

Mission or Performance: The False Dilemma

April 2009

During a recent plane ride, I found myself sitting next to a former colleague from my first job as a management consultant. Actually, he was the leader of the consulting firm where I worked, but he's now running a different consulting firm that focuses on non-profits.

After having the inevitable conversation about the differences between consulting to for-profits and not-for-profits (I'll call them FPs and NFPs), a question occurred to me: why do we make such a distinction between the two? The only real distinction between them is a financial/legal one. Why is one of our primary delineations between organizations based on whether or not they pay taxes and are allowed to distribute excess capital to employees and shareholders?

Of course, anyone who has worked in or consulted to NFPs will tell you that the differences between FPs and NFPs is much greater than taxes and capital distribution, that it involves culture, attitude, accountability, strategy and a host of other things.

And that's the thing; I don't know that it should. Perhaps we've just allowed organizations on both sides of the profit aisle to choose their own areas of mediocrity and lower standards.

So many NFPs (but not all of them) are allowed to accept lower levels of accountability and productivity and rigor around ROI than their FP counterparts. What is the rationale? Since they rely on volunteers and don't pay as much to their staff members, they can't expect us much.

And so many FPs (but again, not all of them) feel no need to tap into the passions and idealism of their employees, and give them a sense of mission. Why? Because their purpose is to maximize compensation for investors, and everything else is just window dressing.

Of course, this is ridiculous, and only makes sense if we see employees as either puppies or robots, incapable of simultaneously embracing two distinct motivations and outlooks. The fact is, all of us are part puppy and part robot. We want to be motivated by something meaningful, and we want ourselves, and others, to be held accountable for their performance and the value they produce.

So perhaps leaders need to stop thinking of their organizations as FPs and NFPs and start using a more meaningful and actionable criteria for categorization.

Is your organization going to be a mission-driven one (an MD), or a performance-driven one (a PD)?

Of course, the greatest leaders will choose both. They will inspire their employees around something more meaningful than simply profit, and they'll drive them to standards of measurable performance regardless of whether or not the CFO has to pay taxes at the end of the year or how they distribute excess capital. They'll choose to make their organizations MDPDs. Now there's a catchy four letter acronym.