

10

READNOW!

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OVERVIEW

Abstract

In this case, a local chapter of a national nonprofit organization continuously struggles with funding and must, therefore, be proactive in seeking out additional revenue sources. The local coordinator encounters a situation involving a potential donor that forces her to weigh the pros and cons of breaking the rules and the best way to communicate her concerns to her superiors and the donor. A chance meeting on a flight leads to a potential conflict-of-interest situation for the local coordinator.

Main Topics

Decision making, Ethics

Secondary Topics

Communication, Intergovernmental affairs*

Teaching Purpose

To discuss the complexities involved in balancing personal and organizational responsibilities within the framework of a nonprofit organization.

The Organization

ReadNow is a nonprofit program that promotes early literacy by giving new books to children and advice to parents about the importance of reading aloud in pediatric exam rooms across the nation.

Main Characters

- Michael Vaughn, Executive Vice President of Johnson Hospital
- Dr. Lea Nelson, Head of National ReadNow
- Patricia Clay, Local ReadNow Coordinator
- Molly Carter, Tillingast Foundation employee
- Dr. Katie Nelson, ReadNow Local Director

BACKGROUND

In 1962, a group of doctors at a hospital in Phoenix, Arizona, were brainstorming ways to increase early childhood literacy and parent-child interactions among their patients. One doctor had the idea of distributing children's books to their patients during checkups, accompanied by advice to the parents about the importance of reading aloud to their children. From this modest beginning, ReadNow developed into a national, nonprofit organization that distributes books and early literacy guidance to more than 2.5 million children and their families. ReadNow has offices all over the United States and is currently supported in part through a grant from the U.S. Department of Education.

ReadNow opened a branch in Crown City, Michigan, in August with a partnership between the National ReadNow and the Johnson Children's Medical Center. One of the founders, Dr. Mark Jeffries, still active within ReadNow, approached Dr. Katie Nelson, a pediatrician at Johnson Hospital with the opportunity to bring ReadNow to Crown City. Dr. Nelson soon had more than thirty pediatric clinics participating in the program and hired a coordinator, Patricia Clay, to manage the day-to-day operations of the Crown City chapter.

As a result of its affiliation with the Johnson Children's Medical Center, ReadNow was fortunate to have its rent, computers, telephones, and office supplies provided by the hospital. Johnson Children's Medical Center agreed to support the office environment of ReadNow, as well as to guarantee the coordinator a stipend of \$50,000 each year. However, part of Patricia Clay's duties included raising funds to purchase books to distribute in clinics across the metropolitan area and to pay for a small staff. The annual book budget for 2010 was \$74,932, which needed to be raised entirely by private donations and grants from corporations and community foundations. The personnel budget for ReadNow was \$65,000, which was used to pay for two staff members, an administrative assistant and a secretary. Additionally, the organization relied on volunteers, who were recruited around the area at events that required some funds to plan and execute. Throughout the year, parties were held for the volunteers to build team spirit. Workshops, retreats, and training seminars also were held for staff and volunteers. The total expense of these events in 2010 was \$50,000. Therefore, the coordinator was responsible for raising nearly \$190,000 a year mainly through contributions.

* Relations between central headquarters and a local organization.

The Johnson Children's Medical Center put one severe restriction on Patricia's fund-raising efforts. Johnson Hospital, a nonprofit itself, relied heavily on support from the community to support its operations. Therefore, the hospital strongly discouraged Patricia from soliciting funds from any organization or individual already contributing money to the hospital. This was done to avoid "double dipping" in fund-raising, since ReadNow was associated with the Johnson Children's Medical Center, and the center committed itself to major support of the nonprofit. The hospital's management thought that for ReadNow to ask money from the same corporations or foundations might significantly undercut the center's own fund-raising efforts.

The rationale for the opposition to more than one contribution per donor developed out of an awkward situation that Michael Vaughn, executive vice president of Johnson Hospital, encountered when he first began working for the hospital. At that time, Johnson Children's Medical Center supported a smoking cessation program, Hugs Not Ashes (HNA), which operated out of the asthma clinic at the hospital. The leaders of that program did not have the same restrictions placed on its fund-raising and were free to solicit funds from whomever they chose. Unfortunately, they wrote a fund-raising proposal to one of Crown City's most wealthy and well-known donors, Elizabeth Jones, who was on the board of the Johnson Foundation. When she received numerous letters from the coordinator of HNA, she became so offended that she was being solicited twice for donations that she recanted her support for Johnson Hospital and became a large funder of Anderson Hospital, the other pediatric medical facility in Crown City. The loss of Jones's support, accompanied by the embarrassment the coordinator of HNA caused, resulted in the cancellation of the program and the resulting limitations on fund-raising for ReadNow.

The local ReadNow's support consists of a joint effort of federal funding (25 percent), foundation grants (10 percent), private donations (50 percent), and support from the Johnson Foundation (15 percent). The national center of ReadNow secures roughly 10 percent of federal funding for state and city coalitions, of which the metropolitan area of Crown City is a member. The remaining 75 percent of funding is up to the coordinators to raise from corporations, grants, and individuals. The Johnson Foundation stresses the importance of the coalition's seeking its own funding because of its large need of funds and the projects it supports.

As a result of its affiliation with the hospital, the chapter's organizational culture is more closely tied to the fortunes of Johnson than to its own national office. This has both positive and negative ramifications for the daily operations of the Crown City ReadNow chapter. On the plus side of the ledger, the chapter feels truly a part of the Johnson Medical Center and is given support for its endeavors. On the minus side, however, the chapter must abide by different guidelines than those that govern typical ReadNow chapters elsewhere. The national office firmly believes in a decentralized approach and, although its fund-raising rules are far less restrictive than the hospital's, it will not impose them on the local chapter.

PATRICIA CLAY AND MOLLY CARTER

Patricia Clay, the ReadNow coordinator, works very hard to secure funding to purchase books and to support the other activities of ReadNow. During her first month on the job, she submitted a list of more than fifty possible grants and corporations she wanted to solicit for funds. However, Emily Richards, Michael Vaughn's assistant at Johnson Hospital, told her that there already was a relationship with most of the funders on her list and narrowed her possibilities down to seven family foundations to apply to for a grant. There was no corporation included on Emily's list. Undaunted, Patricia began networking with community groups to try to get support for the program.

Within a few months, Patricia developed a plan to have local community groups "adopt" a pediatric clinic participating in the ReadNow program. The group would donate enough money for that particular clinic's book budget, generally between \$1,000 and \$2,000. By breaking the budget down into manageable segments, Patricia ensured that clinics could afford to purchase enough books for the clinics. She was also able to increase private contributions. However, there still was a significant fund-raising gap for the staff and volunteer expenses. Patricia approached the end of the year with a budget shortfall of nearly \$35,000. These funds needed to be raised somewhere, particularly since the holiday season was approaching, always a busy time of year for clinics because of colds and the flu. She took out the master list of foundations that the Johnson Hospital would not let her apply to and sighed in frustration. Any one of these foundations could easily grant her the \$35,000 she needed. She also knew of several corporations that were willing to make contributions to ReadNow, but she was unwilling to risk alienating the hospital's officers. She knew the importance of keeping her financial backers happy. To apply to one of these foundations without permission not only could result in offending the staff at the hospital, but also could cause her to lose her job. She also was frustrated that the old-fashioned attitudes of the hospital's officers restricted her ability to make connections within the corporate community. These things weighed on her mind as she prepared to spend a weekend in Chicago with her sister, Dora.

During the short plane ride to Chicago, Patricia sat next to a pleasant-looking woman. They struck up a conversation about the hassles of travel, the new security restrictions, and their mutual difficulties with fitting all of their liquids into a quart-sized plastic bag to get through security. Finally, their conversation turned to what they both did for a living. Patricia explained her job as coordinator for ReadNow, and the challenges of fund-raising for a public service organization. The \$35,000 shortfall weighing heavily on her mind, she was grateful to have a sympathetic ear to listen to her dilemma. The woman next to her listened patiently, nodding her head sympathetically as Patricia discussed the limitations the hospital imposed on her.

"Well, I certainly can understand your frustration," responded the woman. "Maybe I can do something to help. My name is Molly Carter and

I work for the Tillinghast Foundation. We're always on the lookout for new projects to fund, and we wouldn't have a problem with the amount of money you're looking to raise. Why don't you submit a proposal to me in the next few weeks, in time for our board meeting at the end of the month?"

Patricia was excited by the possibility that she might have solved ReadNow's financial problem during a brief plane ride. She took Molly's business card and promised to put together a proposal soon. As they disembarked the plane, both wished each other a pleasant weekend and went their separate ways.

Back in the office on Monday, Patricia worked furiously to write an impressive proposal for Molly and the Tillinghast Foundation's board. Looking at the foundation's income tax returns, she discovered that the board distributed significant amounts of money, upwards of \$75,000! She didn't even need half that amount; in her mind, as she sat preparing the proposal, the \$35,000 looked all but guaranteed. By Wednesday afternoon, Patricia had all of the necessary documents together and her annual budget prepared, and just needed the director, Dr. Katie Jones, to sign off on it.

"Looks great!" Dr. Jones exclaimed as she walked into Patricia's office with the proposal. "Did Michael give it the OK? I'm pretty sure the Tillinghast has given a grant to the center. Check with him first, then you've got my OK."

Dr. Jones turned and walked out of the room.

Patricia's face blanched as she realized she never checked to see if Tillinghast was on the list of major donors. Pulling up the list on her computer, her heart sank as she saw the foundation on it. Emily told her that the Tillinghast Foundation already gave money to the Johnson Hospital—but several years ago. Nevertheless, it was still on the list. She hesitated as she considered what to do next.

After a few minutes of deliberation, she decided to pull Molly's business card from her Rolodex to dial her number to explain the situation. Maybe Molly could help her in some way.

"What does it matter?" asked Molly making the case that (1) the foundation's giving occurred several years ago and (2) the foundation contributed to the hospital and not ReadNow. "Why don't you go ahead and submit your proposal. I really think that you have a great program that fits within the goals of the foundation. If the board agrees with me, you can just explain the situation to Michael. I'm sure he'll understand. This is an opportunity for you to fulfill your budget requirements, and for me to bring a great organization to the attention of our board members. We have a lot of contacts within the community, and I would hate to see you miss out on this prospect for funding."

Patricia hung up the phone, completely torn about what to do. On the one hand, here was a possible funder who was incredibly positive about the opportunity to get a significant amount of money for ReadNow. She had to raise \$35,000 by the end of the fiscal year, which was rapidly approaching. She did not have any immediate prospects on the horizon, nor did she develop any other solution for raising the money. Patricia knew if she did not submit

the proposal, she would have to work incredibly hard to try to come up with the remaining budget funds, or risk finishing the year in the red.

Furthermore, not only would she lose out on getting a big chunk of her budget funded if she passed on submitting the proposal, Patricia would also risk severing the connection she had made with Molly. She would feel awkward about approaching her in the future given her apparent mishandling of this situation. Furthermore, the points Molly made seemed to make sense to her. Particularly galling to Patricia was the apparently paternalistic attitude of the hospital's management toward ReadNow. ReadNow was a totally separate organization, yet the hospital officials thought that they could dictate to her who she could and could not contact simply because the hospital helped finance her operations. The policy against solicitation was not written down anywhere, and she had no knowledge if it had ever been enforced in the past.

On the other hand, however, she had specific instructions from Michael not to solicit funds from organizations that had supported Johnson Hospital in the past. The Tillinghast Foundation was on the list that Emily had given her detailing to whom she could not submit proposals. If she went ahead and submitted the proposal anyway, she risked the displeasure not only of Michael and Emily, but of Dr. Jones as well. She knew it was a fine line—if she were awarded the grant, most likely her boss would support her because of the amount of money she raised through one proposal. However, she thought their relationship built on trust would probably suffer as a result. Michael would most likely believe that she should have talked with him as soon as she had the conversation with Molly. If she did not receive the grant and her boss found out, she would risk reprimand for circumventing the agreement between ReadNow and the Johnson Hospital, possibly losing her job in the process. Since Patricia was still relatively new at her position, she did not want to cause conflict or confusion during her first few months on the job. The people she was in danger of crossing held a lot of influence not only as her present employer, but in the city and profession as well. These were the same people she would have to work with on upcoming projects. Would crossing them now jeopardize her employment and, possibly, future employability?

Patricia debated her options and many questions swirled around inside her head. What responsibilities did she have to foster development for ReadNow within the foundation and corporate community? What responsibilities did she have to Johnson Hospital, her primary fiscal backer? Was the chance at a great deal of money worth the risk of going against the instructions of her boss and her supporters at Johnson Hospital? Should she have communicated with her superiors sooner? Would she be crossing an ethical line by seeking funding through such a source? She carefully assembled the proposal and addressed the manila envelope to Molly at the Tillinghast Foundation. As she walked down the hall toward the mailroom, she kept debating her options, unable to decide whether or not to drop the envelope into the mail slot or into the trash can next to it.

Discussion Questions

1. What responsibilities, ethical and organizational, does Patricia have to the Johnson Medical Center? Explain.
2. How might Patricia enlist the national organization in her efforts to change the hospital's position? Explain.
3. How should Patricia have communicated her contact with Tillinghast to her superiors? Explain.
4. What would you have done if placed in this scenario? Why?
5. How might your decision affect the organization's image and networking within the community? Explain.

11

OAKDALE ADMINISTRATOR CASE

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OVERVIEW

Abstract

This case examines the political trade-offs and tough decisions that must be made to restore a municipal government to fiscal stability. In an era of flat revenue growth or decline, many municipalities face stark choices regarding economic development and growth. Oakdale, a suburb of a medium-sized city, is struggling to compete with the more prosperous and attractive surrounding municipalities for redevelopment projects and business investment. Complicating the situation is a scandal involving the previous city administrator who was found guilty of violating state ethics laws and gross fiscal malfeasance.

Main Topics

Decision making, Financial management

Secondary Topics

Political context, Ethics

Teaching Purpose

To put students in the shoes of municipal officials as they struggle to balance the budget and at the same time provide their residents with a higher quality of life.

The Organization

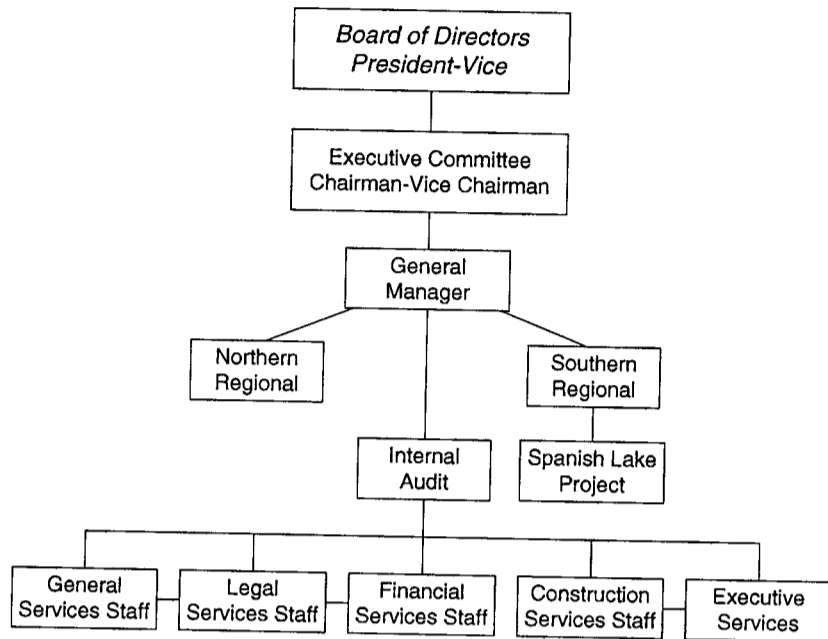
A small suburban municipal government with a weak economic base in the inner suburbs of a large city.

Discussion Questions

1. Do you agree with Winter's decision not to reveal the purpose of the special group to the SLP? Why or why not?
2. What do you think Blackstock will recommend to the other members of the special group? Explain.
3. What types of issues should Winter's privatization task force consider? Should privatizing the SLP be done if the task force finds that savings would result?
4. What role did the political climate play in the situation? Explain.
5. Do you think the process would have been "better" had the decision making occurred at only one level of management? How did the dual layers of management complicate the situation?

APPENDIX

The Organizational Structure of the Rio Estrecho Authority



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OVERVIEW

Abstract

This case examines the bureaucratic structure and authoritarian culture of the military. Although many of these qualities allow the military to achieve its desired objectives, at other times such characteristics are a barrier. In this case, a new captain, Ron Sandura, takes control of the Coast Guard ship, the *Henry*. Ron's leadership and management style do not meet the crew's expectations in terms of positive motivation, port privileges, downtime, and so on. As tension mounts, Ron's subordinate, Clark Minneo, must decide how to handle the situation in order to prevent further decline of the crew's morale and work outcomes.

Main Topics

Leadership, Bureaucracy and structure

Secondary Topics

HR administration, Organizational culture

Teaching Purpose

To analyze culture and motivation within a military organization, and to propose suggestions for improvements in leadership and HR management

The Organization

The *Henry*, a U.S. Coast Guard river-tending ship

Main Characters

- Ron Sandura, Ship Captain
- Clark Minneo, Executive Petty Officer

BACKGROUND

The Coast Guard is the oldest continuous seagoing service in America, and it has a rich maritime tradition. As a government entity and military service, the Coast Guard has a bureaucratic structure and well-established culture that help ensure the completion of its mission. It is a highly mechanistic organization that relies on rigid policies and procedures. These characteristics do not allow much flexibility and, like other branches of the armed services, crew members must follow the orders and duties they are given.

The culture of the Coast Guard is well defined, even in its motto: *Siemper Paratus* (Always Ready). Some primary elements of its culture include sacrifice, stewardship, dedication to duty, compassion, leadership, selflessness, and integrity. Possibly, the most integrated aspect of this culture is the work ethic and selflessness that exist within the organization. Coast Guard members take pride in the sacrifices they make and they revel in their role as overachievers. In fact, there is an unwritten rule that prevents the members from complaining. No matter how difficult the task, no matter how long the watch, and no matter how unpleasant the situation, the crew does not complain or ask to be relieved. Although many of the traits found within the Coast Guard culture represent admirable and redeeming qualities, they also can create problems as seen in this case.

The Coast Guard has a long tradition of dedicated men and women who work extended days under harsh conditions for little pay. As a branch of the armed forces, the Coast Guard is not allowed to reward its members with monetary incentives, bonuses, overtime pay, or any other compensation of this nature. As such, it is customary in the Coast Guard to be rewarded in one of three other ways: medals/honors/awards, a pat on the back, and time off from work. These rewards are held in high regard by the members of the Coast Guard: not only as feedback on a job well done, but also as the only true addition to the basic compensations that a life of public service offers.

There are many customary ways in which these perks are doled out to Coast Guard crews. First, for Coast Guard units that spend great lengths of time at sea, there is a system known as tropical hours. This is an in-port work schedule that starts early (usually around 6:00 or 7:00 a.m.) and ends early (usually around 12:00 or 1:00 p.m.). These short days maximize the free time that Coasties have when they are in their homeport. It allows the crew to spend more time with their friends and family and make up some of the time that they spend away from home while at sea. Another method of reward is for the command of a unit to give a few days off (not vacation but just free days or "liberty"). Typically, if a ship is gone for a week or two, the captain might give a day or two of liberty to compensate for the time away from home. A cruise of a month or two might garner as much as a week or two of time off and cruises of three months or more can lead to even more compensatory time.

Individual achievements and contributions of crew members are often recognized with medals, awards, and honors. Some of these are informal

and relative to the command, but others are fully sanctioned by the Coast Guard and the results are kept in the permanent records of the individuals. Other methods of compensation include shorter workdays on Fridays, special food or celebratory meals on board, morale-boosting activities (bowling, golf, a trip to the movies, etc.), and simple recognition in front of the crew for a job well done. Any or all of these forms of reward are routinely dispersed aboard Coast Guard units and they are widely recognized and accepted.

THE HENRY

The United States Coast Guard cutter *Henry* is a seventy-five-foot river-tending ship that is responsible for guarding and maintaining the navigable safety of more than 400 miles of the river valley. The crew of the *Henry* consists of fourteen crew members of varying age, background, experience, expertise, and tenure. The *Henry* and its crew spend an average of twelve to fifteen days per month on the rivers they patrol. When onboard, the crew works, plays, eats, sleeps, and lives together in quarters about the size of a two-bedroom apartment. In such an environment, unit morale is of the utmost importance and maintaining camaraderie is paramount to fulfilling the *Henry's* mission. If the crew is happy, then the job gets done smoothly and efficiently. If there is any ill will or discrimination among the crew, the days run long and the work suffers.

The *Henry* crew's primary tasks, known in maritime circles as "aids to navigation," are ensuring the safe flow of commerce through America's waterways and providing guidance to both commercial and recreational boaters. The crew of the *Henry* marks the main shipping channels river with navigation buoys; builds and repairs all shore side towers and structures used for navigational aids; and identifies and charts any dangerous shoal areas or other hazards to navigation. Life aboard the *Henry* is arduous, and the work is demanding. Because of the strong culture and work ethic the crew share, this mission is carried out with equal aplomb on 100-degree summer afternoons and in driving rain and snow on frigid January mornings.

THE HENRY'S LEADERSHIP

The captain of the *Henry*, Ron Sandura, is a distinguished and highly decorated veteran with twenty-nine years of Coast Guard service. Sandura is noted as being a taskmaster, a disciplinarian, and an old-school leader without much of a soft side. He is notorious for working his crew for long days, hard hours, and with little time off.

During his six-month tenure as skipper of the *Henry*, Sandura has not given many awards, medals, or honors. In fact, he is not prone to thanking or congratulating the crew, and he doesn't feel obliged to give extra time

off or compensatory time away from work for the crew. Sandura does not believe in tropical hours or extra liberty after a long voyage. This leadership style has led to many problems aboard the *Henry*, and the overall morale of the men has gradually declined since Sandura took command of the ship.

For the experienced personnel aboard the ship, many of Sandura's tactics run contrary to what they have encountered over the years. For the junior members aboard the *Henry*, it has been a rude awakening—not what most of them signed up for at the recruiter's office. The veteran Coasties have soured and lost their drive. Several of the novice Coasties have become disgruntled, rebellious, and restless. There are now discipline problems, requests for transfer, and attempts to leave the Coast Guard early, just to avoid being under Sandura's command.

Captain Sandura is not the only player on the *Henry*. Although he has the autonomy to make most of the decisions concerning the command of his vessel, he has a command team that works beside him to run the day-to-day operations of the ship. Clark Minneo is the executive petty officer, the second in command and right hand man to Captain Sandura. He personally regulates the workflow and the climate aboard the *Henry* as much if not more than Sandura. Minneo is responsible for establishing the work list for all departments, ordering supplies, making financial decisions, deciding on matters such as sick leave and vacation, and dispensing punishment and discipline when necessary. He ultimately sets the tone and the mood aboard the ship.

Minneo and Captain Sandura have a cordial working relationship. Minneo is a rank below Sandura, but he has more direct experience and leadership credentials than the captain. This has been a sore spot for Minneo since Sandura became captain. Minneo believes that Sandura was appointed for political reasons without use of a fair hiring process. Furthermore, neither Minneo nor the other crew members were consulted when the captain's position became available. Although Minneo believes that he is more qualified than Sandura, he knows better than to challenge the system. He made the decision from the start to put his feelings aside for the betterment of the *Henry* and its crew, and he treats Sandura and his authority with respect.

CAPTAIN V. CREW

This summer, the crew of the *Henry* set out on a particularly hot Monday morning, heading up the river on an excursion to service aids to navigation and to make any necessary repairs and adjustments to the existing structures along the river. The trip took the crew of the *Henry* eleven days round trip. This was the first lengthy trip that the crew had taken under Sandura's command. Crew members did not know exactly what to expect, but they were hopeful that it would mirror past trips that they had on the *Henry* under different command.

One of the benefits of being aboard a river tender, as opposed to a seagoing vessel, is that the work cannot be done at night. Navigating the river at night is one thing, but setting 1,500-pound buoys and climbing towers along the bank is a whole different story. Because the crew could not work at night, the *Henry* usually pulled into a port, a town, or at least to the side of the river every evening and stayed put until first light the next day. This gave the crew a chance to get off of the boat to go for a walk or even see a movie, depending on where the *Henry* docked. The crew worked hard all day and greatly appreciated this personal time when the day was done. This was recognized and accepted behavior in the river-tender community, and the crew of the *Henry* expected it. Along the *Henry's* route were several towns that had the facilities to accommodate a large ship such as the *Henry* for the evening. Many of these towns also had distractions and amenities that the crew enjoyed. There were enough of these towns that on any given night, the captain could take his pick of ports.

On this trip, however, Sandura did something contrary to the accepted norm: he seemingly went out of his way to stop the *Henry* each evening a few miles above or a few miles below any towns along the bank. He chose places that, although suitable for the ship to anchor, did not allow for any recreation for the crew. Some of the stopping points were so isolated that the crew could not even exit the ship once moored. The members of the crew started to grumble among themselves. They had been working diligently and had completed every task asked of them on this trip. *Why was the captain not giving them the one perk that he had the power to give?*

As the trip progressed, Sandura continued to forgo the ritual of spending the night in port and proceeded to find various uninhabitable locales along the river. The morale of the crew was visibly affected. There was infighting, bickering among shipmates, lethargy, and a general uneasiness that was not normal aboard the *Henry*.

On the eleventh day of the journey, the *Henry* slipped back into its homeport, having covered more than 400 miles of river. The crew had placed more than seventy navigational buoys along the route and effected repairs to more than twenty shore-side structures. The temperatures had been in the nineties and the humidity had made the air thick enough to cut with a knife, but the members of the crew had performed their jobs in typical Coast Guard fashion.

Upon returning to port, the crew is required to perform numerous ritualized tasks before anyone is allowed to go home. These include washing the ship from top to bottom, offloading expended supplies, refueling, and writing reports that are required by headquarters. Another longstanding tradition upon returning from a mission is known as "quarters." Quarters takes place after all of the mundane returning tasks are completed. The crew of the ship gathers to discuss the trip it just completed. Crew members highlight any lessons learned, recall any close calls or safety concerns, and set the stage for the next mission. This is also a time for the captain to recognize the hard work and dedication of any or all of the crew members. Since the crew members do not get overtime pay, bonuses, merit raises, or any other form of compensation, this praise in front of their shipmates is important to morale.

During quarters for the preceding *Henry* mission, Sandura did not say a word apart from the review of the work done and some minor details regarding the next trip. Crew members were left wondering what they had done wrong on their mission that had made the captain act so abnormally harsh.

THE LAST STRAW

After the crew broke from quarters, Minneo briefed them about when they had to report back to the ship for work. It is an unwritten rule in the Coast Guard that the crew should usually expect a day or two off after a ten- or eleven-day trip with no breaks. Clark announced to the crew that they were all to report back to work the very next day to resume in-port duties. They were not to receive any extra time off—a decision that, although presented by Minneo, had Sandura's fingerprints all over it. There would be no free time during the excursion, no pats on the back upon return, and no liberty for a job well done. The crew members were dumbfounded. Some shook their heads in disbelief, some sighed in disgust, and others had to muffle their shouts of anger. Although everyone was angry, no one aboard the *Henry* had the fortitude to question Sandura's tactics, and no one on the command team stood up for the crew.

This trend continued for the next several months, and the morale and drive of the crew members continued to plummet. There was no recognition, no extra liberty, no port calls, and no tropical hours. Instead, the crew received days and days of hot, backbreaking work for a wage that barely kept them above the poverty level. In spite of the obvious effects that this was having on the crew, Sandura did not waiver in his leadership style or in his decision making when it came to matters of the crew.

Minneo knew things were not going well. He was well aware that the crew's expectations were not being met, but for some time neither he nor anyone else on the command staff did anything to influence the captain's decisions. In a culture where everyone must pull his or her own weight and there is nowhere to hide when the work begins, Sandura's leadership style went unchecked. No one complained directly to the command and the work continued to get done. The usual perks offered to the crew of a Coast Guard vessel were unofficial, not guaranteed. Under Captain Sandura, they were not even considered.

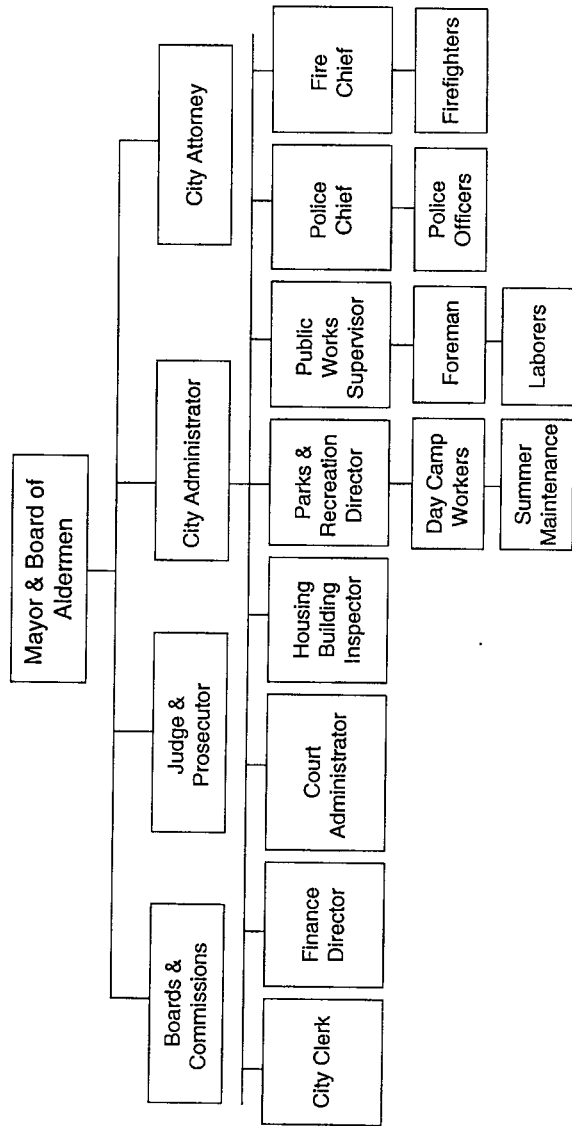
Eventually, even Minneo becomes impatient with Sandura. Even though he is a senior officer and has to set an example for the crew, Minneo wants to spend some time with his family and away from the boat. After a particularly hot, humid, and exhausting trip in August, Minneo decides to go to the captain's chambers to discuss the situation.

Discussion Questions

1. How do you think Minneo should respond to the crew members? Should he give his input to the captain about what the crew expects?
2. How can the command team, and/or the Coast Guard in general, motivate the crew of a ship? Should the informal perks be written into the standing

orders of the ship or formalized in some fashion to prevent the uncertainty the crew of the *Henry* experienced?

3. Is a bureaucratic/mechanistic structure still the best option for the military in today's environment? Describe the current structure and design elements and suggest changes, if appropriate.
4. What type of power base and leadership style does Captain Sandura possess? Based on leadership theory and research, create a leadership development plan for him.
5. How do the operations and culture of a military organization differ from other types of organizations, that is, nonprofit, public, and/or private? Do you think these differences are warranted by the types of extreme situations these organizations must face?



Jennifer M. Giancola,
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OVERVIEW

Abstract

This case examines differences in the purpose and business approach of the private, public, and nonprofit sectors. These differing viewpoints and practices clash as one employee attempts to bring about change at a nonprofit organization. Sue Thompson is the new assistant director at a nonprofit grassroots organization with the purpose of protecting the public interest through collective student and community action. Sue's commitment quickly wanes as she uncovers a number of problems, including high turnover, inefficient and ineffective practices, and poor financial management. Sue suggests conducting an evaluation and tries to make small improvements, but ultimately she experiences strong philosophical differences with the executive director and office manager.

Main Topics

Decision making, Implementation/evaluation

Secondary Topics

Democracy, Privatization

Teaching Purpose

To discuss nonprofit administration and debate business practices in private, public, and nonprofit organizations in the context of a grassroots advocacy organization

The Organization

The case examines a nonprofit, grassroots organization whose mission is to protect the public interest.

Main Characters

- Sue Thompson, Assistant Director
- Jackson Tyler, Executive Director
- Emily Lambeth, Office Manager

BACKGROUND

The Grassroots Change Initiative (GCI) is an advocacy group that is a local chapter of the umbrella group the United States Grassroots Change Initiatives (USGCI). USGCI was created in the 1980s to act as a watchdog for the public interest in our nation's capital, just as the state offices have worked to safeguard the public interest in state capitals since the early 1970s. USGCI's mission is to advocate for consumers' rights, the natural environment, and other progressive causes. This mission includes delivering persistent, results-oriented, public-interest activism that protects our environment; encourages a fair, sustainable economy; and fosters a responsive democratic government. Some of USGCI's most recent campaigns have included stopping Congress from opening the Arctic National Wildlife Refuge to drilling and playing a pivotal role in convincing congressional representatives to vote down an environmentally harmful energy bill despite the powerful utility and energy industries backing the proposal.

MISSION AND STRUCTURE OF GCI

GCI is a student-run organization that is affiliated with local colleges and universities. Specifically, its mission statement is

The Grassroots Change Initiative (GCI) is created to empower students to take charge in local communities to work on behalf of citizens' interest.

GCI has two offices within the state; however, this case study will focus on the original office site, which has been in existence for more than twenty-five years. This office is located in the heart of an eclectic area known for a young, trendy, educated crowd that likes to spend its weekends in coffee shops during the day and sushi or wine bars during the night. GCI chose this location in order to appeal to the local clientele, a group of people who believe that nonprofits can make a difference in our world and who are well educated with high disposable incomes.

The office is located next to a flower shop and a vodka/sushi bar. Upon entering, there is a tall staircase lined with old political posters and fact sheets about various current events, mostly about global warming and corporate giants. There are two rooms in the office: an "office" and a main room. The office is essentially made up of file cabinets overflowing with past campaign materials, stickers, binders, fact sheets, an old fax machine, an old black-and-white copier, and a desk. Clearly, this is not a room to be seen by the public. The main room is also lined with various political posters and fact sheets. There is a large paper thermometer on one wall, on which the staff members mark their monetary goals each day, adorned with the names of the people who made the most money the previous afternoon. There are also tons of campaign materials strewn about the room, stuck in book shelves, and spewing out of file cabinets or boxes. Random instructions and directions are posted above the three desks sitting in the corner of the main room, reserved for campaign managers and directors.

The office experiences a great deal of turnover at the management level. It has new campaign managers every few weeks, a new office director approximately every year, and a new campaign approximately every four months. Some of its most recent campaigns have included the "Campaign to Save the Environment," in which it sought to inform people and raise money for global warming research, student aid, consumer debt, and harmful toys campaigns. Although USGCI and state GCIs support various political issues, there is no specific endorsement of political candidates.

GCI employs individuals who go door-to-door and talk to citizens about important current events and ask them to get involved financially. Literally, each employee spends about five hours each afternoon walking up and down streets in various neighborhoods, knocking on every door, presenting a three-minute speech about the issue of the day, and asking for money. This is done during the hours of 4 p.m. to 9 p.m., but a vast portion of the target population is not home when the canvasser arrives. Hence, GCI requires each canvasser to double back through his or her assigned neighborhood and re-approach every door at which there was no answer. Frankly, these canvassers behave the same as solicitors who call during dinner time. GCI, however, makes it very clear that they are not solicitors because they are not selling anything. If there is a "no soliciting" sign on someone's door, then canvassers are recommended to try away.

Most of the employees are students looking for a socially rewarding part-time job, but there are occasionally employees who come to GCI with the false impression that the organization can offer them a stable income and employment. This is one of the primary problems with GCI: it advertises itself as a group that can help save the environment and offers its workers a set sum of money each week, but what it does not advertise is its paychecks are commission based and overtime is required.

Some GCI employees are responsible for organizing press conferences or heading up letter writing campaigns for publication in local newspapers. Unfortunately, there is a massive breakdown of communication permeating the organization, from both the top down and across the span of control of campaign managers or canvass directors. As a result of this lack of organization and refusal to implement any standard operating procedures, the local GCI falls incredibly short of its potential and rarely meets campaign goals.

NEW ASSISTANT DIRECTOR

Sue had been working in finance in the private sector for the past four years since graduating from college. Although she enjoyed her job, she was looking for a change and for a place where she could "make a difference." When she saw the job ad for an assistant director of GCI, she was excited and thought that she had found the answer.

When Sue showed up for her initial interview at GCI, she assumed the experience would parallel her previous job interviews, so she was dressed in business-casual attire and arrived with a few copies of her résumé in hand. Upon walking into the office, Sue realized this interview was nothing like what

she was expecting. There were four metal folding chairs arranged in a semicircle around a television, and she was clearly overdressed for the occasion. Emily, the office manager, explained to Sue that they were running behind schedule so Sue was welcome to take a seat and wait, or she could come back in an hour. Not quite sure of the proper protocol in this organization, Sue assumed it would be best not to leave. As she waited for her interview to begin, Sue tried not to eavesdrop while Emily answered phones and argued about the GCI budget.

The interview began with a short fifteen-minute introduction video, explaining what it means to work for Grassroots Change Initiative. Then, Emily had Sue and three other applicants fill out some basic paperwork and then called each person into the "office" separately. Emily looked at Sue's résumé and paperwork and immediately offered Sue the position as assistant director. They discussed pay and hours, and Sue eagerly accepted the job. What Emily failed to mention was that pay is essentially commission based, and the hours of 2 p.m. to 10 p.m. are a minimum requirement, because most managers had to be at the office around 11 a.m. each day for preparations and other administrative tasks. It was also assumed that everyone would go out for a social activity afterward, at least until midnight. On Wednesday nights, GCI sponsored "pizza nights" and the money came out of the campaign funds.

Sue began work the following week. Emily set her up at her desk with little direction. In fact, it was a couple of days before Sue met with her boss, Jackson, the executive director. The two of them really hit it off at their first meeting. Jackson was very laid back and wore casual clothes and sandals to the office. He made Sue feel right at home and got her excited about the mission of GCI—a mission about which Jackson clearly felt passionate.

PROBLEMS AT GCI

After six months in her position, Sue realized that there were many problems with GCI that had to be solved before any sort of productive and positive political action could be taken and before any public policies could be impacted. There was a complete breakdown in the efficiency and effectiveness among GCI students and staff in accomplishing goals. This was a common occurrence in most state GCI offices because, in part, few people stayed with the organization very long. The bulk of "employees" were volunteers or low-paid student workers. The turnover rate was so high that staff of GCI became more consumed with attracting and maintaining employees than with its mission work. As the focus of the entire organization turned to how much money could be raised through door-to-door canvassing, other means of advocacy fell by the wayside. Responsibilities such as holding press conferences and writing letters to the editor were essentially ignored because there was not enough time.

Also, the means of fund-raising were incredibly archaic and ineffective. Canvassers were asked to spend five hours each day walking door-to-door and asking citizens to provide monthly financial donations for various causes, ranging from the Campaign to Save the Environment to the Human Rights Campaign. Prior to heading out to neighborhoods, canvassers had to spend at least two

hours practicing role-plays and attempting to attract future employees and another hour having lunch as a "team." These three hours were not paid, but employees were still held to many of the GCI rules during them, including no smoking while wearing GCI attire, staying with the group, and focusing on how to talk to people at their door. Despite the obvious inefficiencies of going door-to-door at 4 p.m. when no one is home or during the dinner hour, such practices were not changed because "that was the way things had always been done."

Sue was concerned that GCI was not fulfilling its mission and the original intent of USGCIs and to make matters worse, an evaluation had never been conducted at GCI. Nonetheless, she attempted to make incremental changes throughout the GCI office but faced one obstacle after another. Many of Sue's modifications included simply trying to properly train canvassers. She worked with them to improve communication and "sales" skills with potential givers. She tried to run the daily schedule in a more effective manner so that time was not wasted. Sue believed that simple organizational improvements and clearer communication would save much time and confusion. Unfortunately, the idealism Sue initially had upon beginning her employment at GCI quickly wore off as she observed the necessity for, and continued avoidance of, more business-like management within GCI's office.

Jackson recognized Sue's frustration and attempted to improve her morale by setting up standing meetings with her. The objective was to work together to write letters to the editor, build media packets about local issues, and so on. Sue would arrive at the office early, eager to actually put her college degree to use, but Jackson rarely followed through. He would be late or distracted or would cancel meetings. Rather than getting angrier, Sue decided to write letters herself. But Jackson never read them, and eventually Sue stopped writing them.

In an attempt to keep Sue around longer, Emily gave Sue more responsibilities, including reviewing some of GCI's budget. After hours of examining the spreadsheets, Sue saw that GCI was operating with only \$60 over expenses. Furthermore, less than 40 percent of all funds raised actually went toward lobbying efforts, programs, and political information, a very low number for an advocacy group. Sue was infuriated that all of the canvassers' hard work was resulting in so little going to the "cause." She had signed on for this cause in order to make a difference, not help pay the rent of a run-down building and help recruit more part-time workers. She no longer felt invested in the mission statement of GCI because she was struggling to see it put into action.

PHILOSOPHICAL DIFFERENCES

The budget problem was the final straw for Sue. She decided to call a meeting with Emily and Jackson to air her frustrations in hopes of agreeing on a plan of action to improve GCI. At the meeting, Sue explained that she did not feel as if GCI had made a solid impact around the area. She spent more of her time training people, many of whom rarely stayed through the week, and answering phones than writing press releases or organizing campaigns. Furthermore,

GCI was barely making enough money to survive, let alone achieve its goals and make a difference.

Emily and Jackson, however, did not agree with Sue's perspective. Jackson firmly believed that GCI was serving a lofty purpose that went beyond just making money. "Isn't that why we are a nonprofit?" he gently asked. He went on to say that GCI exists to protect the public interest and that there are many citizens who want to volunteer and be a part of organizations such as theirs. Although Emily agreed with Jackson's views regarding a mission-driven organization that was integral to civil society, she had a different philosophy on how it should operate. Not only did she think that it did not need to run like a business, but also she thought that the government should supplement GCI's operating revenue. She stated, "After all, we are working for public interest and supporting students to be publicly minded citizens."

Sue believed, on the other hand, that the GCI idea of a nonprofessional management style was not conducive to an efficiently and effectively run organization. As more and more people began to realize this, they walked away from this organization in hopes of seeking more effective and efficient means of attaining political change. Sue's intent was not to discredit the use of grassroots campaigning, but to highlight the need for effective management of such campaigns. Sue argued, "Idealism and wanting to make a difference are great in nonprofit organizations, but they must be balanced with some proper business and management administration." Sue suggested that the first step was to design and implement a program evaluation that included process and impact assessments. From there, a plan for change could be developed.

Emily and Jackson become defensive at the suggestion of an evaluation. A heated debate ensued.

Discussion Questions

1. How would you characterize the philosophical differences among Sue, Jackson, and Emily? What do you see as the strengths and weaknesses of their varying viewpoints?
2. How can Sue bring about positive change at GCI? What suggestions would you make to enhance GCI?
3. What steps should be taken in the design and implementation of a program evaluation at GCI? What research methods and assessments would you suggest for assessing efficiency and effectiveness?
4. How do the values and missions of nonprofit organizations differ from other organizations and/or agencies in the private and public sectors?
5. How can a balance be achieved between running an organization through the lens of business administration compared to running it through the lens of public administration?
6. Can a more business-like approach contribute to the GCI's grassroots' effectiveness? Explain.

13

COMMUNITY HEALTH CENTER CASE

Jennife
Robert
J

OVERVIEW

Abstract

This case demonstrates the importance of aligning strategic and operational environmental needs. It examines For the People (FTP), a community health center, which is part of a larger health provider, DUNN Community Care. FTP faces a challenging environment and needs to adapt quickly to remain viable. However, the parent organization, DUNN, is obstructing some much-needed changes such as proposed by the Governor's Change Initiative. The FTP director, Miranda Jackson, knows she needs to innovate to survive but lacks the financial and human resources to get the support to enact new strategies.

Main Topics

Planning, Strategic management

Secondary Topics

Reform, Organizational culture

Teaching Purpose

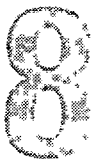
To encourage students to think at a macro level by discussing strategic planning, implementation, and communication of a strategic plan in an organization.

The Organization

The case examines a community health center that is part of a large health care organization.

Main Characters

- Miranda Jackson, Director of FTP
- DUNN Board of Directors



UNIVERSITY PHONE CENTER CASE

Jennifer M. Giancola,
Robert A. Cropf, and
Rebecca Aune

OVERVIEW

Abstract

This case examines the impact of organizational change on employee motivation and organizational culture. Specifically, the Annual Giving Department in a state public university must make changes that will allow it to reach higher fund-raising goals in the Phone Center. The Phone Center was running smoothly until Robert Kinbote, the new assistant director, was hired and began to alter the rules and atmosphere of the department. Now, the supervisors and their direct reports are dissatisfied with the work environment. Phone Supervisor Rachel, in particular, is clashing with Robert and is conflicted about how to handle the situation.

Main Topics

Leadership, Human resource administration

Secondary Topic

Organizational culture

Teaching Purpose

To examine the fit among leadership styles, organizational goals, and employee motivation, and how change can clash with the culture and impact employee morale.

The Organization

The case examines a phone center in a fund-raising department at a state university.

Main Characters

- Amelia McKenzie, Director of Annual Giving
- Robert Kinbote, Assistant Director of Annual Giving
- Rachel Hewett, Phone Center Supervisor

BACKGROUND

The University of Southern Phone Center is a subdivision of the Annual Giving Department, the functional area in charge of university fund-raising. The Phone Center employs university students who call up to 40,000 alumni each year to solicit donations, which account for the majority of all pledges made each year. The Phone Center is an intimate organization with a small number of student fund-raisers and supervisors. Team morale is especially important because callers have to enthusiastically sell the idea of donating to the university to get results. The Phone Center has fund-raising goals that must be met each year. Goals include a total donation target, the number of alums who donate, and increasing donation amounts of previous donors.

PHONE CENTER ENVIRONMENT

Until six months ago, the Phone Center consisted of a hierarchy of positions that was quite simple: director of annual giving (Amelia), Phone Center supervisors (Rachel, Jesse, Christine, and Jeremy), and fund-raisers (various university students). Daily shifts at the Phone Center were managed by one of the four supervisors, each of them working three shifts per week. Amelia oversaw the supervisors, who in turn submitted a nightly report and attended a weekly meeting. Before beginning the application process for a position as supervisor, students had to be fund-raisers for at least two consecutive semesters. Therefore, each of the four student supervisors had previously done fund-raising for the Phone Center and knew what it took to get results.

The supervisors were given the autonomy to create motivational techniques and incentives for success, monitor calls and coach fund-raisers, and set goals and follow-up schedules with each of the fund-raisers who worked under them. Amelia trusted the supervisors to use their discretion on discipline, attendance, and coaching matters. She relied on them to follow Phone Center policies to the best of their knowledge. Amelia worked during the days, but since the students also made calls in the evening, it became the student supervisors' responsibility to do all of the statistical reporting from the shift and to keep track of attendance and time cards. Because the supervisors had autonomy and independence, their work procedures and expectations were not strictly defined and they exercised creativity in decision making and coaching.

There was a strong rapport among Amelia, the supervisors, and the student fund-raisers. When hired, students were introduced to everyone and socially integrated into the department. Introductions and "get to know you" games were organized at the beginning of every shift. There was friendly competition between teams when games were played and between individuals when bonus incentives were at stake. The supervisors developed the games and competitions to address the areas that could be improved in the Phone Center and the goals they were trying to meet in fund-raising.

The Phone Center truly had a team environment. Supervisors and fund-raisers helped one another by acknowledging good work, giving one another advice on how to handle difficult questions and refusals from alumni, and quizzing one another on university facts. The supervisors often implemented role-play situations before shifts began in order to simulate common situations that fund-raisers ran into while on the phones for a specific fund. Unless trustees (those alumni who pledge more than \$2,000 per year) were in the building, the dress code was always casual in the Phone Center. It was designed to have a fun, youthful atmosphere. Students were encouraged to take time to establish rapport with alumni by inviting them to hear university speakers, participate in tours, or attend sporting events in addition to asking for their financial support.

Fund-raisers were allowed a fifteen-minute break for every four hours they worked, but the structure of the breaks was flexible. The break could be taken any time after an hour into the shift, and the fund-raisers were given the option of not taking their break if they were "on a roll on the phones." If that were the case, they could leave fifteen minutes early at the end of their shift. If a fund-raiser were struggling in the middle of a shift, a supervisor would usually pull him or her off the phones for a break and talk about new ideas to try on the phone. Overall, the flexible timing of the breaks created a positive atmosphere for the student workers and helped them better meet their goals.

When the fund-raisers met major project goals, the supervisors would plan Phone Center events such as trips to the bowling alley, a movie night, dinner at a restaurant, or a pizza party to reward them for their hard work. On pizza party nights or for the holiday party, the Phone Center would be closed the last two hours of the shift for the celebration. Supervisors also organized weekend outings for the staff to increase morale and keep the Phone Center a fun place for students to work.

Overall, the Phone Center usually met but didn't exceed its annual goals. The goals were set in collaboration between Amelia and the executive board and were considered realistic financial targets. However, the economic downturn and decreasing endowment were making it essential for the university to acquire additional external funding. This was putting pressure on the Annual Giving Department and the Phone Center to raise their goals and bring in more alumni donations. At the same time, Amelia's job responsibilities were increasing and she found it difficult to manage all aspects of her job.

NEW STRUCTURE AND ASSISTANT DIRECTOR

In order to provide stronger oversight to the Phone Center and help it reach higher goals, Amelia and the executive board created the position of assistant director of annual giving. This decision changed the managerial design and organization structure of the Phone Center. The main duty of the new assistant director was to oversee the management of the Phone Center, thus

relieving Amelia of direct supervision of the Phone Center staff. This in turn allowed her to focus on higher-level fund-raising issues.

Robert was hired as the assistant director. He was a university alum who had previously worked as a fund-raiser and a supervisor in the Phone Center before graduating. Rachel and Jesse, two of the senior student supervisors, had worked with Robert and considered him a friend. Robert had been their supervisor when they were first-year students, and they had been equals with Robert when all three were hired to supervisor positions. Rachel and Jesse were excited that the assistant director would be someone they knew and respected. They remembered Robert being relaxed, laid-back, and respectful. They also remembered that he was the first to volunteer to leave a shift if there were not enough fund-raisers signed up to warrant two supervisors on the shift. Robert did not take his job as supervisor too seriously and had just done what he needed to do to get his paycheck. He was fun to be around, but not really a strong leader. They assumed he would be the same old Robert.

According to the new structure and job description of assistant director, Robert was going to be at five of the seven weekly Phone Center calling shifts to direct the fund-raisers and the supervisors, adding another layer of management. The student supervisors, Rachel, Jesse, Christine, and Jeremy, were now to complete the regular nightly report and meet weekly with Robert instead of Amelia. Robert also would directly supervise them during a shift. This was a major change in the work environment that gave them less autonomy and discretion. The supervisors now felt that they had to look over their shoulders when Robert was on a shift. Figure 1 depicts the new structure.

It was immediately clear that Robert's leadership style was much different from Amelia's. Robert was very strict, and his number one priority was raising the most money possible on each shift. Incentives, creativity, and entertainment were far down on his list of priorities. The supervisors, on the other hand, were accustomed to creating a fun environment where employees would want to raise as much money as possible. They liked to inspire, not

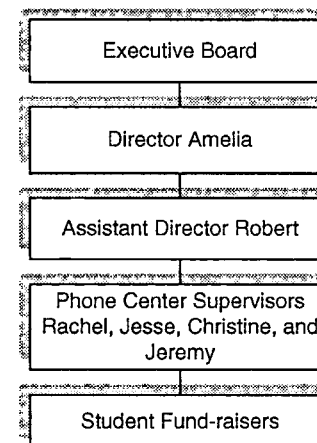


FIGURE 1 New Phone Center Organizational Structure

mandate. Robert's style clearly clashed with the Phone Center's culture and the preferences and expectations of the supervisors and fund-raisers.

CONFLICT BETWEEN RACHEL AND ROBERT

One of the supervisors, Rachel, was the most dissatisfied with Robert's leadership and management approach. Rachel was the most experienced supervisor on the team. Although they had worked together well in the past, Robert wanted nothing to do with Rachel's ideas for creative innovations. For example, Rachel had suggested splitting up the fund-raisers into mixed teams of top fund-raisers and struggling fund-raisers to compete in a "Survivor" game. Robert, however, wanted to see all the callers in their seats before the shift started, and he didn't want any of them to be out of their seats except on their breaks. Rachel's ideas for the game would not work very well in an environment in which the fund-raisers were not allowed out of their seats to celebrate pledges or to participate in a game or activity.

Rachel was disappointed that Robert was not allowing the supervisors as much freedom or creativity in decision making as they formerly had. This freedom allowed them to create motivational games, competitions, or incentives while keeping up morale so fund-raisers were excited to come to work. Before Robert came into the office, the supervisors used team games such as "The Amazing Race," Phone Center Monopoly, bingo, basketball, and "hot potato" to keep the fund-raisers excited about participation, upgrades in gifts from the last amount an alum had given, and credit card gifts. Now, Robert insisted that the supervisors should not be out of their seats to play a game after getting a pledge because that was wasting good time during which successful fund-raisers could be soliciting another pledge.

Robert also cut back on the fund-raisers' break time and was inflexible about how that time was to be used. He did not trust the fund-raisers to take their break when they felt they needed it. Instead, he insisted that every fund-raiser take his or her break at exactly 7:30, and if they were on a call at that time, then they didn't get their full ten minutes. Rachel remembered how much she needed breaks when she was a fund-raiser, and she was angry with Robert for taking five minutes away from their break and their freedom of when to take it.

Robert refused to close the Phone Center for outings as a reward for meeting project goals; he also thought that bringing in food for break time would make fund-raisers lose their focus. He wanted the Phone Center to be about business and making money. As a result, the fund-raisers didn't seem as excited about getting a pledge because the games and incentives they were used to were nearly eliminated. Rachel felt as though she was letting the fund-raisers down rather than rewarding them for their hard work and motivating them to get back on the phones. Rachel now felt that her job was not fun, exciting, or rewarding anymore, and she started dreading going to work. With the supervisors having less freedom to create fun activities in the Phone Center, morale was negatively affected across the board.

CENTRALIZED DECISION MAKING AND AUTHORITY

Robert believed that he knew what was best for the Phone Center. After all, he was now responsible for its fiscal success in fund-raising. Robert wanted to take advantage of the skills of his best fund-raisers in order to get the best statistics every night. To him, this meant they needed to work nearly every shift and stay on the phones the entire time to make the most contacts possible. The supervisors thought that Robert should also focus on what made his best fund-raisers as good as they were: skill development with help and coaching from supervisors.

Robert's method was to constantly monitor fund-raisers to ensure that they were doing their best on every single call. Robert was not afraid of using the fear of getting caught using the incorrect techniques on the phone to make certain that the fund-raisers were always acting with a view to bringing in a profit. The supervisors believed that the fund-raisers should not always be in fear of losing their job and should be able to express their own styles and try different techniques in phone conversations, connecting with alumni and positively reflecting the university. Robert thought that the fund-raisers' paychecks were the motivation for them to do well because he could always take them away by firing them. The supervisors believed that fund-raisers needed motivation that went beyond the hourly wage by involving fun, friendly competition, prizes, bonus incentives, and rewards. Robert often said, "This is one of the best-paying jobs in town for students. Isn't that enough? That should be all they need."

After about a month with the new structure in place, Rachel, Jesse, Christine, and Jeremy were informed in a weekly meeting that three new student supervisors would be hired instead of the one or two additions that were previously planned for the next semester. This brought with it the stipulation that each supervisor would now be supervising two shifts per week instead of three and would be in the role of student fund-raiser one shift per week (thus replacing one supervisor shift with one calling shift each week).

All four supervisors were shocked because Robert had not even brought up this idea before, so they had had no time to digest it. Robert made this decision without considering input from Rachel, Jesse, Christine, or Jeremy, even though they used to be equals in the organization. Rachel was especially hurt because this was her third year as a supervisor, and Amelia had always listened to her opinions and input before making a big decision like this that would affect her position. There was immediate tension in the room because the supervisors felt robbed: they had worked hard as fund-raisers and, through the interview process, advanced to supervisors so they would graduate to higher responsibilities than just the phones. Rachel asked Robert why he had made this decision, and he stated that supervisors should be some of his best fund-raisers because of their training, and the whole point of the Phone Center was to raise money. Rachel understood that fund-raising was the main reason that the Phone Center had been created, but she also knew

that alumni outreach and education were equally important in gaining alumni support. She believed that Robert was interested only in money and not in the talented people who were working for the Phone Center.

With these new rules in place, the boundaries concerning interaction between supervisors and fund-raisers broke down. The lines of authority had become unclear. This was because the supervisors were in the position of being the fund-raisers' equals one shift per week and their supervisors with authority over them two shifts per week. Rachel was uneasy and nervous because she needed to prove that what she was coaching the fund-raisers to do two nights per week would bring her success also (practicing what she preached, so to speak). Moreover, because Rachel had only one night of calling statistics per week; a bad night on the phone could be detrimental to her weekly stats, which could tarnish her credibility in the eyes of the student fund-raisers she coached. Rachel felt as though she had been demoted by having to work one shift per week at a lower level in the department hierarchy than what she was hired to do. Jesse, Christine, and Jeremy told her they felt the same way, but they didn't want to stand up to Robert and risk losing their jobs or making Robert dislike them for questioning his authority.

Rachel was very unhappy in her position as supervisor, and she knew she could not hide her discontent while coaching the fund-raisers or working with fellow supervisors. She tried to leave her bad attitude at the door before she walked into the Phone Center, but she knew she just was not being as effective in doing her job as she once was. Rachel believed that her options were (a) to quit because she was no longer as respected or effective in her position; (b) go over Robert's head to Amelia and express her concerns professionally, explain her unhappiness, and see what Amelia could do to remedy the situation; or (c) try and mediate with Robert in a private meeting.

Rachel did not want to give up the job she had worked so hard at for three years, but she knew she would not be effective or happy if she stayed under these circumstances. Rachel knew that Amelia had faith in Robert and that just because his management style was different from Amelia's didn't mean that he was wrong. Rachel did not want to look like a tattletale to Amelia, and she did not want to make it look like she could not adapt to new situations. Rachel also knew that a meeting with Robert would prove to be difficult because he was set in his ways and saw her as being below him in the hierarchy. If she did choose to meet privately with Robert, she would have a difficult time keeping emotions out of the conversation. Rachel didn't know what to do.

Discussion Questions

1. What are the strengths and weaknesses of Robert's versus Amelia's leadership styles?
2. Describe the approach to motivation that appears to work best for the student fund-raisers. How does Robert's style conflict with this approach?

3. Do you think that Robert was hired to bring about change? How could Robert and Amelia have better prepared the Phone Center for the changes in leadership and culture?
4. What action steps do you suggest for Rachel? How can she balance her desire to excel at her job with her dissatisfaction with the new management style?
5. What needs to be done to improve the morale of the Phone Center staff before it's too late? How can the Annual Giving Department reach its higher goals?

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13

COMMUNITY HEALTH CENTER CASE

Jennifer M. Giancola,
Robert A. Cropf, and
Jacquelynn Orr

OVERVIEW

Abstract

This case demonstrates the importance of aligning strategic and operational plans with environmental needs. It examines For the People (FTP), a community health center that is part of a larger health provider, DUNN Community Care. FTP faces a rapidly changing environment and needs to adapt quickly to remain viable. However, the parent organization, DUNN, is obstructing some much-needed changes such as participation in the Governor's Change Initiative. The FTP director, Miranda Jackson, knows her organization needs to innovate to survive but lacks the financial and human resources and political support to enact new strategies.

Main Topics

Planning, Strategic management

Secondary Topics

Reform, Organizational culture

Teaching Purpose

To encourage students to think at a macro level by discussing the development, implementation, and communication of a strategic plan in an organization

The Organization

The case examines a community health center that is part of a larger nonprofit health care organization.

Main Characters

- Miranda Jackson, Director of FTP
- DUNN Board of Directors

BACKGROUND

Community health centers were developed to address complex issues related to disparities in access and care within the American health care system. There are now more than 1,000 federally funded community health centers throughout various underserved communities in the United States. Over the past forty years, community health centers have expanded; today's community health center network is one of the nation's largest primary care systems.

For the People (FTP) is the largest community health center operating under the multifaceted, nonprofit health care provider DUNN Community Care. The FTP facility is on a main thoroughfare with good access to public health center and other services, and it is the only Federally Qualified Health Center (FQHC) in its service area. FQHCs are community owned and operated health centers for the underprivileged. Because it is an FQHC, FTP can work directly with Medicare and Medicaid, as well as apply for federal funding to support the organization.

For more than 40 years, FTP has been serving a large urban community of nearly 2.5 million residents. FTP's target population is the more than 575,000 uninsured and underinsured residents from various backgrounds and minority groups, 95 percent of whom live at or below 200 percent of the federal poverty level. When the health center was first opened, patient care was provided in a modest double-wide trailer; now FTP and DUNN have more than ten large medical clinics, twenty school-based centers, and a number of other medical facilities in their network.

DUNN STRATEGY

FTP has a director who is responsible for overseeing the health center, but who must ultimately answer to the DUNN Board of Directors. Since DUNN is designated as a FQHC, the organization is required to be governed by a community board with a patient majority—that is, a majority that reflects the population the health center serves.

Three years ago, the Board decided that the entire organization needed to examine its strategy and goals. On a national level, health care costs were going up, and the number of people without adequate insurance was becoming a salient political issue. At an organizational level, the Board realized that all the DUNN affiliates were going to have to begin operating more efficiently if they were to survive.

The Board hired an outside consulting firm to assist with the facilitation of an extensive strategic planning process. The planning committee included the board members who met for a two-day retreat to devise a plan for the entire organization. The process included collecting and reviewing data from various stakeholder groups. A SWOT analysis was conducted to help determine the strategic direction and goals of the organization. In the SWOT, the board looked at internal strengths and weaknesses and external opportunities and threats to determine leverage points and strategic direction. The DUNN

Board and outside consultants established three strategic priorities focused on patients and employees:

- a. Eliminating health disparities and improving access;
- b. Delivering quality-driven and cost-effective primary and preventative care; and
- c. Facilitating economic and community development of the service area.

In addition to these strategic priorities, the Board decided to pursue a stability strategy. This would ensure that the organization remains the same size and meets stakeholders' needs while cutting costs. Given that not all parts of the DUNN organization have the same structure and needs, the Board allowed for some flexibility on the individual health center level. The centers were given the strategic plan and directed to develop "business-level" goals and tactical plans.

FTP'S BUSINESS STRATEGY

Whereas the DUNN board is concerned with the long-term viability of the parent organization, the FTP director and staff are busy trying to make sure that their particular clinic excels. FTP can concentrate on this goal because the DUNN Board has given each business unit the authority to "address the competitive aspect" of each facility by allowing the directors to develop their own business strategies. Hence, FTP creates its own sub-strategy to tailor planning efforts to its unique situation. Although it functions independently, FTP must work within the vision and mission of the larger organization.

FTP has used its freedom to define itself as a different sort of health care center: one that offers superb care and respectful treatment to all patients, no matter their background. The organization has presented itself as a quality-care provider for the uninsured or the underinsured, who together comprise up to 64 percent of FTP patients. To date, the differentiation strategy has been successful for FTP and has translated into satisfied patients who consistently return to the facility. In a recent patient satisfaction survey, more than 90 percent of surveyed patients reported high approval of FTP facilities and its staff.

Although FTP has adopted a differentiation strategy on the business level, the individual service departments have used a low-cost strategy that incorporates corporate- (DUNN) and business- (FTP) level strategies. The administrative team also adopted a "low cost ≠ low quality" mantra, encouraging FTP staff to deliver top-notch care at the lowest cost possible.

A NEED FOR INNOVATION

Just a few years after the Board engaged in the strategic planning overhaul, Miranda Jackson, FTP's director, began to feel that DUNN's priorities matched less and less with the challenges FTP was confronting. Since the

strategic plan was implemented, Jackson and many of her health center employees began to observe a drastic shift in the makeup of their community and clients. A majority of the people coming into the clinic were non-English-speaking (mostly Haitian-Creole and Spanish), most were not U.S. citizens, and many did not possess appropriate immigration documents.

Despite some obstacles, FTP had a number of strengths. A \$500,000 exterior renovation project was completed six months earlier. FTP's status as one of the community's best employers helped in the recruitment and retention of staff. Over the past two years, the local Department of Health had provided a \$20,000 subsidy for operational costs. And, new funding streams from automated Medicaid managed care plans and new health care legislation were on the horizon.

Although Miranda and the FTP administrative team wanted to adopt DUNN's "low-cost" policy during this time, employees were complaining that some costs were simply unmanageable because of the changing clientele. There was a need for trained staff members to act as translators for the medical and administrative staff, and often the clinic had to seek legal council to deal with immigration issues that could impair access to or quality of care. Most FTP employees truly wanted to help their clients, but they felt a great deal of pressure to achieve the financial and competitive goals promoted by DUNN's leadership.

The corporate office for DUNN did not address the need for innovation or aggressiveness that Miranda knew was indispensable in the competitive and dynamic health care field. The Board's inability to address these elements was compromising FTP's ability to remain competitive and viable within its service areas. As a result, Miranda began to actively go to DUNN's Board to inform it of what was needed to serve FTP's target population. Unfortunately, the Board was slow to respond to Miranda's requests. She became frustrated that the Board could not produce more innovative strategies to deal with FTP's rapidly changing environment.

GOVERNOR'S CHANGE INITIATIVE

Miranda and the team of grant writers at FTP were always looking for new government programs that could improve their organization. When one of the staff members presented Miranda with a new state program supporting innovative programs, she was eager to learn more. The Governor's Change Initiative, specifically, was designed to help organizations meet the needs of the changing health care environment. This seemed like a perfect way for Miranda to fund the strategic changes that needed to occur at FTP without financially burdening DUNN.

Miranda submitted a Governor's Change Initiative proposal to the DUNN Board for approval with the goal of being the alpha test site for new strategies within the organization. Miranda hoped that implementing these strategies would make FTP more competitive and adaptable. She and the staff were excited that making some simple changes could ultimately provide

better patient care. Much to their dismay, however, the DUNN Board of Directors did not immediately approve the proposal.

Miranda knew that the strategic and tactical recommendations in the Governor's Change Initiative were important for FTP's survival. Forecasted results confirmed that FTP was at risk of losing a large amount of their market share in the next five years, because of both a lack of community partnerships and a loss of government funding opportunities. Neither FTP nor DUNN had any financial or operational partnerships with any of the local hospitals or community health centers, and another prominent community health care organization had lost government funding three years earlier and had been forced to close. Although the DUNN Board tried to engage in strategic planning for the benefit of the organization, it had consistently failed to take these kinds of environmental factors into account during the planning sessions. Miranda believed that implementing the Governor's Change Initiative was a risk worth taking, and that the Board was hindering FTP's ability to innovate and adapt.

After another disappointing conference call with DUNN board members, Miranda returned to her office, worried about the future of the organization she cared for so much. She expected the Governor's Change Initiative, with its financial modifications and new management techniques, to provide FTP's administration and staff with the opportunity to evaluate and implement various creative options for delivering quality services while implementing a new strategic and financial plan. However, the reliance of DUNN leadership on the traditions of the organization instead of addressing emerging trends could contribute to a significant loss of market share and potential funding opportunities in the near future for the entire organization. DUNN's efforts at strategic planning did not seem to reflect the issues that were so obvious to the FTP director and staff. With new funding streams would probably come more competition for those funds, and Miranda was ambivalent about whether or not the DUNN Board could weather the increasingly turbulent health care environment. Miranda was in a bind: she could almost touch what needed to be done, but because of the Board's inertia, it was just beyond her grasp.

Discussion Questions

1. Why do you think the Board opposes Miranda's recommendations? Do you think it is a reasonable position for the Board to take? Explain.
2. Does FTP have a real need to change its strategy? Explain.
3. What action steps would you suggest for Miranda to meet conflicting stakeholder needs, including those of the Board and FTP clientele?
4. What suggestions would you give to DUNN to improve future strategic planning processes? How could it better communicate and implement the plan throughout the entire organization?
5. How can DUNN better align its strategy with the health care environment? How can it better align the strategy with the internal structure and culture?

Discussion Questions

1. What responsibilities, ethical and organizational, does Patricia have to the Johnson Medical Center? Explain.
2. How might Patricia enlist the national organization in her efforts to change the hospital's position? Explain.
3. How should Patricia have communicated her contact with Tillinghast to her superiors? Explain.
4. What would you have done if placed in this scenario? Why?
5. How might your decision affect the organization's image and networking within the community? Explain.

11

**OAKDALE
ADMINISTRATOR CASE**

Robert A. Cropf,
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Coley Lewis

OVERVIEW**Abstract**

This case examines the political trade-offs and tough decisions that must be made to restore a municipal government to fiscal stability. In an era of flat revenue growth or decline, many municipalities face stark choices regarding economic development and growth. Oakdale, a suburb of a medium-sized city, is struggling to compete with the more prosperous and attractive surrounding municipalities for redevelopment projects and business investment. Complicating the situation is a scandal involving the previous city administrator who was found guilty of violating state ethics laws and gross fiscal malfeasance.

Main Topics

Decision making, Financial management

Secondary Topics

Political context, Ethics

Teaching Purpose

To put students in the shoes of municipal officials as they struggle to balance the budget and at the same time provide their residents with a higher quality of life.

The Organization

A small suburban municipal government with a weak economic base in the inner suburbs of a large city.

Main Characters

- Ernest Hoffnagel, Former Mayor
- Angela Donny, Former City Administrator
- Allen Hauser, Alderman
- Helen Robison, Alderwoman
- Paul Asher, new City Administrator
- Marie Clarkson, Interim Mayor

BACKGROUND

The history of Oakdale dates back to the early nineteenth century and to territories originally occupied by French and Spanish traders. There have been human settlements in the area since that time. In 1941, Oakdale officially became a state-chartered municipality and in the process established its current city government structure, creating the positions of mayor and board of aldermen and building a city hall. The current organizational chart for the City of Oakdale can be viewed in Appendix A.

Oakdale currently has a population of about 5,000 citizens according to the most recent census. The majority of Oakdale citizens are considered lower middle class, with a median income of \$47,869 and a median house value of \$100,900. The majority of the residents (65 percent) are white. However, a significant percentage (29 percent) is African American. The rest of the city's population consists of Native Americans and Hispanics.

Among the surrounding municipalities, Oakdale is considered something of an eyesore. So much so that citizens on the dividing line between Silver Lake City and Oakdale consider themselves residents of Silver Lake City, and even go so far as to claim that city as their mailing address. Their reasons for disavowing Oakdale are varied, but chief among them are the city's worn-out central business district and drab-looking neighborhoods. The illusion has so far worked; postal employees deliver the incorrectly labeled envelopes to those who wish to be considered residents of Silver Lake City.

Although image cannot determine the true value of a community, certain neighborhoods do appear worn, even, in some cases, seriously dilapidated. The architectural design of many retail shops and commercial establishments is outdated. Although some remodeling has been completed, along with the construction of a few new buildings, the city's business district lacks overall design consistency. Whether in a residential neighborhood or off the main artery in Oakdale, one retail store or home may look appealing and up to date; then next door, there will be another one in serious need of repair. As a result, the city appears in economic decline, which serves as a serious impediment to attracting new residents or businesses that might invest in the community. According to the city's auditors, the budget of Oakdale in 2008 was approximately \$3.5 million, essentially the same as the year before. Compared to similar-sized municipalities in the same state, Oakdale lags behind in terms of

both revenues and expenditures. Therefore, city government has little in the way of available money for new projects. Without a change in the city's business climate, Oakdale's revenues and expenditures will likely decline. For instance, Silver Lake City, Oakdale's neighbor, has a population of just over 7,000, but its median income is \$109,345 and the median house value is \$359,888—both figures significantly greater than Oakdale's. Silver Lake City also has a higher percentage of white residents than Oakdale with 89 percent of the population being white. Silver Lake City's municipal budget is \$6.7 million and has shown slight increases every year.

In April 2003, Ernie Hoffnagel, a former alderman, was elected mayor of Oakdale over the incumbent, Carl Bean. Hoffnagel, a slight man in his late fifties and a car salesman by profession, focused his campaign on revitalizing the city by attracting new businesses and residents. About a month before the election, on March 12, 2005, the local Oakdale newspaper published an interview it had recently conducted with Hoffnagel, in which he stated the following:

This city has been in the shadows of neighboring municipalities for too long. It's time that Oakdale creates a new identity for itself. It needs a new brand: something jazzy. Too many houses and businesses are unkempt and just plain decrepit. As mayor, I'll enforce the codes; we'll have more rigorous housing inspections and see to it that our retail centers are remodeled, catching the eyes of nonresidents. I want each and every visitor to leave saying, "Wow, Oakdale is one neat place!"

Oakdale voters were immediately taken with the diminutive Hoffnagel's enthusiasm. Incumbent Carl Bean, a certified public accountant, who was more analytical than charismatic, asserted that Hoffnagel's claims were too idealistic and not fiscally feasible. Whereas Hoffnagel talked change and improvements, Bean worried over costs and budgets. Ever the politician, Hoffnagel used Bean's cautious conservatism to his advantage, contending that his opponent had not only failed to bring in new business but had not done enough as mayor to raise the city's reputation. Bean countered by enumerating all his successes during his term. However, it had little impact among the voters; the improvements, for example, fixing sidewalks here and repaving roads there, seemed relatively slight in comparison to the city's mounting image problems. The voters overwhelmingly supported the salesman, Hoffnagel, who promised a rosy future for Oakdale.

REDEVELOPING OAKDALE

With his victory, Mayor Hoffnagel quickly moved to terminate the previous administration's staff and bring in his own people. Hoffnagel's most significant and controversial appointment was that of Angela Donny as the city manager. Donny had an infamous reputation throughout the region.

In twelve years of local city government positions, she had worked in no fewer than eight municipalities. In fact, the International City/County Management Association (ICMA) had investigated her actions a half-dozen times and had issued two public censures. When her past record was revealed to Oakdale citizens, there was an immediate outcry, including many calls for her resignation. Mayor Hoffnagel consequently called an impromptu press conference, at which he made this brief statement:

I have known Angela for twenty years and worked with her for five. Much like me, she has made and acknowledged her mistakes. Yet, her actions were not criminal, but they were done out of a desire to make changes and improve lives. My administration will not be about waiting, but about evolving. To that end, I ask you to begin the healing process and overlook her early mistakes made out of an over-eagerness to reform.

The mayor had some clear ideas about changing Oakdale and he thought that Donny had the experience and energy to help achieve his vision. A year before Hoffnagel's election, the Oakdale Board of Aldermen discussed a blueprint for the construction of a new city center project. By the time of Hoffnagel's election, the redevelopment project was still in the design phase. At a Board of Aldermen meeting in April 2003, Mayor Hoffnagel, in his typical imperious manner, announced that plans for the redevelopment project needed to be put into action immediately. The Mayor, in his address, appeared anxious and somewhat frustrated that more had not been done with the project. He declared that quicker completion of the complex would save the struggling city. According to the minutes of the meeting, Mayor Hoffman concluded his speech, saying:

In order to get this project off the ground, I have instructed City Administrator Angela Donny to issue requests for proposals (RFPs) for a project manager. I, under mandatory procedure, will conduct an initial analysis of the project determining its feasibility.

The board was stunned into silence by the mayor's announcement. Surprised by the mayor's unilateral decision, Allen Hauser, a long-time aldermen of Ward II, muttered to nearby Helen Robison, a new alderwoman from Ward III, "We need to watch this guy."

Only a week later, Donny reported that she had not only signed a contract with a project manager, but with an architect as well. The Board of Aldermen along with the Economic Development and Planning and Zoning Committees were taken aback by the almost complete lack of due process and asked to review the RFPs at the April Board of Aldermen meeting in order to determine whether Donny had given all interested parties an equal opportunity to bid on the two contracts. An exhaustive RFP process ensures that the city is not only receiving the best price for the service but that the city is also

aware of all its options. Donny responded evasively to the board's request, "I do not have them currently with me, but I will make sure all interested parties will receive them in the near future."

By July, the aldermen, the committees, as well as informed citizens still had not heard from City Administrator Donny regarding the RFP process. When the "old business" section of the agenda was completed, the following dialogue occurred between Alderman Hauser and City Administrator Donny according to the minutes:

HAUSER: Where are the RFPs, Ms. Donny? It has been three months and no one has heard anything. Yet, the plans to begin construction after the acquisition of the land seemed to be moving forward. Where are the RFPs?

DONNY: I do not know. My staff and I have been unable to locate them.

HAUSER: What do you mean? Are they lost?

DONNY: Yes, at the moment. (Hands Hauser form disclosing total cost.)

HAUSER: So, without consulting other administrators, you decided what parties would best complete the job isolating the rest of us from the decision-making process. All you have submitted on this multi-million-dollar project are total costs of more than \$300,000.

Donny's inability to produce the missing RFPs proved the last straw for the frustrated aldermen and portended worse to come. The board, now concerned about the redevelopment project that it never approved, asked to see the preliminary analysis supporting the economic feasibility of the project. Mayor Hoffnagel assured the board of the practicality of the endeavor, but the board could not be dissuaded by the mayor's reassuring language. As a result, two independent firms were contracted in July to assess the feasibility of the project, but there was no assurance from either firm that its assessment would be completed before the agreed-upon acquisition of the two properties in September.

As it turned out, the independent firms did not complete their assessments until October. Therefore, the acquisition of the properties for an estimated total of \$4.2 million went forward without opposition. When the board and other interested parties received the independent analyses, the aldermen called an emergency meeting in late October to discuss the economic burden the city had assumed. Before anyone had time to address the state of the redevelopment project, Mayor Hoffnagel quickly denounced the independent firms' results as inaccurate and misleading.

The figures from the analyses in front of the board were quite daunting and depressing. The board, after considering these numbers, realized that the

city was more than \$4 million in debt and moved to terminate the project and sell the recently acquired properties. The mayor quickly responded to the board's action, not directly but through local television, arguing only a few days later that "There are still members in Oakdale's city government who fear change and are scared off by a few obstacles."

After the mayor's statement, the Citizens Review Board (CRB), a voluntary organization composed of appointed residents from local neighborhoods, spoke to the aldermen in a meeting later that month. The CRB argued that the citizens wanted to see the completion of the project because it provided a chance for economic growth and new revenue streams.

As the tension over the issue grew, the ICMA Committee on Professional Conduct instigated another investigation into the practices of City Administrator Donny in February. After only a few weeks, the committee revealed that Donny had failed to ascertain and distribute the proper number of RFPs, employed individuals unqualified for their positions, had not demarcated or updated the responsibilities of her staff, and generally behaved in an unethical manner. Consequently, the committee expelled Donny from her position in the same month. With Donny's termination, it appeared that Mayor Hoffnagel had little room to maneuver.

In March 2004, at a Board of Aldermen meeting, according to the minutes of that night, Aldermen Hauser addressed the situation with Donny and Hoffnagel:

As I sit here, the city of Oakdale is in bitter turmoil. What began as a project of hope has become one of despair. In what has proven to be unethical violations by former City Administrator Donny and what I believe to be lack of leadership on the part of Mayor Hoffnagel, there is now a schism in the local government and amongst the residents. Mayor Hoffnagel (pointing emphatically in his direction), you once spoke about getting work done, here's your chance!

Later that month, Mayor Hoffnagel resigned from office a broken man, leaving many questions to be answered. For the city of Oakdale, which had been searching for ways to reinvigorate itself, the development project that appeared to be the answer had turned into a major problem.

A CHANGE OF ADMINISTRATION

By June 2004, the Board of Aldermen and the committees had appointed an interim mayor and city administrator until the next elections in 2006. Marie Clarkson, a former city administrator and mayor of a small city in Minnesota, was selected as the interim mayor. Although Clarkson was a credible choice, she had been retired from local city government work for nearly ten years. Since her retirement, Clarkson had become a realtor in the same city she once served. Hauser, a friend of Clarkson's, knew of her success in

Minnesota, and believed that she was the right person to regain the city's balance of authority and direction. Moreover, Paul Asher, who received his graduate and doctoral degrees from local universities, was selected to act as the interim city administrator. Asher, however, had little in the way of practical experience as a city administrator. While in graduate school, he interned under the city administrator. Offered a position after his internship, Asher declined citing a change in careers. He worked on two congressional campaigns and took a position on a politician's staff in Washington, D.C., before returning to the area. He took a job as the city manager of another nearby municipality and had only been there a few months before he received the phone call from Oakdale.

After a week of adjusting to their new roles, Asher and Clarkson corresponded with one another and decided to meet informally to discuss Oakdale's predicament. After pleasantries, Asher quickly got their dialogue focused on Oakdale's redevelopment project.

Since his arrival, Asher had been compiling data in order to redress the economic inefficiencies of the previous administration. Asher relayed to Mayor Clarkson that there were several ways in which this problem could be addressed. Clarkson quickly interrupted Asher to remind him that they were operating against the clock. Not only were the citizens of Oakdale referring to city hall as the "City of Oak-Heads," but developers and interested businesses would be scared off the longer the land sat dormant. Both agreed that a decision had to be made on whether the redevelopment project should proceed or whether it was wiser to shut down the project and find ways to recoup expenditures. Mayor Clarkson explained to Asher that she would call an emergency meeting in the first week of August at which the fate of the project would be decided. This gave Asher one month to find a solution to the multi tiered problem. After they shook hands, Asher walked to his car feeling that the weight of this decision was on his shoulders.

As soon as Asher returned from his meeting, he sat down at his desk, took a sip of cold coffee, and began to chart out the implications of either choice. If he ruled in favor of the decision to proceed with the redevelopment project, then there were both positive and negative outcomes. On the positive side, the redevelopment would increase morale and confidence within the community. It would help keep and attract local businesses. If it was not funded, it would hurt future project proposals. On the negative, as a result of the financial burden of the project, the quality of municipal services would be lower or taxes would need to be raised. For example, in order for the redevelopment project to be completed successfully, all unassigned general funds would have to be directed toward the services related to the complex. According to independent auditors, the Public Works and Police Departments were an estimated \$30,000 over budget in 2004. Cuts would have to be made, but where?

Asher leaned back in his chair, rubbed his face with both hands, and as his weary eyes readjusted, they caught a glance of something that he kept framed on the wall of his office. As he gazed at the picture frame, Asher

recalled the part of the conversation with Clarkson when they discussed the previous administration's ethical lapses. He realized that just as important to the city's reputation as good fiscal management was restoring the city government's integrity. He walked to the left of his desk and looked at the City Administrator's Code of Ethics, the object that was framed on his wall.

Asher was reminded by the code that his decision would ultimately affect the well-being of the residents of Oakdale for not just this year or next but for many years to come. What would be the best way to present the facts of the case to the residents and give them an opportunity to offer their input? Furthermore, it is his duty to make the most fiscally responsible choices for the city. Gambling on a project that may or may not succeed is a bet using the tax money of Oakdale citizens. The analysis was creating a great deal of stress so he went to the window in his office, leaned against it, and began working out the details. Ultimately, if they did proceed with the project, the procedural steps would have to be completed fully and accurately, allowing residents to regain confidence in their government while creating an opportunity for generating new revenues.

On the other hand, if the project was terminated, Asher would be unpopular with the citizens, at least, initially. Then again, the property could be sold, minimizing the city's losses, and a new project, that was better conceived and more transparent in its planning, could be started. At that very moment, a ringing tone came from his computer, which was a signal that he had just received an e-mail. Out of habit, Asher walked over to check it. It read:

TO: City Administrator Paul Asher
 FROM: Aldermen Allen Hauser
 RE: NW/SW Redevelopment Project

I just spoke with Mayor Clarkson about ten minutes ago. She told me the content of your conversation. I agree that something needs to be done to clear up the mess created by Hoffnagel and Donny. But, I will be honest with you: the Board of Aldermen is really torn on this issue. We will be really looking toward you for guidance.

Sincerely,

Allen Hauser

The burden of this problem thus continued to grow. With the content of the e-mail in the back of his mind, Asher began to hash out another scenario. He thought that if he rejected the project outright, then it might hamper other

growth opportunities in the future. Asher was tired, and at this point, he turned off his computer, went to his office door, and turned off the light to head home.

When the day of the August meeting arrived, Asher got up, put on his suit, toasted a bagel, and headed to Oakdale City Hall. As he pulled into his parking space, he noticed that there was a large turnout of citizens. Once he arrived within the building and everyone settled, the meeting commenced. After the formalities, the resolution for the redevelopment project came up for discussion.

Alderman Hauser read the proposal on whether the redevelopment project should proceed or be terminated. Hauser turned first to Paul Asher and asked, "City Administrator Paul Asher, what do you have to say on this issue?"

Discussion Questions

1. How would you address the building problem if you were in Asher's position? Explain.
2. As city administrator, how should professional and personal ethics inform your actions in this case?
3. Being a nonelected official, how can Asher be effective as a city administrator in the local political environment (including the press and interest groups)?
4. Was the use of authority in procuring contracts for a project manager and an architect an individual, departmental, or systemic problem? Why?
5. How should Asher address Oakdale's fiscal issues? What would be his most effective course of action? Why?