

Competition in the Non-Profit Sector Part III

From Management in the Not for Profit Organization

Two marathoners were working out together in the hills outside of town. After running several miles, they returned to the mountain lake where they had started. Upon reaching a sandy area, they took off their shoes and began to slowly jog along the edge of the water as they cooled down. They had taken only a few steps when they noticed a mountain lion at the edge of the tree line. It was moving as though it was stalking something. After watching it for a few moments in silent disbelief they realized - it was stalking THEM!

Immediately one runner backed up, grabbed his shoes, and began to lace them on. Petrified, the other said in a pressured whisper "What do you think you're doing? You're not thinking of running are you? You'll never be able to sprint fast enough to escape that thing!". To which the first runner calmly replied:

"It's not the lion that I have to outrun."

Increasingly this story, seen in various forms from time to time, could be a metaphor for the type of competition occurring among non-profit organizations.

- Shrinking financial commitments from government.
- Managed care organizations not only restricting what can be billed for, but making their living on dollars that could have gone directly to non-profits for use in providing services.
- Stagnant economies that leave corporations less willing to make charitable contributions.
- The expansion of social Darwinism within western democracies (particularly the U.S.).

Resources are becoming more and more scarce. The continued existence of some major non-profit organizations is in question. More than a few have already closed. Those that remain are often in a fight for their own survival. Increasingly, that fight is with each other.

The use of the sport of running in the story above was not by chance. The fact is that distance runners have a long tradition of training together but competing fiercely with one another in races. Then near the finish of the race when they find that one has not significantly outdistanced the other, it is not unusual for one to slow somewhat so that the other can catch up and they can finish together. Sometimes, each holds the hand of the other high as they cross the finish line together.

This is not unlike the sort of competition seen among not-for-profits for many years. Each wanted to be recognized as being among the best. But in the end, they often respected and supported one another. In fact collaboration and the pooling of resources has been commonplace among non-profits. It is widely believed that this was generally of benefit to the communities and customers they served. It can also be said with some assurance that these practices were of benefit to the non-profits and their employees as well. This was all fine as long as there was enough of everything (money, customers, qualified employees, etc.) to go around. More and more often, there are shortages of everything. Thus, the only ones to survive will be those to whom money is directed – or those who go to where the money is.

As funding priorities shift with the political winds, the non-profits who find themselves left out of the funding stream unfurl their sails and go to where the money is. Soon, some services cease to exist, and other services become turbulent seas of competition. And now, that competition is seldom friendly.

For many CEO's, the goal is no longer to provide the best service possible. Their idea of success is to simply outlast the others in their field. Interestingly they appear to have, in a way, given up the similarity to the long distance runner in that their focus is on how much money they made or lost today. This writer's contacts with individuals in several U.S. states revealed that the concept of long-term investment in pilots, research, and training is frequently being abandoned because of the need for cash in the short term.

Of course, it is unusual for agencies to speak of this openly. Few large organizations will admit to being in dire financial straits for fear of being unable to hire or keep staff, obtain contracts for services, or find high-profile partnerships with large corporate donors. In addition, few CEO's will admit that the financial crisis occurred on their watch.

In the past, agencies have been known to band together and press the government for more funding. However in an era of “an eye for an eye and a tooth for a tooth” in political arenas, agencies are frequently reluctant to go public with this pressure for fear of retribution. That is, this writer has increasingly observed an atmosphere that does not tolerate dissent, especially from those who are perceived as wanting to get something for nothing. In these circumstances, it would require much courage for an organization to admit its tenuous financial status and challenge the “powers that be” to fulfill their responsibilities to non-profits and the frequently helpless clientele whom they serve. And lately, bravery has been in short supply.

As a consequence, rather than turning to one another, non-profit organizations are turning on one another.

It should surprise no one to find that organizations are as subject to Maslow's* hierarchy of needs as individuals. Through years of budget cuts and declining acknowledgement of the validity of their missions, many in the not-for-profit arena have long since moved beneath the safety level. The current struggle is to meet what in the hierarchy are labeled the physiological needs. In individuals these include such things as air, water, food and sleep. This writer submits that in organizations, the “physiological” needs are the minimum resources necessary to perform the most basic description of their mission as defined by law, contracts, accrediting bodies, and regulations.

If one pursues the Maslow analogy, it can be said that some significant non-profits are starving. Some will become cannibalistic. Some will become fodder. And what will become of the people and communities they serve?

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