

BUILDING LEADERSHIP

Four Actions Nonprofit Leaders Can Take to Transform Organizational Culture



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Organizational culture is a powerful force. Characterized by the behavior and attitude of staff members and volunteers and reflecting the organization's values and beliefs, it's an unwritten rulebook that determines "the way we do things around here."

The good news is that for many nonprofits, culture is a source of strength. In fact, in a Bridgespan study of 130 nonprofit management teams, "culture" rated one of the top two organizational assets across the board. [1] But often, it's this very asset that needs shifting when nonprofits face organizational change.

What can nonprofit leaders do when it becomes clear that a shift in culture is needed to realize organizational goals or increase impact? It starts with acknowledging that simply articulating new beliefs and values alone won't change behaviors of staff. In fact, the experiences of executive directors and other senior leaders who have successfully shifted their cultures reveal a counter-intuitive lesson: *It takes concrete actions to shift an intangible force like organizational culture.* And these concrete actions must be taken in parts of the overall organization system that ultimately shape and influence people's behavior. (See the sidebar "[Key Elements of Effective Organizations: Bridgespan's Organization Wheel.](#)")

In particular, we have observed four ways that nonprofit leaders can take action that influence behavior. Three of the ways will seem familiar to most any organization.

- Make sure that you have the right *people* on board and that they receive the support they need to do their work well.
- Use *performance assessment* systems to set clear expectations for people and to give them feedback when they are or are not on track.

- Clarify *decision-making* processes, establishing who will define the rules of the road that will guide the focus and actions of the organization.

To these, however, we add a fourth, which in the case of nonprofits can inspire employees to change their behavior.

- Use personal communication from the executive director to appeal to employees' passion for the cause they signed up for—the organization's *mission and vision*—and demonstrate how specific changes in their behaviors will enable the organization to achieve its goals.

People

To bring about change, the right people need be on board *and* the organization needs to support them. Consider the experience of The Children's Village, a nonprofit serving society's most vulnerable children and families in the greater New York City area through short-term residential and community-based care. When Dr. Jeremy Kohomban became president and CEO in 2004, the organization's 450-bed residential campus in Dobbs Ferry accounted for 93 percent of its total budget. But several years earlier, New York State had embraced an effort to phase out institutions and group homes in order to divert money into community-based programs; by the time Kohomban was hired, the agency was using its endowment funds to stay alive.

Kohomban felt that The Children's Village could succeed as a residential treatment facility, *if* it repositioned itself as an agency whose ultimate goal was to stabilize children emotionally and behaviorally and return them to their families and community or place children into loving foster homes. His plan included expanding programs that provided support services such as counseling and drug treatment to families, finding homes for older residents by matching them with foster and adoptive parents who would receive special training, and assigning specialized aftercare teams to help older children stay in school, find jobs, and stay out of trouble after they leave a Children's Village program.

But implementation was difficult. Well aware of the state's shifting priorities and feeling that society as a whole no longer valued residential care, many staff members were demoralized and reluctant to believe in the new approach. "Good residential care is critically important but it is very difficult work, and feeling unappreciated led to a sense of frustration, anger, and disillusionment," Kohomban told us. "When people feel victimized, it's hard to feel and act optimistic. But optimism amongst the staff is what our teens need most when they come to us."

To begin shifting the culture, Kohomban showed employees that the organization was serious about giving the staff the support it needed to succeed as job responsibilities evolved. The base salary of the lowest-paid front-line employees was raised from \$18,000 to \$23,000, money freed up by laying off some senior staff. "Through salary raises, we acknowledged the work was hard and that it was valued," Kohomban said. The organization also raised money to renovate staff apartments.

Kohomban also signaled a new expectation of professionalism throughout the organization by negotiating with the employee unions to implement a dress code that banned jeans and required button-down collar shirts, in part by providing employees with two free shirts and subsidizing the cost of others.

Immediately, Kohomban witnessed new behaviors. “How people presented themselves when they came to work definitely changed,” he said. A new sense of pride in their presentation and their work emerged and continues to this day. “It’s what we call presence,” said Kohomban. Eighty-five percent of The Children’s Village staff on any given day come to work dressed appropriately and find ways to use their personalities and sense of self to create presence with the kids, according to Kohomban. “Even staff who have worked an overnight shift retain their presence: They’re alert, dressed appropriately, and act appropriately around the teenage boys we serve despite the difficulty of the work.”

However, the biggest change the organization has seen over the last seven years is a new sense of optimism. “We’re a 162-year-old organization, and until 2004, kids came here when everything else failed.” The sense that The Children’s Village was the end of the road for boys who had failed in their communities, and even jail, had, according to Kohomban, created an apathetic culture. “We were constantly talking about where they kids had come from—the struggles they had and the issues they had faced,” he said. “Today, we talk about where the kids need to go.”

This new optimism has bred success. “Our hypothesis proved to be right,” he shared. “If we did certain things differently, presented ourselves differently, if we thought about the future and instead of complaining about past, we’d have success.” In fact, Kohomban keeps files of positive feedback from clients, who recognized the changes, noting staff members have become more responsive and accessible.

“The 15-, 16- and 17-year-olds who had been given up on—we’re getting these boys into families and helping them avoid re-arrest.” And these successes, according to Kohomban, have changed how people feel about their work. “We still have tremendous struggles, and we fail often,” he said, “but the point is that we now go into the work expecting to succeed.”

Performance Assessment

A second concrete way to influence behavior is through performance assessment. Liberty Resources, Inc., one of central New York’s most diversified human service agencies, provides an example of how nonprofit leaders can use performance assessment to influence culture.

Operating primarily in Syracuse, Liberty had long sought to add licensed mental health services to its portfolio. But a moratorium on new licenses prevented it from doing so until December 2007, when the opportunity arose to acquire an existing license through the purchase of a Syracuse-based mental health clinic that was in financial jeopardy.

The acquisition did fill the gap in Liberty’s service offerings, but it also presented a cultural hurdle. Coyle had spent 20 years at Liberty building a culture that valued accountability, learning, and improvement, backed by strong reporting systems and a focus on measurable clinical outcomes. By

contrast, the employees at the newly acquired clinic had almost no experience with measuring results or using data to improve their work. The new clinic did not have effective accounting, finance, and data reporting systems. And it was clear to Coyle from a review of the data that *was* available that the clinic was not operating as effectively as it could. For example, its patient census listed 1,252 beneficiaries, many of whom had been getting the same services for 20 years. “That is far too long a time for the approach they were using,” Coyle said. “Many of these patients needed a different service than they were receiving.”

For the clinic to succeed, Coyle needed to align the culture of the newly acquired clinic with Liberty’s existing culture. First, Coyle explained to clinic employees how adapting a culture of accountability would help them learn how they were doing and improve, so as to better fulfill the organization’s mission. Then he backed up his words by introducing data tracking and analysis systems so that the organization could assess its current state of productivity, translate that data into financial measurements to illustrate what was needed to sustain the operation, and establish productivity standards for clinicians. Liberty also provided the technology that allowed clinic employees to see where they were meeting the new performance expectations and where they fell short, and gave clinic leaders access to “dashboards” so that they could aggregate and analyze data, and deliver meaningful performance data back to employees. “[Previously,] they couldn’t tell if they made a difference,” Coyle said.

Critically, Coyle and the other members of the leadership team made it clear that leaders and staff would be held accountable for performance problems and that good performance would be rewarded. Good performance should bring rewards like future job assignments, recognition, promotion, and even increased pay. “We literally handed out bonus checks as a leadership team,” Coyle said. “Those who weren’t carrying the team were very aware that there would be consequences if changes weren’t made.”

The team also took action on the people front, to show employees that the organization understood what they needed to do their work well. For example, Liberty brought clinic employees up to Liberty Resources’ higher pay standard, providing health insurance they hadn’t previously had, moved them to a space designed to support their work (a building with specially designed therapy rooms and electronic access to medical records), and supplied clean chairs, private offices, computers, and other basic necessities the staff previously lacked, including mundane items like tissues.

Coyle said the culture change has manifested itself in a new sense of pride for both staff and clients—even in clinical breakthroughs. One patient who had been in therapy for years said he felt safe in the new environment, and subsequently made progress for the first time. “We saw that the environment and milieu had a profound effect on the clients and the staff,” said Coyle. “This was a turning point for the culture shift that needed to occur. In following through with doing what we said, trust began to emerge.”

Another key manifestation of the change was a significant shift away from a “command and control” mentality to a more collaborative culture where staff embrace data-driven decision making and information sharing. New technology, including instant messaging, new phone codes for clinician

safety, and the introduction of a centralized electronic medical record system, has helped enable a culture of learning important to Coyle's pursuit of clinical excellence.

Decision-Making Roles and Processes

Hardly anything is more fundamental to organizational culture than how decisions get made and who makes them. Some organizations are tightly managed with key decisions made centrally by only one or a few individuals; others give great autonomy to program or individual site managers to make key decisions. A variety of decision-making processes can be effective and in all cases, will shape behavior and the overall organizational culture.

Consider the example the Boys Town, which in 2006 was a \$200-million organization with a broad range of programs directly serving more than 50,000 youth a year in 14 states and the District of Columbia. Change was in the air. Boys Town had a new CEO, Fr. Steven Boes, and a new strategic plan. But while the organization's traditional, centralized approach to decision making had served the organization well in the past, it had become increasingly cumbersome. As one key staff person explained, "If you looked at our processes for any actions with people, such as a merit increase or hiring, in all cases every approval went all the way up to the associate executive director at national headquarters. If a youth-care worker was hired in Las Vegas, national had to sign off on it."

In 2007 Boes led the development of a new strategy. Implementing the strategy successfully meant serving more youth in their communities and homes, rather than in residential settings—which in turn meant allowing local sites to make decisions quickly about contracts with local service providers.

Some staff—particularly those at site locations—were skeptical of the organization's ability to change. But Fr. Boes took several steps to signal that the shift was for real. For example, he began using a tool called RAPID® to reset and clarify Boys Town's new approach to decision making.^[2] RAPID allowed Boes to give Boys Town's sites authority to take the steps they needed to in order to achieve the organization's new goals. The sites that beat their budgets were then allowed to keep and invest the money they saved, as they saw fit.

Boes believes that using RAPID has had benefits beyond decision-making processes; it has encouraged a bias to action in Boys Town's culture. In part, he said, the new energy ties back to the input that youth care directors had in formulating the organization's new strategy. But it also reflects the input they had in creating the decision matrix: "The site directors had an experience of changing the culture nationally, and they wanted to do this locally in their organizations. 'Doing a RAPID' has become part of our language."

Passion for the Mission

Nonprofit leaders have one powerful way to influence culture change that few for-profit counterparts have—they can appeal to the underlying passion that their employees have for the mission of the organization. For staff in nonprofits this is the ultimate motivator to change their behavior—it is why they are there in the first place.

Importantly, however, it's not enough to remind employees why they're there. What's needed is an opportunity for them to learn *how* doing their work differently will enable the organization to achieve

its vision. This requires effective communication, and generally an appeal directly from the top to all employees.

Boys Town offers a good example. In 2007 Boys Town adopted a strategy to shift its work from its heritage of residential care toward more community-based services. This was a big change for many employees who were justifiably proud of their success with residential care. So it was Boes' job to show them that they could do better by that mission if they supported the new strategy.

He began his efforts to implement the new strategy by personally appealing to employees to remember the organization's stated mission: "changing the way America cares for its children, families, and communities..." Diving into the history of the founder, Father Flanagan and Flanagan's writings, Boes elevated the organization's beginnings and the hopes of its founder. "[Flanagan] wanted to strengthen families so kids wouldn't have to come to Boys Town," said Boes. "Again and again he talked about how he wished he could strengthen family life so kids wouldn't have to leave their homes." Boes also shared that Flanagan firmly believed that: "There are no bad boys. There are just bad environments, bad training, and bad examples." Building on this, Boes added the organization's new direction, telling staff, "And now Boys Town needs to teach America that there are no bad families, either."

"No bad families" became a powerful lever in the organization. "There may be some individuals who hurt kids who need to be put in jail or kept away from them, but, often, there is someone in that child's life who loves them and who knows what is best for them, and who can be trained to do this," said Boes. For those who continued to work in residential (residential care has gone from 75 percent of Boys Town's work to 25 percent), their mantra became, "Every day in care should be a step closer to home." "So, even if you were involved with kids in residential, you understood that having that connection to family was an important part of what needed to happen," he added.

In fact, in one of the girl's homes recently, Boes had an experience that validated the organization's change in strategy. The girls at the home had asked Boes how long he had been with Boys Town, to which he replied six years. They went on to ask how Boys Town had changed since he arrived. Boes said, "Girls, how many of you went home this past weekend?" More than half raised their hands. He then turned to his staff and asked, "How often did that happen six years ago?" They replied, "Oh, almost never."

The girls were shocked that children had been kept away from their families. "It was the old view: families were the problem," Boes said. "Today, we've never had better relationships with our family members than we do now." In fact, Boys Town now sees parents as fellow workers for doing what is best for their kids.

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Since 2007, Boys Town's new strategy, backed solidly by its culture, has allowed the organization to nearly double the number of youth served. As for the Syracuse clinic that Liberty Resources acquired, it is now on firm financial footing, its operations are vastly improved, and the number of patient visits is up by two thirds compared to its previous peak. At The Children's Village, the process of transformation enabled the agency to eliminate its multi-year deficit, sharply lessen its

once almost total reliance on residential care (which now accounts for less than half its revenue), and double the number of children served.

As the poet W.H. Auden once observed, "We would rather be ruined than changed." But as the stories of Liberty Resources, The Children's Village and Boys Town illustrate, there are exceptions. Nonprofit leaders can indeed take concrete actions and profoundly transform their cultures and their organizations for the better.

(Kirk Kramer is a partner with The Bridgespan Group and head of its organization and leadership practice. Carole Matthews is a senior editor at Bridgespan serving the organization practice. We'd also like to thank Bradley Seeman and Regina Maruca for their help in writing this article.)

SOURCES USED FOR THIS ARTICLE:

[1] Of the 131 nonprofits who took Bridgespan's Organization Diagnostic survey, culture rated within the top two organizational strengths, just below the top rated strength: vision. To learn more about top strengths and weaknesses, please see the datapoint "[Employee Development a Weakness in Many Nonprofits.](#)"

[2] RAPID® was originally developed by Bain & Company as part of its [decision-driven organization work](#). Read more about the tool in the Bridgespan article, "[RAPID Decision Making for Nonprofit Organizations: What it is, why like it, and how to get the most out of it.](#)"



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