the executive role. During this time, she sought out an introductory management class, driving several hours away to attend the University of California at Davis, to learn how to deal with supervising people who were just recently peers, board relations, and basic organizational
Encounters. The introduction of new managerial practices at this pre-school came through a transformation of its board of directors, a change that was not deliberate but by chance. This transition has been both blessing and curse, pushing the staff at times to take on practices with which they are not comfortable. The mother of a new student at the school who was from a different background than the other, all female, directors, joined the board. She had recently moved up from Silicon Valley and was "very business-oriented." According to the executive director, the new board member "was a full-time career person, not a full-time mom, and really took the board in a totally different direction." She became the board president in her second year. While this new board member brought many new ideas about board governance and operations to the organization, the shift was not without conflict. The director recalls: "It was a pretty hard transition in the beginning for all of us to see the 'corporateness' come in ... yet, when I look at the alternative of where we were just before then, I'm really glad. I think it is still very difficult for staff, at times ... but I think the new board has ensured our future in a way that a full parent board couldn't have done."

Coinciding with the arrival of the new board chair was a grant from a large Bay Area foundation as part of its board excellence program. The twin effects of board reorganization and foundation support signal the receptivity of Kids Place to new programs. While Kids Place sought this grant, it came with many strings attached. This foundation has a very strong vision of how to achieve board excellence. The funds are not allocated directly to the nonprofit but are handled by a county-wide intermediary agency that hires a consultant to work with the grant recipient. Together the consultant, director, and new board leadership worked on planning, structure, and board recruitment. The grant had the added effect of introducing the nonprofit to the intermediary organization and to the professional development and volunteer training it offers.

Reception. Kids Place is a very different organization today from the volunteer-governed organization of just a few years ago. Perhaps the most notable, catalytic change at Kid's Place has been the professionalization of the board. Members of the board now include executives from Hewlett Packard and Agilent, who do not have children at the school; alumni parents, whose children are no longer at the school; and, for the first time, men. This new board was "invested in policies that distinguish between the parent hat and board hat, policies so that things aren't decided arbitrarily, and targeting who comes onto the board." Second, the transformed board intro-duced new operational ideas leading to the creation of a reserve fund, now totaling more than $70,000, which is a difficult concept for teachers who wonder why their wages are not increasing when there is enough money for reserves. Another decision that exemplified the more long-term strategy of a reformed board was the purchase of the property Kids Place had rented for the past decade, with an arrangement to pay it off in a mere seven years.

In a typical two-year pre-school, governed by parents who volunteer, the entire board turns over every two to three years, so this case illustrates the impact of placing four or five new people with different mindsets on a small seven-person board. The experience changed the organization, but not without tension. While agreeing that the new board members have "done really great things for the school," the executive director is quick to point out that she has also learned to push back to adapt ideas for her context when corporate ideas do not fit the vision or infrastructure of a small nonprofit: "I've learned how to speak up and say, 'Wait a minute! We're not Agilent; we're a staff of five.'" The preschool has absorbed various professional practices, and now has a board dominated by managers rather than parents.

As a result of its positive encounter with the intermediary, the new board president, vice-president and executive director jointly attended the agency's seminar, entitled "Boardroom Dancing," on the relationships between boards and directors. All new board members are now required to attend the "Boardroom 101" training. This straightforward adoption, where the staff and board members directly import the off-the-shelf ideas of an external consultant through a group training session, reduces negotiation over meaning in the implementation of board member training. One upshot of this transformation is careful scrutiny of the preschool's finances, and this focus has led to a key decision about the ownership of its facility. Clearly these efforts have helped institutionalize and formalize the activities of Kids Place. Board professionalization occurred by chance and was the vehicle through which new ideas were introduced, their meaning negotiated, and the results implemented.

The engaged translator

"Family Care" is a $1.5 million per year human services organization, created in 1979 to provide support for the families of patients suffering from life-threatening illnesses. The organization relies almost completely on donations from individuals, corporations, and foundations, with three-fourths of their income being raised through annual fundraising and the rest from interest on their endowment.

The current director joined the organization in 1994 and found an array of problems, including poor records for fundraising, little systematic effort at fundraising, and a mounting deficit of $70,000. The director was relatively inexperienced in the nonprofit sector, having worked in only two non-
The director also sought new ideas through networking with colleagues in the field. She joined a popular monthly nonprofit managers' roundtable organized by a local non-profit intermediary to provide small, active groups for networking and the exchange of ideas. Through this intermediary, she received a scholarship to a Harvard University executive program designed for nonprofit leaders. She studied with a professor who is an expert on how to improve communication between executive directors and board members to facilitate more effective board governance. He contends that few boards systematically follow institutional performance indicators, and he developed a “dashboard” tool to help organizations gauge and represent their operational status. Like automotive dashboards, the template provides an at-a-glance view into how an organization is doing. This professor writes that: “Metaphorically, visually, and substantively, dashboards are an unsurpassed means for trustees to learn what to watch. Even more importantly, the very construction and continuous refinement of the dashboard requires, as no other exercise quite does, that the board and staff collectively and collaboratively discover what matters most.” The executive director returned with high praise for the experience and was particularly intrigued by the dashboard concept, which the board and staff of Family Care adopted but revised extensively for their own purposes. They now prepare and distribute a dashboard prior to each board meeting.

Reception. The various ideas Family Care encountered around fundraising and fiscal management were largely intangible concepts that required active translation in order to be turned into new processes at the organization. The executive director acted as the primary carrier, importing new ideas for the organization to consider, and she led the translation of ideas into action. She built a new management team, saying: “It’s the job of the leadership to create the common language. I actually prefer people to be newer to the field that I train ... someone younger and more open to my vision of doing things.” She then actively worked with them and the board to institute new processes. Having laid the groundwork for a fundraising program, they collaborated closely with Smith Consulting to translate the organization’s capital campaign template to their culture and mission, succeeding in raising nearly $20 million to renovate the facility and build an endowment capable of providing annual revenue and stability for the future.

In a similar vein, the executive director’s encounter with a well-known carrier who specializes in nonprofit governance led her to introduce a new idea, the instantiation of which would provide a useful tool for future board meetings. The designer of the dashboard concept recommends that the creation of a dashboard start with an “extended discussion among trustees and senior staff ... about the critical success factors—the most essential areas of performance.” The Family Care board and staff worked together, looking at
the goals and indicators outlined in Family Care's strategic plan to create a dashboard suited to their organization's aspirations. The dashboard is not a fixed tool, but one that could be translated by each organization that implements it.

This director is not only comfortable fine-tuning ideas to specific internal uses, she seems to prefer intangible ideas to fixed templates, and she picks staff and consultants who will work with her to mold ideas into processes for Family Care. As a result of the success of these previous encounters, this year the board gave approval for the director to leave the nonprofit roundtable and join an international organization that bills itself as “the largest leadership development organization for chief executives, providing businesses with the tools to outperform both the competition and themselves.”

The reluctant conformer

“Family Resource Center” is a nonprofit organization that provides services to children with special needs and their families. Founded through a parent-led grassroots effort in 1976, the organization has grown to an annual budget of nearly $2 million. The director is the mother of a child with disabilities. She was part of the grassroots effort to create the nonprofit and transitioned from volunteer to employee, eventually stepping into the role of director in 1995. The common bond shared by all 30 employees is having a child who has been a beneficiary of the organization’s services. The seven members of the board are advocates for the community that Family Resource Center serves. At least half of the board members must be parents of children with special needs.

The organization relies on state government funding for 53 percent of its budget, and draws the rest of its support from foundation, corporate, and individual donors. The nonprofit tries to pursue a balanced funding model that combines government and philanthropic support. The economic downturn has significantly hurt this organization, forcing a 25 percent cut in expenses: “There is an awful lot of talk now about agencies going under.” In the search for scarce funding, the organization has to continually balance the tension between fitting their mission to funders’ interests while retaining their core values and programs: “For a while we were really good at redefining programs so they always looked new ... repackaging them so that they had something that would meet what the funder wanted, but were not different from what the community was expecting.” The economic downturn has made such repackaging much more difficult.

Encounters. Family Resource Center is simultaneously under strong pressure from funders to adopt certain practices, and proactively searching for ideas to ensure the agency's long-term survival. The pressing financial shortfall leaves many nonprofits in a weak position. Nevertheless, the long-standing relationship between service provider and funder can have the effect of binding both together, possibly in unexpected ways. Family Resource Center is willing to implement tedious evaluation practices in exchange for $15,000 from a dominant funder that provides a mere two percent of the nonprofit’s budget. This funder is a nationally known, federated agency that collects monies from individual donors, primarily through workplace giving programs, then redistributes the funds to nonprofits, assuring donors that the recipients meet high accountability standards.

“Accountability” is interpreted by this funder as fiscal oversight through the adoption of strict accounting standards. The organization distributes a seventy-page audit guide to member agencies, including a list of management practices nonprofits must adopt in exchange for funding. Grant recipients must implement generally accepted accounting principles and open their doors to an independent, external audit process designed in accordance with professional guidelines. The resulting process is highly codified and fixed, leaving little room for negotiation and translation. The grant recipient is under coercive pressure to adopt this professionally sanctioned interpretation of fiscal accountability: “When you are [funded by this organization], there is a very vigorous administrative overview that they do every three to four years ... It’s horrendous. I mean, you have to share your strategic plan, you have to answer all these questions, you have to go before a review committee with your board members, a couple of key staff people, and yourself. Then they do a site visit where they go through the agency. It’s a really long process ...”

Nevertheless, the organization has a long history with this funder, and is willing to comply with its requirements. The CEO justifies the organization’s compliance with these oversight practices by stressing the loyalty and trust that has characterized this relationship over the years: “It means a lot, even though we get a very minimal amount ... We had been grassroots until 1984 when we became [funded by them]. They were our first funding source, and that gave us the credibility to be able to go out and ask for local and federal monies. That really launched us, so we’re very loyal to them ... If you can pass [their evaluation], you can pass anything!” The organization is willing to comply with stringent demands from this funder not so much for the amount of money but for the stamp of approval that a grant from it provides. Family Resource Center is loyal to the grantmaker for providing it with this legitimacy and the staff regularly works with the funder to appear jointly before donor groups.

Besides pressure from this external stakeholder, Family Resource Center was urged by its board of directors to design and implement a business plan. The director first tried to use a fixed template, in the form of software for business planning. But software is an impersonal, highly codified medium: “One of my staff members had gotten me Biz Ink [software], and I had gone
through that, but except for the general outlines, it was for-profit and had all those market analyses and everything. I thought, I don’t know how to do this; I don’t know how to translate this and make sense of this.” This rigid template was rejected because the director was not versed enough in for-profit language to modify the template to fit her organizational context. She turned to a consultant from the for-profit sector to help her implement the idea in her organization. “So I said ‘John, I have to do this business plan. Will you help me?’ And he said, ‘Oh sure, there’s only four key elements. You do an executive summary, you do a market analysis, you do a budget for the next three years, and where you’re going to go. And I’ll help you with that. Piece of cake.’” The consultant jointly designed the plan with organizational staff.

The director refers to instances where the staff stepped in and (re)negotiated the meaning of the idea to better reflect their organizational mission. For example, the consultant suggested changing the service delivery model of the agency:

When we looked at the core competency, his suggestion was that we just become a business answering the phone and [responding to] questions. And we said, “No, no, no – that’s not who we are.” Our whole credibility is the fact that people know us because we’ve interacted with them for so long. So that was where I disagreed. We needed to look at how the programs fit with our mission.

The collaborative negotiation with the consultant allowed for a deeper application of the idea to the organization’s context and brought the staff firmly behind the project.

Reception. The Family Resource Center board, which had pushed for the plan in the first place, did not, once finished, seem to see the plan as anything more than window dressing: “The board never liked the business plan. It was almost too much for them to assimilate; their attitude was ‘just do it and then we’ll look at it.’ And then I did it and it was like, ‘Oh, okay. That’s okay.’ But where do we go from here?” The champions of a specific idea may not, in the end, be fluent in its use or agree with the end product. The board’s vision of how a specific idea would be adopted may not be represented in what the organization ends up with after meeting with the carrier. Or, it may be, that unlike the staff who had felt they had a tremendous stake in the plan’s development and implementation, the board simply did not see it as anything other than an artifact the organization needed to have on the shelf for an external audience.

The active resistor

“Art in the Park” is a 70-year-old arts organization with a long history of providing free artistic events in the Bay Area community. A philanthropist from a prominent family started the group, and family members remain very involved in governance to this day. The board of directors has always been chaired by a member of this family, and it includes several descendants of the founder. While mature, the administration remains small with seven full-time employees and an annual operating budget of $1 million. Seventy-five percent of the revenue is derived from individual donations and corporate or foundation grants with the remainder from local government. Unlike many arts organizations, Art in the Park does not rely on ticket sales or other revenue generating strategies: “Our only revenue is contributed income. We don’t do sales of any kind.” Despite heavy reliance on donations, Art in the Park has been financially stable for some time.

The twenty-four board members are closely affiliated with one another, as they also serve in board and executive positions with many of the most recognizable for-profit, nonprofit, and philanthropic organizations in the Bay Area. The professional backgrounds of board members – including members of the founding family – are decidedly for-profit, with most holding senior management positions at companies such as banks or high technology and accounting firms. With such affiliations, one might expect the rampant transfer of management practices, yet this is not the case. Despite the large number of board members with corporate experience and the small nonprofit staff, Art in the Park is in the unusual position of resisting pressures to adopt certain managerial practices.

The organization’s staff is deeply rooted in the arts world. The director, who joined the organization in 2000 and is herself an artist, explains: “Most of the people who work in this organization have had experience in non-profits or in arts organizations. Our director of operations has worked in theatre and dance; our director of finance and business worked for a contemporary arts museum. Our associate director of development is a performing artist.”

Encounter. Despite attendance rates in the tens of thousands at its free events, the organization does not charge admission. This is not because the organization is unaware of the considerable opportunities for income generation. The director explains how ideas involving generating more income, ranging from ticket to t-shirt sales, have been routinely brought to their attention, but are quickly dismissed by the board and staff: “There have been ideas floating about – selling alcohol or whatever. We have evaluated those proposals, and based upon a lot of factors, we determined that it would not be a good course of action for the organization. There are a lot of ideas people have about how you could make money at the events, but
for our organization the intent is to keep it as pure and true to the original vision as possible."

While the organization is frequently exposed to proposals to earn income, the staff and board deem those ideas inconsistent with the mission to provide free arts programs. The director emphasizes the delicacy of staying true to that non-commercial vision while raising funds and recognizing the contributions of those who help make free admission possible: "We do what we can to accommodate our corporate sponsors, but we don't want to start slapping logos all over the park to make money. It's a balance between providing some exposure and some benefits, but also we rely really heavily on the community to preserve its nature. People would not be happy if there was a huge Pepsi sign on the stage or a logo everywhere you turned."

Reception. The first and most important factor that acts as a shield from the pressures to adopt revenue-generating practices is a strong commitment from the board of directors and the staff to remain tied to the organization’s original mission statement to make high quality art accessible to all: "It's always been a very small organization and particularly with the family being involved for so many years. We still have [the member of a well-known San Francisco family] as our board chairman, and he's a descendant of the founder, so there's always going to be family involvement, both financially and in terms of the administration of the organization." Much like a small, family-run business, the leadership of the governing board remains firmly in family hands to protect the legacy of the founder.

Thus, the organization considers any possible change in programming or administration in light of its original mission. With the passing of an older generation of the family on the board and the arrival of younger members, the organization re-visited its mission statement to ensure that its artistic program would adequately reflect the Bay Area community:

Our program was predominantly classical for many, many years. We're [now] trying to present a very broad array that serves the Bay Area community and its diversity. The organization is very solid right now in terms of being clearly defined by its mission and redefining what its mission means in the world we live in today versus 1938.

The founding family's considerable financial generosity and involvement in the administration of the organization affords it the ability to resist pressures to embrace current models of income generation that are becoming the norm in many arts nonprofits. Art in the Park is remarkably free from the usual economic pressures bedeviling nonprofits. The connection of board members affords it access to support from high-profile donors in foundations and corporations, securing a strong financial footing. Undeterred by the economic downturn, the organization recently embarked on an ambitious $20 million combined capital and endowment campaign. The organization has ample support from volunteers as well, averaging thousands of volunteer hours per year. Since a staff of seven cannot run high attendance arts events without considerable assistance, the organization relies on volunteers to ensure the smooth running of its programs. "We have about 400 volunteers that work throughout the season ... We had 3,215 volunteer hours last year."

Art in the Park is an example of an active resistor to the transfer of business practices. The organization is able to forego commercial ventures because of a commitment to an historical mission and a stable supply of capital and volunteers. Family members on the board protect the original vision of their ancestor by providing the organization with ample funds and turning down proposals deemed inappropriate.

Processes of Emulation and Resistance

These cases illustrate the multitude of ways in which organizations may encounter, interact with, and respond to ideas about new practices. The range of responses is conditioned by a host of factors, including key characteristics of the respective organizations, the nature of the carriers that expose the organization to new ideas, and selective aspects of the encounter itself.

The first case, the Bay Academy, illustrates how adoption can turn into a cumulative process. Initial exposure to managerial practices at an executive program, attended by top managers of high-profile corporations, triggered an enthusiasm for organizational change that increased the likelihood of subsequent adoption. Thus, the Bay Academy engaged numerous consultants in change efforts, created job titles that were comparable to the private sector, and became an ardent user of strategic planning processes. This imitation effect created numerous lines of communication and multiple networks for contact between the school and various proponents of business methods. All this exposure was transformative in a second sense as well, as the Bay Academy's director acquired fluency with business practices and passionately championed these ideas whenever she could in meetings with administrators from other schools and other nonprofits.

At the other end of the continuum, Art in the Park consistently turns down numerous proposals that would generate considerable income for the organization. Concessions, "voluntary" donations as a substitute for ticket sales, and sales of clothing or other mementos have become ubiquitous at cultural events. The administration and board of Art in the Park know this, yet they rebuff overtures to pursue these widely accepted activities. Here the strong corporate background of the board acts as a barrier to these entrepreneurial ventures rather than as a carrier of managerial ideas. When busi-
ness people put on their “arts hat” and serve on this board, they recalibrate
their thinking and want Art in the Park to be everything a business is not—
true not practical, stubborn in its commitment rather than pragmatic, and
unsullied by external demands. To be sure, the sound financial and vol-
teer base of Art in the Park enables it to resist bowing to financial exigencies.
But other nonprofits in comparable circumstances have found the pur-
suit of entrepreneurial opportunities irresistible. Art in the Park’s finances
afford it the opportunity to be selective, but the organization’s intense
commitment to its founding mission inoculates the organization, causing it to
reject commercial engagement that would taint its purity.

The Bay Academy and Art in the Park react to the ideas they encounter in
opposite ways, placing them at the two ends of the continuum. What
accounts for this difference? On the surface, both are in stable financial con-
dition with highly credentialed staff and board members. The Bay Academy,
however, is supported by tuition fees, which represent earned income
secured in a competitive private school market, while Art in the Park relies
on the patronage of its influential donors. Generous patronage is contingent
on holding true to the organization’s founding mission, hence resistance is
necessary. At the Bay Academy, seductive carriers of business models and a
director’s enthusiasm for continuous organizational renewal render the
school an avid adopter.

In between the two extremes of our continuum we find the most active
examples of translation. Wholesale adoption or resistance lends little room
for refashioning ideas. But in the space between these poles, much recon-
struction, experimentation, and contestation is underway. Long ago,
Alchian (1950) noted that a good deal of innovation results from imperfect
ttempts to imitate others. DiMaggio and Powell (1983) observed that many
efforts at modeling oneself after exemplary organizations fall short because
of the lack of an appropriate surrounding infrastructure. Westney (1987)
took this line of argument further, suggesting that such departures may not
be unwitting but represent selective emulation. For example, the British
model of the postal system was adopted in the 19th century by both Japan
and India, but the British practice of having women in charge of smaller
branch offices was viewed as inappropriate and rejected by both countries
(Westney, 1987: 27). In the 1980s and 1990s, U.S. automakers were eager
to adopt Japanese production methods, but did not embrace the less hier-
archical managerial structures of the Japanese, or the markedly lower salaries
of top Japanese auto executives.

Family Care is an active translator, borrowing freely from its surrounding
environment, but rarely whole cloth. While the director imported ideas from
previous experience, selected consultants, and executive education pro-
grams, she edited them for local use. Such borrowed tools are often amend-
ed in light of local problems and demands (Sahlin-Andersson, 1996). The

executive director recounted a narrative in which she helped a nonprofit
become more professional, and was supported by a board of directors eager
to resolve pressing financial and organizational problems. Operational dis-
array provided the opportunity to draw on external sources of ideas, but
these practices were fine-tuned to fit the unusual context of a provider of
services to the families of gravely ill patients. The director selected proven
ideas from the nonprofit world that could be customized to address specific
features of her organization.

These three positions—adopter, translator, and resistor—serve as anchors
for our continuum of ideal types. Figure 1 portrays this continuum graphi-
cally, locating the organizations in terms of both their receptivity to adopt-
ing new managerial practices and their potential bandwidth for translating
these practices. A spectrum of possible responses, we suggest, are positioned
along the continuum, with actual location determined by the specifics of the
interactions between the carriers, the ideas, and the organizations. We place
two additional responses to either side of center to demonstrate further the
variety of potential reception.

Figure 13.1. Ideal types, arrayed by degree of resonance, and latitude for, translation of “new” managerial practices.
We label Kids Place a “converted innocent,” in order to capture both the extent of its transformation as well as its organic commitment to children and its pre-school mission. Here the carrier came from the corporate world, but was also the parent of a child at the school and a board member. This engaged parent helped a small organization staffed by teachers to incorporate several business practices and to adapt others to fit the context. The timing of her intervention coincided with a grant from another activist – a foundation that has been campaigning for more effective nonprofit boards. The grant brought in a nonprofit consultant, and led to participation in the “Boardroom Dancing” program. Note that all of the carriers of organizational transformation come from “within,” either committed to the organization or from the nonprofit community. Critics of attempts to refashion the nonprofit sector with models from business frequently observe that business practices either do not fit well or lack the necessary supportive surrounding environment (Sievers, 2001). In this case, even though the ideas at first seemed foreign, the supportive elements for interpretation were in place. Particularly important was the program for training board members, which served as a type of incubator, fostering the professional development of nonprofit governance. Such “organization-creating organizations” play a vital role in the creation and transformation of organizational populations (Stinchcombe, 1965).

Family Resource Center is an example of an organization trying to adjust to contemporary expectations. The board and staff recognize the diverse pressures on nonprofits in this period of financial distress. Reliant on government funding and loyal to a crucial nonprofit intermediary, the organization understood that fiscal transparency and business planning had become fashionable. In some respects, this case reminds us of a colonial model, in which an imperial power imposed variants of its own organizational practices, with little regard for whether those practices were suited to local circumstances. In such circumstances, the colony often resists this imposition. Even though the business plan was edited for the local context, when the plan was eventually presented to the board, there was little enthusiasm for it. The organization and board went through the motions of conformity, but its lack of enthusiasm for the exercise led to a decision not to implement the plan.

For the adopter, personal contact with exemplary models that provided accessible, fixed packages led to a warm and fast embrace of new business practices. The innocent converted much more gradually, taking on some ideas completely and tweaking others in incremental steps urged by a committed insider and nonprofit intermediaries. The adopter eagerly sought out business ideas, while the innocent had neither the time nor inclination to search, but encountered business models through the arrival of a new parent at the school. At the translator, a nonprofit manager emulated success-ful nonprofit models but selectively choose processes and tools that were malleable and could be changed to function in her organization’s setting. The conformer tried to implement business ideas, but these packages were forced on the organization without any supportive structures, and the exercise proved useless and exasperating. The resistor is quite knowledgeable about business opportunities, yet its financial stability and its passion for free art immunizes the organization against the growing commercialism of the arts sector.

In terms of consequences, the adopter has become a seeker who seeks out new business practices and implements them, and in turn proselytizes their use widely. The converted innocent case is an example of a “frozen accident,” where the chance arrival of a new board member triggered a subsequent awakening of a sleepy nonprofit. The sea change this organization experienced allowed it to move from operating on a month-to-month basis and to take a more long-term view. These interactions resulted in exposure to many more business practices, some of which have been unwelcome in such a small organization. The translator is clearly a bricoleur, borrowing from friendly sources that do not mind appropriation and extensive repackaging. The conformer experienced considerable tension from a key visible funder and a board that felt the organization needed to be more business-like. But the new tools were not the right ones for the job, and resulted in bewilderment. Lastly, the resistor is by no means an organization with its head in the sand, immune to contemporary ideas. Indeed, it is keenly aware of commercial opportunities and their possible corrosive effects, thus the organization intentionally buffers itself from such influences.

Thus, opportunities for translation are unequally distributed across types of organizations. Nonprofit organizations with strong, clear missions are concerned with fidelity. This steadfast view makes them less interested in tinkering, whether they are organizations that resist new fashions or actively try many things off-the-shelf. Put colloquially, true believers are rarely engaged translators. This was the case with the ideal types we labeled adopter and resistor. In contrast, the organizations are much more likely to experiment when located in positions where competing ideas are circulating and the grasp of authority is attenuated. The cases we dubbed converted innocent, translator, and reluctant conformer were in interstitial positions, where multiple, overlapping interests were at work. Consequently, we suggest that the bandwidth of experimentation, that is, the range of alternative practices that can be tried out, was much wider for these organizations. In these settings, even relatively fixed or highly codified managerial tools could be re-designed or deployed for alternative uses.

Our case analyses also point to an unusual feature of translation that appears endemic to the nonprofit sector in the United States. Most nonprofit organizations in the U.S. are relatively small, and their financial circum-
stances unstable. In our larger sample of operating charities in the Bay Area, more than 70% of the organizations had annual expenses of less than $500,000 in the year 2000. With respect to many key organizational features, these organizations resemble small businesses, particularly family-run firms. Both family firms and operating charities depend on the considerable expenditure of time, energy, and passion by a few key individuals. Yet relatively little formal transfer of ideas occurs from small businesses to the nonprofit world. Instead, the dominant models and practices in circulation are drawn from the world of big corporations, business schools, consulting firms, or large foundations. There seems to be an odd fit between the worlds of large-scale enterprise and small, grass-roots charity. In some circumstances, this lack of comparability affords room for re-assembly and bricolage, but often the more dominant and prestigious world of large organizations serves as either an exemplary model or direct provider for their smaller brethren, dampening possibilities for appropriation that might better serve the needs of nonprofits.