

WHY SELF-ASSESSMENT?

Peter F. Drucker

The ninety million volunteers who work for nonprofit institutions—America's largest employer—exemplify the American commitment to responsible citizenship in the community. Indeed, nonprofit organizations are central to the quality of life in America and are its most distinguishing feature.

Forty years ago management was a very bad word in nonprofit organizations. Management meant *business*, and the one thing a nonprofit was not was a *business*. Today, nonprofits understand that they need management all the more because they have no conventional bottom line. Now they need to learn how to use management so they can concentrate on their mission. Yet, there are few tools available that address the distinct characteristics and central needs of the many nonprofit organizations in America.



Although I don't know a single for-profit business that is as well managed as a few of the nonprofits, the great majority of the nonprofits can be graded a "C" at best. Not for lack of effort; most of them work very hard. But for lack of *focus*, and for lack of *tool competence*. I predict that this will change, however, and we at the Drucker Foundation [now the Frances Hesselbein Leadership Institute] hope to make our greatest impact in these areas of focus and tool competence.

For years, most nonprofits felt that good intentions were by themselves enough. But today, we know that because we don't have a bottom line, we have to manage *better* than for-profit business. We have to have discipline rooted in our mission. We have to manage our limited resources of people and money for maximum effectiveness. And we have to think through very clearly what results are for our organization.¹

THE FIVE MOST IMPORTANT QUESTIONS

The self-assessment process is a method for assessing what you are doing, why you are doing it, and what you *must* do to improve an organization's performance. It asks the five essential questions: *What is our mission? Who is our customer? What does the customer value? What are our results?* and *What is our plan?* Self-assessment leads to action and lacks meaning without it. To meet growing needs and succeed in a turbulent and exacting environment, social sector organizations must focus on mission, demonstrate accountability, and achieve results.²

The self-assessment tool forces an organization to focus on its mission. About eight out of ten nonprofits in the country are small organizations whose leaders find it very hard to say no when someone comes to them with a good cause. I advised some close friends of mine, working with a local council of churches, that half the things they are doing they shouldn't be doing—not because they're unimportant but because they're not needed. I told them, "Other people can do those activities and do them well. Maybe a few years ago it was a good idea for you to help get this farmers' market started because those Vietnamese farmers in your area needed a place to sell their produce; but it's going well now, and you don't have to run it anymore. It's time for organized abandonment."³

You cannot arrive at the right definition of results without significant input from your *customers*—and please do not get into a debate over that term. In business, a customer is someone you must satisfy. If you don't, you have no results. And pretty soon you have no business. In a nonprofit organization, whether you call the customer a student, patient, member, participant, volunteer, donor, or anything else, the focus must be on what these individuals and groups value—on satisfying their needs, wants, and aspirations.

The danger is in acting on what *you* believe satisfies the customer. You will inevitably make wrong assumptions. Leadership should not even try to guess at the answers; it should always go to customers in a systematic quest for those answers. And so, in the self-assessment process, you will have a three-way conversation with your board, staff, and customers and include each of these perspectives in your discussions and decisions.⁴



PLANNING IS NOT AN EVENT

When you follow the self-assessment process through to its completion, you will have formulated a plan. Planning is frequently misunderstood as making future decisions, but decisions exist only in the present. You must have overarching goals that add up to a vision for the future, but the immediate question that faces the organization is not what to do tomorrow. The question is, What must we do *today* to achieve results? Planning is not an event. It is the continuous process of strengthening what works and abandoning what does not, of making risk-taking decisions with the greatest knowledge of their potential effect, of setting objectives, appraising performance and results through systematic feedback, and making ongoing adjustments as conditions change.⁵



ENCOURAGE CONSTRUCTIVE DISSENT

All the first-rate decision makers I've observed had a very simple rule: If you have quick consensus on an important matter, don't make the decision. Acclamation means nobody has done the homework. The organization's decisions are important and risky, and they *should* be controversial. There is a very old saying—it goes all the way to Aristotle and later became an axiom of the early Christian Church: In essentials unity, in action freedom, and in all things trust. Trust requires that dissent come out in the open.⁶

Nonprofit institutions need a healthy atmosphere for dissent if they wish to foster innovation and commitment. Nonprofits must



encourage honest and constructive disagreement precisely because everybody is committed to a good cause: Your opinion versus mine can easily be taken as your good faith versus mine. Without proper encouragement, people have a tendency to avoid such difficult, but vital, discussions or turn them into underground feuds.

Another reason to encourage dissent is that any organization needs its nonconformist. This is not the kind of person who says, “There is a right way and a wrong way—and our way.” Rather, he or she asks, “What is the right way *for the future?*” and is ready to change. Finally, open discussion uncovers what the objections are. With genuine participation, a decision doesn’t need to be sold. Suggestions can be incorporated, objections addressed, and the decision itself becomes a commitment to action.⁷

CREATING TOMORROW’S SOCIETY OF CITIZENS

Your commitment to self-assessment is a commitment to developing yourself and your organization as a leader. You will expand your vision by listening to your customers, by encouraging constructive dissent, by looking at the sweeping transformation taking place in society. You have vital judgments ahead: whether to change the mission, whether to abandon programs that have outlived their usefulness and concentrate resources elsewhere, how to match opportunities with your competence and commitment, *how you will build community and change lives*. Self-assessment is the first action requirement of leadership: the constant resharpening, constant refocusing, never being really satisfied. And the time



to do this is when you are successful. If you wait until things start to go down, then it's very difficult.

We are creating tomorrow's society of citizens through the social sector, through *your* nonprofit organization. And in that society, everybody is a leader, everybody is responsible, everybody acts. Therefore, mission and leadership are not just things to read about, to listen to; they are things to *do* something about. Self-assessment can and should convert good intentions and knowledge into effective action—not next year but tomorrow morning.⁸

