

CLOSING THE GAP: WHY NON-PROFITS SHOULD CONTINUE TO “DATE” STAKEHOLDERS EVEN AFTER THE WEDDING

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ABSTRACT

In an effort to better understand the myriad community associations necessary to keep a non-profit organization functioning in a climate of scandal and suspicion, students at Augustana College, a Midwestern Christian liberal arts institution undertook an audit of the college's relationships. Once the audit – which investigated relationships with employees, employers, neighbors, governing bodies, investors, alumni, churches, current students, prospective students and their parents, media, suppliers and strategic partners such as financial institutions – was completed, student teams progressed to developing a community relations blueprint for the college to build upon during strategic planning.

Students were actually approaching stakeholder theory – a business performance tool compatible with a core objective of maximizing shareholder value by providing a framework for the systematic consideration of the interests of parties with which a firm has relationships – in a very practical way.

In order to gather the data necessary for the audit, the professor teaching the advanced marketing course developed an advisory committee comprised of college leaders in the areas of admissions, student services, alumni relations, development, public relations, grant writing, human resources, academic affairs, and career development. The group provided contacts and background information relating to constituencies, relationship goals, current communication efforts, and other pertinent details. Student teams then began interviewing representative members of the various constituencies to determine gaps in current relationships, as identified by stakeholders, and after analyzing the results and considering options they had been studying throughout the semester, devised a 100-page plan to improve or cement those relationships, complete with sources, for college administrators to consider and/or adopt.

INTRODUCTION

Headlines in media outlets around the world proclaimed the sorry state of corporate citizenship in the United States in 2003. Scandals and scalawags at the upper echelons of dozens of iconic businesses such as Enron, Tyco, Adelphia and WorldComm nagged at the consciences of those who teach and study business. For-profit businesses are not the only U.S. sector concerned about reaching out to those around them with reassuring messages designed to bolster trust. In this climate of mistrust, non-profit organizations such as private colleges are increasingly concerned about relationships with those around them. Lewis, Richardson and Hamel (2003) suggest that “donors are increasingly nervous about the use of their monies, governments are concerned about the tax-exempt status of nonprofits, and the public at large is critical of priorities for services provided. Thus, nonprofits suffer under a possibly more diffuse and complex political system than do businesses. Such conditions make negotiation of stakes with nonprofit stakeholders even more potentially treacherous than for businesses situated in fairly stable competitive environments” (p. 405).

A study of American business leaders by researchers at The Center for Corporate Citizenship at Boston College and the U.S. Chamber of Commerce Center for Corporate Citizenship (2004) reinforced this viewpoint, showing that American business leaders “accept the notion that businesses have responsibilities that go beyond making money, providing jobs, and paying taxes. Most respondents (to a national survey) report that their commitment is rooted in tradition and values; eight of ten say corporate citizenship helps the bottom line; and more than half indicate it is important to their customers” (p. 3).

Community relationships based on trust are equally important to the for-profit sector, according to The Center for Corporate Citizenship (CFCC) report. Initiatives in both public and private sectors promote the adoption of corporate citizenship – also defined as social responsibility or triple bottom line by

Elkington (1997) as promoting policies which are economically viable, environmentally sound and socially responsible– from codes of conduct to reporting standards to community involvement activities. Corporate citizenship then has not been limited to creating shareholder wealth, following the law and paying taxes, but also includes being accountable and responsive to stakeholders by building relationships of trust (p. 7).

Across the world in Western Australia, the Chamber of Commerce and Industry (2002) also studied how shareholders, stakeholders, ethics and social responsibility affect business. “Through the media, the internet, activist groups and non-government organizations, people have a greater willingness and capacity to monitor business activities than ever before. And they have the power to reward and penalise behaviour of which they approve or disapprove, through co-ordinated or individual actions as consumers, investors, voters and litigants” (p. 1).

Furthermore, the Western Australian Chamber found, “Many businesses have embarked tentatively or reluctantly on stakeholder-oriented programs only to embrace them with increasing enthusiasm as they are seen to yield dividends” (p. 4). Building relationships has become de rigeur in the non-profit realm as organizations reach out to donors, community leaders, media, lenders, governmental representatives, neighbors and other decision makers. This newfound focus on marketing communications has not been lost on colleges and universities, struggling to differentiate themselves in a cluttered non-profit marketplace.

Augustana College – facing the prospect of a smaller market of college-bound high school graduates, realizing the importance of dwindling federal and state funds, and acknowledging the rise of online educational options – approached the strategic planning process by deciding to first assess the quality of relationships with current constituencies. In a tight economy the Sioux Falls, South Dakota, college turned to its marketing students rather than a marketing research firm in order to measure the temperature of these vital relationships. Once these relationships were “audited,” students were to devise plans to renew, repair or reinvigorate bonds with individuals and businesses “affected by the achievement of the organization’s objectives” (Freeman, p. 46).

This hands-on approach to learning was designed primarily to help students grasp the comprehensive nature of the communication process as it pertains to marketing relationships. Boyer (1990) suggested that passive learning does not foster critical thinking, nor does it enable retention of material. It is this professor’s opinion, echoing that of Mellor (1991), that wrestling with decisions facing marketers daily as they plan communications with their target markets, along with interactive lectures, a textbook, exercises and small group work, is the best way to learn the process.

Collaborative learning is especially appropriate in a course as broad as relationship marketing and with a class of 35 (Gronski and Pigg, 2004). All members of the group are held accountable for the team’s outcome as well as the overall outcome of the project. Positive interdependence is reality in today’s workplace, whether for-profit or not-for-profit.

INTRODUCTION TO THE PROJECT

The college researchers spent fall semester of 2003 working with an advisory board of college administrators in order to determine the college’s current constituencies, develop a convenience sampling of these constituencies, conduct an audit of representative constituency relationships, and finally, draw up a strategic plan that fostered relationships.

All of these activities encouraged student teams to hone their interpersonal communication skills, budget their time wisely, and work with defined “clients.” As student practitioners, Heath, Bradshaw and Lee (2002) say students “need to understand the dynamics of the communication infrastructures where they operate. They must recognize that they are part of a dynamic communication system (p. 345). John Ryan, CEO of Farm Credit Canada, tells Spring (2004), that “an understanding of communication is part of creating outstanding strategy development” (p. 38). In addition to communication and as a tenet of organizational effectiveness, English (2004) points out that all parts of the organization must work together

as a team toward organizational goals in order to achieve customer satisfaction. This was the situation with the college as client, and stakeholders as the college's satisfied or unsatisfied customers.

The project offered three bonuses to student teams: They began to view the college as a business enterprise rather than the usual view as consumers of the product, they were able to leave the class with two additions to their business portfolios, and they were able to interact with potential employers in a businesslike way. The prospect of being able to show potential employers examples of their abilities to conduct relationship audits and then draft tangible plans designed to address deficiencies outlined in the audit supplemented their "employability" as they faced the prospect of post-graduation job searches.

As students began their research, they referred to CFCC's data showing which stakeholders most profoundly influence decisions and actions.

When asked which external stakeholder groups possess the greatest ability to influence business decision-making, respondents cite customers (84 percent) and owners/shareholders (79 percent). Two-thirds identify employees as a factor influencing business decisions. More than four in ten note the influence of government in addition to these traditional stakeholders groups, and more than three in ten cite the influence of local communities and suppliers (p. 12).

Teamwork began promptly as students scheduled meetings with their assigned members of the advisory board. The meetings were designed to ferret out the answers to 10 questions, which formed the beginning of the audit:

1. Who precisely are your constituencies (e.g. to whom do you provide services)?
2. Do these relationships achieve a goal, mitigate a risk, or enhance success (e.g. what is their value to the organization)?
3. What can we do to ensure a win-win relationship (or how can we ensure they see value in their relationship with us and how are we adding value to these relationships)?
4. Do you personally have relationships with your constituencies? If so, is maintaining or building these relationships part of your annual plan? How do you communicate with your constituencies (newsletter, emails, direct mail, website, surveys, events, gifts, etc.)?
5. How do you measure the quality of these relationships (e.g. suggestion box, numbers of donations, survey results, mail turnout at events, etc.)?
6. Who is charged with the responsibility to build and maintain these relationships?
7. Do you have a budget line item assigned to the formation and maintenance of these relationships? If so, how much?
8. Do you have any ideas for improving your current relationships or reaching out to additional constituencies? If so, assign costs, personnel, outcomes, timeframes, etc.
9. What do you believe is the best way to measure success toward the goal of improving relationships? Do you plan to measure success?
10. Who are your competitors and how does the college fare in comparison? What type of relationships do you have with your competitors?

Once these questions had been answered to student teams' satisfaction, team members began communicating with samplings of the constituency groups: Employees, neighbors/community/governing bodies, alumni/investors/churches, consumers (students and parents), media, suppliers/financial relations/strategic partners, and employers.

One team was assigned to explore the college's preparations for crisis management because students determined that the college's reaction to a natural disaster such as a tornado, hostage situation or plane crash would affect relationships with constituencies. Students turned to a large regional hospital as well as municipal emergency services to learn about current and potential crisis management operations. The regional hospital readily allowed students to examine their procedures, including Nelson's (2004) focus on the significance of coordinating a crisis communication plan with emergency response plans, and the importance of identifying the appropriate spokesperson for each target audience. "The purpose of a crisis communication plan is to develop procedures for effective communication between internal and external stakeholders and the media during a crisis" (p. 68).

As Richardson and Vidaurreta (2002) suggest in the course's textbook, "The reputation of a person or company is the sum total of what stakeholders know, feel, experience, and say about that person or company" (p. 131). With that guiding thought, student teams collected anecdotal information from sample interviews with constituency groups to write a 69-page document illustrating the college's relationship web. The executive summary of this document included the following information, which was then utilized to form the backbone of a 100-page report outlining suggestions to repair relationships during strategic planning.

AUDIT EXECUTIVE SUMMARY

Augustana College is reliant upon multiple and myriad relationships to carry on a 144-year tradition of educating Christian students in the liberal arts. These relationships carry the burden of shared responsibility, and the joy of mutual success.

Relationships as reported by employees, employers, suppliers, students, donors, churches, financial institutions, media, neighbors, governing bodies and strategic partners run the gamut from "excellent" to "failing." While the interviews related in this relationship audit are not random, neither are they selected to gather only good news or only bad news.

Perhaps the most striking findings are these:

- Media partners are extremely happy with their growing relationship, largely due to college relations' speedy response time and willingness to find appropriate experts. Parking is sometimes a concern for busy reporters as well as other visitors to campus.
- Financial and construction partners laud swift response, steady progress reports and frequent updates by the vice president of finance. Trust, honesty and openness are descriptors used to characterize Augustana's relationship with financial partners.
- Improved communication is cited by neighbors – both residential and religious – as the path to improved relationships. Letting them know the college schedule so they can plan around sporting events, freshman move-in day, and other activities are high on their request lists. Also, supplying names and numbers to call with concerns would be helpful.
- Complacency marks some relationships, and this complacency (mentioned by several respondents) has resulted in the perception that Augustana is no longer the leading private college in Sioux Falls. Key relationships with alumni, businesses and community leaders are not being pursued and fostered. Augustana's visibility and stature have declined, either in actuality or in perception.
- Students would appreciate improved communications between departments that would facilitate follow-through with questions and complaints.
- Providing a wider variety of evening classes and expanding graduate and degree-completion programs would help meet the needs of traditional and non-traditional students and introduce more city residents to campus offerings.
- Relationships with parents of prospective students seem more solid than those with parents of current students.
- Employers are generally satisfied with their on-campus relationships. However, several employers expressed a desire for a closer relationship with faculty members who are most aware of students' abilities. Employers welcome a more direct contact with faculty who are shaping their future employees.
- An important component to community relationships is campus safety. A committee has been assembled to contemplate crisis management plans and activities, with close ties to police, fire, medical and religious assistance. This endeavor will surely shore up relationships with neighbors, parents, students, faculty, staff and the overall Sioux Falls community.

THE NEXT STEP

Students completed their audit by midterm, presenting their findings both verbally and in written form to their advisory group. Teams got busy incorporating what they had learned from the beginning of the course: that relationships are assets that must be managed as such.

Each team developed an outcome-based plan, as well as an action plan designed to achieve the relationship outcomes, complete with components and budgets. The ultimate goal, which agreed with one expressed by Love (2004), was to enhance the college's community involvement image (p. 18). The plan was again delivered to clients both in writing and in a PowerPoint presentation at the conclusion of the course. Again accompanied by an executive summary, the final action plan, dubbed "Closing the Gap," incorporated more than 100 pages of suggestions and documentation.

CLOSING THE GAP EXECUTIVE SUMMARY

In a relationship audit delivered on October 30, 2003, Augustana College students enrolled in BSAD 410: Community Relations outlined the value of establishing, nurturing and repairing the College's myriad relationships. Long-standing strategic partners benefit from knowledge of one another's operations, and we believe that in the future the value of the college's relationships will be routinely considered in due diligence, and valuations of them will be conducted by strategic partners, investors and other stakeholders.

Bringing Augustana College's relationships into the budgeting process reminds managers that there are people and relationship assets affected by every decision, for better or worse.

In an effort to help College relationship "owners" identify vital relationships, assess the tenor/temperature of those relationships and take corrective/supportive actions, student researchers have addressed relationship "gaps" and constructed options designed to close the gaps.

In this report student teams offer suggestions, including but not limited to these:

- Encourage all campus organizations to use a common scheduling calendar.
- Encourage relationship goal setting, increase a sense of appreciation on campus and heighten the sense of community through family-oriented events.
- Increase funding for advertising of campus events and activities to the greater Sioux Falls community, and concentrate on inviting the community to campus for chapel, events, and to participate in classes as students or speakers.
- Finance media training for the President and Vice Presidents.
- Finalize and implement a campus crisis plan.
- Communicate crisis plans and campus events to physical neighbors, parents, students, media and all on-campus constituencies.
- Increase dissemination of positive story ideas to local media.
- Consider alternative course scheduling and adding masters programs suited to current curriculum and mission.
- Reinstate business symposiums, collaborating with a newly formed advisory group (comprised of alumni in the business community) to identify sponsors, speakers and attendees.
- Continue to ask constituencies if relationships are meeting their needs.
- Invite alumni and donors to participate in the lives of students through scholarships, attendance at events, mentoring, internship supervision, congregation support, and hiring.
- Devote a portion of the web site to answering media questions for contact names, phone numbers, email addresses, specialties, and other quick facts needed for story background.
- Herald relationships with suppliers such as construction companies who make Augustana a better place to live, work and visit.
- Foster more relationships between faculty members and employers, and improve communication with local and national employers through an expanded Career Center board.

Costs for these relationship remedies range from several hours at work study wages to thousands of dollars for on-campus and off-campus celebrations.

CONCLUSION

Once the final plan was delivered to college clients, students were asked to assess the course's value to them. Comments ranged from how much they'd learned about evaluating the tenor of business

relationships to being much more mindful of their own relationship web to the realization that effort can overcome financial obstacles to recognition that community visibility comes through ongoing, concerted planning to agreement with the textbook authors that every relationship requires ownership to the fact that no stakeholder can be ignored to insight that a community with many stakeholders depends upon media coverage (Spring, p. 38). Thus, public relations efforts rely on accurate, consistent and long-term communication strategies with stakeholders.

As stated so aptly by Scrimger (2003), “Language is a powerful defining force in our culture and the constant framing of public relations efforts in militaristic terms can do little to bring about harmony between organizations and their stakeholders” (p. 13). The interdisciplinary nature of the course helped students understand the importance of how communication is framed in business.

Just as financial audits point out problems in business, relationship audits point out inadequacies in managing relationship assets. Students, as well as the college, began to realize the importance of relationships, how to assess the temperature of relationships, how to warm up tepid relationships, and how to reestablish severed ties. All of these are realities in business, whether for-profit or non-profit, and of immediate importance to students about to utilize their own relationship webs to locate post-graduation employment.

Students agreed their efforts served as further illustration that treating stakeholder relationships as assets “enables a person, department, or company to achieve goals, enhance success factors, and mitigate risks. It helps you identify and cultivate relationships with people who can help you succeed. It makes people stakeholders in each other’s success. It generates long-term relationships that grow in value over time. It creates closer, more personal relationships, which make a business run more smoothly” (Richardson & Vidaurreta, p. 170).

Ultimately, students and practitioners alike would do well to remember that a relationship, or “marriage,” worth the vows is worth ongoing care and attention.

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