

EMERGING POSSIBILITIES: ADAPTING CAROL SANFORD'S STAKEHOLDER PENTAD FOR THE NONPROFIT AND PUBLIC SECTORS

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ABSTRACT

The nonprofit and public sectors are constantly challenged to create greater impact with fewer and fewer resources. The recession of 2008 has resulted in less funding for both sectors and increased demand for their programs and services, pushing many organizations to the brink. With the likelihood of change in the current state slim, nonprofits and public agencies are eager for new approaches that will enable them to create greater value from existing resources in a socially responsible manner. This paper introduces one possible tool, which was adapted from Carol Sanford's stakeholder pentad introduced in her book, *The Responsible Business: Reimagining Sustainability and Success*. Sanford's pentad is intended to shift a business's focus away from measuring success based purely on financial returns to one of a quintuple bottom line centered on developing relationships with the following five sets of stakeholders: customers, co-creators, earth, community, and investors.

The pentad for the nonprofit and public sectors includes a slightly different set of stakeholders: beneficiaries, co-creators, earth/humanity, community, and investors/funders. Beneficiaries are those for whom programs and services are provided. Co-creators are those with whom non-profits and agencies partner and may include volunteers, staff, partnering organizations, and other stakeholders. Earth/humanity is the pentad point of the global, long-term perspective and is based in relationship to earth and to humanity. The community point in the pentad refers to how an organization's actions impact the community, and the local perspective and social context in which they operate. The investors and funders for nonprofits and public agencies are local, state, and federal funders, taxpayers, donors, foundations, and board members, without whom these organizations could not realize their visions. Attention to these five stakeholder groups creates a strong sense of resilience in the organization's community.

A case example of how to apply the nonprofit and public sectors pentad to an existing organization is outlined in this paper. It is described through Sanford's four phases for reconstructing an organization already steeped in its processes and culture. These four phases are (1) cultural evolution, (2) strategic direction, (3) capacity building, and (4)

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work redesign. This approach will enable nonprofits and public agencies to thrive in the face of scarcity and high demand.

Keywords: Carol Sanford, stakeholders, stakeholder engagement, nonprofit sector, public sector, living systems, sustainability, resilience, cultural evolution, strategic direction, capacity building, work redesign, critical systemic thinking,

INTRODUCTION

The nonprofit and public sectors are constantly challenged to create greater impact with fewer and fewer resources. Since the recession of 2008, funding for social services has been cut substantially while demand for services has increased. In the three years following the financial crash, 46 states and the District of Columbia cut services (Johnson, Oliff, & Williams, 2011, February 9), which resulted in greater demand for services from the nonprofit sector. Nonprofits also experienced cuts in funding. Given the fact that a significant amount of nonprofit funding comes from foundations, which use a three-year average of the income from their endowments to determine the amount of funds distributed, the sector is just starting to emerge from that dip. Moreover, although foundation investments have increased from 42.4 to 55.5 percent from 2008 to 2013, their cash holdings have decreased from 20.5 to 12.8 percent during the same time period (DeMasters, 2014, November 14), resulting in fewer funds available. To add insult to injury, federal and state funding typically operates on a three to five year cycle, substantially worsening the impact of the recession on both sectors.

In addition to funding cuts and increased demand for services, the extremely slow recovery from the recession means the nonprofit and public sectors have yet to recover to pre-recession levels of funding (Chandler, 2015, January 19). Furthermore, it is unlikely that trend will change anytime soon. Consequently, the nonprofit and public sectors need to look to new tools that will enable them to create greater value from existing resources in a socially responsible manner. This paper introduces one possible tool, which was adapted from Carol Sanford's stakeholder pentad.

OVERVIEW OF SANFORD'S STAKEHOLDER PENTAD

Carol Sanford (2011) introduces her stakeholder pentad in her book *The Responsible Business: Reimagining Sustainability and Success*. The pentad is intended to shift a business's focus away from measuring success based purely on financial returns to one of a quintuple bottom line centered on developing relationships with the following five sets of stakeholders: customers, co-creators, earth, community, and investors (2011). Figure 1 illustrates where these stakeholders are situated on the pentad and the order in which they are addressed. Sanford believes that a deeper understanding of all stakeholders and attention to their investments in the business, along with a systems approach will enable a business to integrate with all stakeholders, subsequently creating a living system that is constantly emerging (2011):

Anything alive—single cells to vast ecosystems—is in motion, continually processing the energies that it requires to sustain itself. When this processing stops, life also stops. Living systems secure their place in larger systems by

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contributing value. As they process energies they do more than just maintain themselves. They also help the larger whole to maintain and evolve.

Humans and the businesses they create are also living systems that are part of the larger living systems of Earth. When businesses work with nature's resources, they incur an obligation to follow the natural principle of contributing value back. Unfortunately, current business practice results in the opposite. The value of resources is depleted, often producing destructive by-products in the process. (2011, pp. 32-33)

She argues that a living systems approach to business makes it possible for businesses to grasp the complexity in which they live and work (2011). The result is a business that adds value to all its stakeholders.

Sanford's pentad incorporates many aspects of soft and critical systems. The entire concept of the pentad requires a major shift in worldview to incorporate the different perspectives of the five stakeholder groups. The shift in focus to the five stakeholder groups creates what Ackoff would refer to as an "idealized redesign" (Ramage & Shipp, 2009, p. 142). Stakeholder participation is foundational to the pentad, and it even contains elements of Checkland's CATWOE (customers, actors, transformation, worldview, owner, environment) (Ramage & Shipp, 2009). Sanford (2011) is critical of systems dynamics for its mechanistic approach and introduces what she refers to as "living systems thinking" as a remedy: "Learning to use living systems thinking—seeing both object and field in detailed and dynamic ways—allows businesses to integrate themselves successfully into an always-emergent future" (p. 161). Sanford's systemic approach to creating value for the corporate world offers significant potential for the nonprofit and public sectors.

A PENTAD FOR THE NONPROFIT AND PUBLIC SECTORS

As mentioned previously, the recession has significantly impacted the nonprofit and public sectors and to a large extent, has challenged both sectors to rethink how they fulfill their missions. Our most intractable social issues cannot be addressed solely by any one organization. The complexity of these problems requires the two sectors to collaborate and think collectively to generate new ideas and innovations. Sanford's (2011) pentad framework encourages individuals to think differently and more holistically about stakeholders: "A Responsible Business sees stakeholders as full partners and meaningful instruments for the evolution of healthier communities and more successful businesses" (p. xxxviii). This shift in thinking is equally important to the nonprofit and public sectors.

Sanford places a high priority on relationship building, a notion quite familiar to the nonprofit and public sectors. She states,

Working the pentad is a systemic means to create systemic change. It provides a simple framework for thinking about and managing a complex set of relationships as a whole. Looking at each of those relationships separately can become challenging or overwhelming. Viewing them as a system, however, reveals the leverage points where simple action can have big multiplier effects. (2011, p. 82)

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Her living systems thinking approach to the larger system is both extremely effective and a critical factor in the success of her framework. Although Sanford's focus is exclusively in the corporate world, her framework can be adapted for use in the nonprofit and public sectors. Figure 2 illustrates just such an adaptation. For the first stakeholder group, we have substituted "beneficiaries" for "customer." We have kept the name "co-creators" for the second group and have added "humanity" to the earth group. Likewise, we have continued use of "community" for the fourth group and added "funders" to the final group. When organizations apply the framework effectively, the result is resilient individuals, organizations, and communities. Below we describe each of these in more detail.

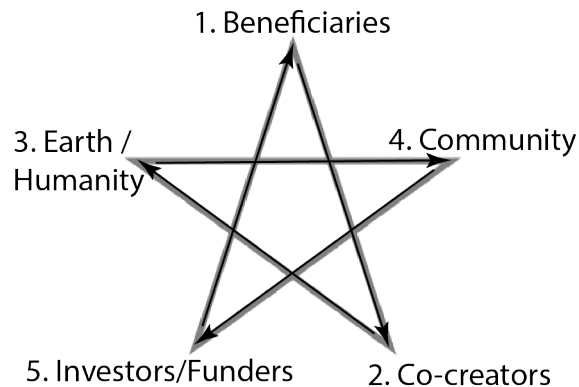


Figure 2. A Pentad for the Nonprofit and Public Sectors

Beneficiaries

Beneficiaries are those for whom programs and services are provided. Sanford (2011) asserts that the customer point on the pentad "...is the first and foundational stakeholder" (p. xlii) in the framework. In the nonprofit and public sectors, the beneficiary *is* the foundational stakeholder, especially so in these purpose-driven sectors:

[It] goes far beyond simply "giving them what they want" and looks toward what they would want if they could imagine themselves supported in pursuing their deepest values....Their stake is defined as the ability of a business or institution to advance and enrich life. (2011, p. 30)

Nonprofit organizations and public agencies are not only providing services but are also working to create wellbeing in communities and developing human potential.

Engaging beneficiaries in dialogue about needs, hopes, and dreams is important work that is not always given priority in either sector. Although often time-consuming, the value these conversations add to thinking generatively more than compensates for the time invested:

Conversation is not just what is said; it is also what happens between people. Conversation is not always about an event or a time; it is part of a much larger

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process of change. It leads to more conversation and is a part of a journey to understand. (Born, 2012, p. 20)

Indeed, a dialogic process creates new possibilities and potential that may otherwise have been left uncovered. To initiate a dialogic process, organizations should consider the following questions:

- Who are our beneficiaries?
- What is their perspective?
- What do they need/want?
- How do we involve them in meeting those needs/wants?
- What are their hopes and dreams?
- What value are we adding for our beneficiaries' hopes and dreams?

Sanford (2011) makes a clear distinction between “value-added” and “value-adding”: “...a value-added perspective looks at each of a business’s activities as an opportunity to increase financial return rather than an opportunity to enable ongoing value-creation for stakeholders” (pp. 51-52). In other words, the pentad framework enables organizations to create new value, a result that is likely to help those in the nonprofit and public sectors achieve their missions more comprehensively.

Co-Creators

Co-creators are those with whom non-profits and agencies partner and may include volunteers, staff, partnering organizations, and other stakeholders. They provide valuable perspective and an ongoing "temperature check" of an organization's standing in the community and the need for their particular programs and services. They also collaborate with an organization to co-create new programs and services and to provide a more comprehensive continuum of care for beneficiaries. Sanford (2011) places emphasis on creation and the unique perspectives and skills co-creators bring to the organization. She also underscores the importance of developing the potential of co-creators as a way to add value (2011). This can be particularly difficult for co-creators outside an organization. Nonetheless, it is an essential consideration that will bolster an organization's ability to creating lasting impact in their communities.

As with beneficiaries, co-creators are best engaged through dialogic processes individually designed for the specific type of co-creator. For volunteers and other stakeholders, assessing existing skills in addition to creating growth opportunities will likely keep these co-creators engaged. Partnering organizations require regular conversations about current trends, what exists on the horizon, and boundary clarifications to avoid duplication of effort. Staff will also want growth opportunities as well as autonomy and the space and support to take risks. All co-creators will want the attention of the organization, to know that they are being listened to, and that there is respect for relationships (Corrigan, 2015). Dialogue with co-creators requires everyone to

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be fully present, participate fully, have the opportunity to contribute, and to engage in co-creation (Corrigan, 2015). Some questions to consider for co-creators are,

- Who are our existing co-creators?
- What is our relationship like with them and how do we strengthen it?
- Who are our potential co-creators?
- How do we reach out to them?
- How do we create systems that bring out each co-creator's essential creativity?

Earth/Humanity

In taking the perspective of how actions will impact current and future generations, this is the pentad point of the global, long-term perspective and is based in relationship to earth and to humanity (Sanford, 2011; Forbes, 2001). This point is the crux of the framework as relationship with and to earth is applicable to sustainability in any organization, including nonprofits and public agencies, as organizations are living systems (Sanford, 2011; Senge 1990; Senge, et al., 1999). "Living systems secure their place in larger systems by contributing value. As they process energies they do more than just maintain themselves. They also help the larger whole to maintain and evolve itself" (Sanford, 2011, p. 32). All organizations are nested in multiple layers of other systems—service systems, state systems, human systems—and thus contribute to and impact all systems in some way (Sanford, 2011). Although many of these organizations do not have awareness of their full impact on earth as a system, they often recognize their impact on individual, local, state, and human systems. There are many opportunities for these organizations to embrace earth-impact. The opportunity lies in using the concepts of sustainability to promote relationships amongst beneficiaries, co-creators, and earth. For example, an organization providing services to the homeless can include energy producing buildings, food gardens, and skill building for clients to produce their own food, connect to earth, and build capability for self-sufficiency. These activities, along with other traditional environmental acts such as conservation, recycling, etc., can be used as a means to building positive relationships with others in the community (Forbes, 2001). The key is leveraging and accessing the values of the organization and the principles of environmental sustainability (and the pentad) to guide development in the earth/humanity point of the pentad and to viewing humanity as a system nested in earth, for without earth there is no humanity (Sanford, 2011).

Sanford (2011) encourages businesses to assess how they add value to earth by understanding the role raw materials play in maintaining healthy living systems; to view themselves as part of the ecosystem with responsibility to support its evolution; and to improve the ecosystem through adapting to changes in the ecosystem that promote resilience. The concept of earth as a stakeholder is likely to be quite foreign to most nonprofits and public agencies. Consequently, the first task in gaining a better understanding of the stakeholder earth is to discern the boundaries of the ecosystem within which organizations function. Once that has been clarified, they need to examine

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what materials from earth they use to maintain their work processes and if there is more they need to do to maintain healthy living systems. They also need to ask if they are supporting their ecosystem's evolution and promoting resilience within that ecosystem. Nonprofits and public agencies can ask the following questions to deepen their understanding of their commitment to earth as a stakeholder:

- What does earth invest in our work?
- How well do we handle that investment?
- What value do we contribute to earth?
- What do we do that enhances earth's capacity to support life?
- What are we producing that is of higher value than earth could do on its own?
- How are we supporting our ecosystem and promoting resilience?

Community

This point on the pentad refers to how an organization's actions impact the community and the local perspective and social context in which they operate: "the human inhabitants of all those places with which a business needs to partner in order to source its materials and workers, manufacture its goods, sell its products or services, and recycle or store its waste" (Sanford, 2011, p. xliii). For example, if an organization were to narrow their definition of beneficiary, and thus create a gap in services, there would inevitably be a reaction from the community. Co-creators, as part of the community, would also be impacted by this decision, placing a strain on the system and system partners. Such actions impact other systems and the whole, larger systems at individual, community, city, state, and global levels, including the wellbeing of humanity and earth.

Nonprofits and public agencies add value to their communities by first learning the unique characteristics and values of the community (Sanford, 2011). That knowledge enables organizations to better serve their clients. For organizations working with human systems, they need to understand the roles their clients play (or could play) in maintaining a healthy community. They also need to recognize how profoundly they affect the community's evolution and the important role they play in promoting resilience, both in communities and individuals. The following questions will assist nonprofits and public agencies in strengthening their relationships with their community:

- Who is our community?
- How do we define and bound that system?
- How do they perceive their needs?
- How do we serve those needs?
- How well connected are we to our community?

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- How do we engage them in conversation about our organization?
- How well do we understand our client's role or potential role in the community?
- How does our work impact the community?
- How do we promote resilience with our clients and in the community?
- What value do we add?

Investors/Funders

The investors and funders for nonprofits and public agencies are local, state, and federal funders, taxpayers, donors, foundations, and board members, without whom these organizations could not realize their visions. This point on the pentad is also where quality, compliance, and a majority of traditional accountability live in the nonprofit and public sectors, although the pentad inherently pushes accountability in all five points. Sanford (2011) asserts that investors are "undeveloped [in that] companies are not helping investors see themselves as part of larger wholes and making themselves aware of their effects" (p. 36). The non-profit and public sectors could benefit from intentional engagement of investors and funders by bringing them more directly into the decision-making process to develop a comprehensive understanding of the complex factors impacting program funding and fiscal viability.

Adding value to investors and funders begins by regarding them as the individuals they are, with their own aspirations, limitations, and concerns. The organization "and the investor are in it together and need to support one another's development and capability so that both can succeed" (Sanford, 2011, p. 77). Nonprofits and public agencies accomplish this by delivering the most impact with the investment and acting with integrity. They also use changes in the environment to leverage new thinking and creative solutions that move them toward their vision. Nonprofits and public agencies can engage their investors and funders more intentionally by considering the following questions:

- Who are our investors and funders?
- How do we help them see their contribution and impact?
- How are we accountable to them?
- How do we engage them in the decision-making process?
- How do our principles and practices align with those of our investors and funders?
- What is the investment they have in our organization?
- How do we act with integrity?

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A CASE EXAMPLE

Description Of The Organization

The case example is MK, a not-for-profit human service agency that has been serving homeless and transition age youth for nearly four decades. The majority of funding comes from federal, state, county, city, and donor pathways with various reporting requirements and mechanisms. The values of this organization are to cultivate and honor youth voice, choice, strengths, and need for stability, connection, and consistency with adults. The model currently used to enable these values is structured to identify and build the inner wealth and assets of youth and of employees. The organization is employing a strategic planning process with focus on the implementation of agency values and the practice model. MK's practice model in particular is an asset as it sets the agency apart from providers, thus giving it a competitive edge. Here we describe application of the pentad as a strategic planning process, what Sanford terms "retro-fitting" (2011, pp. 134-135).

Phase 1: Cultural Evolution

Sanford describes the cultural evolution phase as the space for deep, generative insight that is facilitated by deliberate inquiry and openness to growth. This phase requires deep reflection on the existing culture. This inquiry is divided into four domains (Sanford, 2011). The first is *status*, which is reflected through an organization's reward and recognition system. Important questions to ask are, "How do we convey status and how does that limit or advance us? What does it produce?" (Sanford, 2011, p. 135). The second is *symbol*, which examines "cultural symbols that shape human behavior unobtrusively and provide a shared sense of mission and identity" (Bolman and Deal, 1991, p. 512). Questions to ask for this domain are, "What is repeatedly held up to evoke an emotional response to a corporate ideal? What effect does that repeated evocation actually produce?" (Sanford, 2011, p. 136). The third domain is *ritual*, what Schein (2010) refers to as "observed behavioral regularities when people interact" (p. 14), that is, the repeated behavior individuals engage in that also shape culture. Salient questions about ritual are, "What do we do over and over (probably unconsciously) to try to maintain form and uniformity? How do we need to transform our rituals so that they help people become independently creative in pursuing the path we are on?" (Sanford, 2011, p. 136). The final domain is *taboo*, which in organizational terms is defined as "negative event[s] from the past" (Sanford, 2011, p. 137), those fiascos that created significant harm. Question to examine this domain are, "What taboos do we currently have that limit change and creativity? What taboos need to be put in place to unleash change and creativity?" (Sanford, 2011, p. 137). Reflecting on these four domains sets the stage for creating a cultural shift.

Taking a deep cultural look at MK reveals that the attitudes, assumptions, and beliefs toward staff differ from those toward youth or clients. There is an implied assumption about employees whereby MK states that the wellbeing of employees is as important as the wellbeing of clients. Employees are encouraged to "take care of themselves" by not overworking and by identifying and keeping clear boundaries with youth; however, when staff overstep—agree to fill their third extra shift or take on three more cases—they are

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neither prevented from taking on the extra work nor supported with the extra load. This culture stems from non-profit poverty thinking, where deep down leadership believes there are not enough resources. Addressing and evolving this deep-seated belief is the greatest leverage point for change at MK.

Currently *status* is conveyed by inclusion in staff parties, by the agency's fund-raising focus, and by who receives company t-shirts and why. Disconnection and isolation from other programs and staff in the agency manifests and is exacerbated by status. *Symbol* is captured in the stories of homeless youth, especially stories of success and positive change. Stories keep employees deeply tied to the purpose-driven quality of the work. However, employees have difficulties with boundaries and take on a savior-like persona, which makes supporting a healthy work place challenging. The work then becomes centered on the self-serving martyrdom of the employee, rather than an altruistic focus on the progress and growth of youth. Balancing this relational conundrum in a healthy manner could address some of the workforce issues present at MK. *Ritual* is represented in how change is implemented; needed changes are agreed upon but then not followed through on, largely due to capacity issues. For example, the past nine months MK has been talking about enacting a team-based structure for youth that has not yet occurred and is now being presented as a new idea. MK is not able to get beyond talking about an idea due to the competing crises and priorities that accompany 24-hour shelter care. *Taboo* at MK is the mental model of non-profit poverty thinking. This type of thinking results in hesitating when taking appropriate risks and fostering creativity, or conversely by responding to opportunities that do not align with the mission. A suggested solution is to develop a frame and model for approaching change and decision-making, one that is based on the values of the organization and structured on the pentad. A standardized process for values-based decision-making would also address the assumptions and beliefs about staff.

Sanford (2011) calls for reflection at the end of this section of application of the pentad to determine "which of these discoveries [we must] act on as we begin" (p. 137), thus setting the strategic pathway for planning.. It is recommended that MK start with taboo and then ritual, as the means to address and rectify deep-seated cultural beliefs and set the strategic direction.

Phase 2: Strategic Direction

Phase 2 requires "an authentic shift in corporate culture" (Sanford, 2011, p. 139) where an organization must understand the service landscape–market conditions, place in the market, and approach to service delivery. This phase also applies the wisdom learned in the first phase to create a shift in organizational culture (Sanford, 2011). In this phase there are three tasks that the organization needs to accomplish (Sanford, 2011). The first is to *connect to the lives of customers*, which involves intensive outreach to customers that is well beyond the typical market research (Sanford, 2011). It requires that the organization genuinely attempt to step into their customers' shoes (Sanford, 2011). The second task is to *reveal essence to ensure nondisplaceability*, that is, to understand what makes the organization unique (Sanford, 2011). This is particularly important in the nonprofit and public sectors where scarce resources must be applied judiciously, and organizations need to not duplicate effort. The final task is to *articulate management*

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philosophy, in which leadership explores their assumptions about and beliefs in the capacity of their employees and details these publicly (Sanford, 2011). They must next create alignment around this overt philosophy (Sanford, 2011). Sanford (2011) points out that these three tasks are not sequential in nature but rather simultaneous and interwoven.

Making a true shift in the culture at MK is the best leverage point for change in the agency. Building understanding of the agency and the market environment in which it exists are the next steps. *Connecting to the lives of customers* or beneficiaries as they are referred to in the nonprofit and public sectors, is an aspect where MK is strong. The agency achieves this by connecting with youth via a practice model that identifies and builds personal or inner wealth based on the individual attributes of each youth. MK could expand on this strength, for example, by observing each youth with curiosity as to how to better the life of a youth, providing the opportunity to fully understand the services and supports needed to move a youth's life forward (Sanford, 2013). *Essence* at MK is the manner in which we treat adolescents and youth when they are in care. They are guided to make healthy decisions by attuning to and recognizing each positive attribute and ways to utilize these strengths. It is what the agency does differently than other organizations. The *essence* could be applied to employees across the agency to address the issues with culture. "*Management philosophy* [emphasis added] requires that an organization come to grips with its beliefs about people, their management, and development" (Sanford, 2011, p. 141). Espoused beliefs and assumptions are in conflict the theory in practice for employees regarding how to perform or provide good work and simultaneously be healthy, balanced, and well. While MK does not encourage employees to be unhealthy (e.g. work extra hours), they do not actively prevent this and have not built a strong culture or expectation of personal wellness. There are reinforcing organizational structures that promote unhealthy actions, thus communicating that it is okay and valued that employees will compromise their wellbeing to help others.

Phase 3: Capacity Building

In Phase 3, the emphasis is taken away from traditional training and capacity building strategies and placed on transforming the abilities and capabilities of employees to think and act differently. While Sanford refers to this section as "capability building," the more popular term in the nonprofit and public sectors is "capacity building." This phase examines the strategic direction established in the second phase and assesses existing organizational and individual capacity and identifies the gaps that need to be addressed to accomplish the new strategy (Sanford, 2011). There are three broad areas of focus for capacity building. The first is *business acumen*, defined by Sanford (2011) as when employees start thinking like owners rather than thinking from their job descriptions. Owners in the nonprofit and public sectors are typically the community within which the organization provides services. The next area of capacity building is *technological competence*, which includes understanding the science and methodology behind the work performed at an organization (Sanford, 2011). The final significant area of capacity building is *critical systemic thinking*, which applies concepts from living systems, generates meaningful patterns of behavior, enables individuals to altruistically take responsibility for outcomes, and integrates work functions, self-growth, and motivation

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(Sanford, 2011). Developing capacity in these three areas strengthens an organization's ability to accomplish its goals.

Teaming and skill building in the context of real situations and meaningful work is the vehicle Sanford (2011) describes for building these three types of capability. Senge et al. (1999) also suggest providing and receiving timely relevant feedback to building learning capacity in an organization. In human services, this translates to providing an intentional time and space for dialogue and reflection about the various aspects of practice, a process that is a luxury in most human service agencies, including MK. Developing *business acumen* at MK is translated to teaching staff the intricacies of federal and state funding sources and grant requirements and processes, especially in regards to Medicaid. These fiscal aspects of human services work can be complex and complicated. Better understanding by all employees and funders provides a fuller picture in how policy decisions translate to frontline delivery of services. *Technological competence* is the use of data to inform practice and drive decision-making. Data are not limited to compliance-based data but are also used to measure the quality of practice and ensuring that outcomes describe desired end-results. MK collects considerable compliance data that are not well used in informing practice and decisions due to ongoing issues with capacity; MK does not have enough skilled people to meet this need or enough time to have adequate conversations. One way to develop *critical systems thinking* at MK and other human service organizations is through dialogue structured "to recognize and develop the relationship between quality of thinking and quality of result" (Sanford, 2011, p. 144). Designing and protecting the space to have conversation is hindered by capacity of leadership (time, focus) and the poverty-mindset that rests at the core of the organization's culture.

Phase 4: Work Redesign

In this final phase of applying the pentad, organizations focus on their governance, aligning it with the three previous phases (Sanford, 2011). There are three facets of governance to consider. The first is *structures*, where leaders create the organizational structures that align behavior and create more productive and creative patterns of behavior (Sanford, 2011). The second facet, *systems*, intends to establish more comprehensive systems around those structures that are also aligned with the previous phases and the overall organizational vision (Sanford, 2011). Examples of such systems are personnel, planning, production, marketing, and community outreach. These systems will likely mirror the departments within an organization but must also be integrated. The final facet, *processes*, is reflected in the manner of interactions and how work is accomplished (Sanford, 2011). Processes are unique to each situation and require individuals to adapt in order to accomplish the overall goals (Sanford, 2011). These three facets, Sanford (2011) notes, must be examined in the opposite order when retrofitting the pentad to an existing organization.

Structures at MK are in need of redesign as they are complicated and reinforce actions that are counter-indicated to the values and goals of the agency. For example, one department has 15 staff with 15 different individual employment agreements, making it challenging to make decisions, follow policy, and hold accountability with consistency and fairness. The first step in a redesign is to clarify and codify procedures and

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deconstruct operational structures for employee agreements and hiring in order to "define an unchanging expectation about behavior" (Sanford, 2011, p. 146). *Systems* concerns at MK manifest in cumbersome and time consuming hiring practices. New hires are required to complete a paper application and hiring packet that asks for submission of repeated information that typically is included in a resume. The application packet as a paper document is obsolete and adds barriers in getting qualified candidates in the door and hired quickly. Additionally, hiring processes are not consistent across departments, some of which is due to particular position requirements. However, some inconsistencies are due to assumptions and beliefs about departments and staff. *Processes* cannot be systematized as they are situational and specific to time and place: "process requires presence" (Sanford, 2011 p. 146). At MK *processes* are underdeveloped due to capacity and culture. The agency is responsive and individualized, however, not intentional or deliberate enough with each process or opportunity.

In applying Sanford's pentad frame and model for strategic planning in a human services agency, the need to address organizational culture and the supporting structures is clear, as are the pathway and strategic elements needed to do so. However, to be an organization that thrives, with employees, services, and clients that also thrive, the agency will need to evolve beyond day-to-day survival and a short-term guiding view.

Woven throughout these four phases is the engagement of the five stakeholder groups. Organizations will want to gather beneficiaries' perspectives throughout this process and engage their co-creators in generatively thinking together to create new knowledge and innovation. The organization will also want to examine its relationship with earth and humanity to determine if it is operating sustainably. The community needs to be engaged to be sure the organization's work aligns with the overall goals of the community. Finally, funders must be included to assure they are receiving the best return on their investment and that the organization's work is accomplished with integrity.

CONCLUSION

In applying Sanford's pentad frame and model for strategic planning in a human services agency, the need to address organizational culture and the supporting structures is clear, as are the pathway and strategic elements needed to do so. Sanford (2011) provides a detailed framework for retrofitting existing organizations to her pentad. Each element of the retrofit framework can be used in the private, non-profit, and human service sector planning and development with intentionality to systems thinking and deliberate actions to link the 5 stakeholder groups in the pentad, Specific efforts are required in linking earth and humanity aspects in the third stakeholder group

The agency illustrated in this application declined the full implementation of the retrofit of Sanford's framework and pentad; however, aspects were infused, as one author was an active participant in the strategic planning process. Although, the author was not able to effectively link earth and humanity as guiding aspects of the planning activities or outcome areas such as, developing housing supports that contribute to both earth and youth vitality. To be an organization that thrives, with employees, services, and clients that also thrive, the MK agency will need to evolve beyond day-to-day survival and a short-term guiding view to operational functioning aligned with a living system.

STAKEHOLDER PENTAD FOR NONPROFIT AND PUBLIC SECTORS

On a larger scale, as nonprofits and public agencies continue to reinvent themselves, the pentad for the nonprofit and public sectors is a tool that will enable them to eek the most value out of their scarce resources. It will also help them avoid duplication of effort and working at cross-purposes. Engaging each stakeholder group (beneficiaries, co-creators, earth/humanity, community, and investors/funders) in dialogue – the process of generatively thinking together – will establish deep connections that add value to the organization as well as each stakeholder group: “dialogue is a conversation in which people think together in relationship” (Isaacs, 1999, p. 19). All stakeholders are treated as equal partners, an essential principle of dialogue (Bohm, 1996), and although the pentad framework discusses each stakeholder group separately, they are part of a larger living system that must be integrated into the organization’s consciousness.

Transforming existing organizations from those focused merely on outcomes to ones that create value for all stakeholders begins with a cultural evolution that focuses on aligning status, symbols, rituals, and taboos with organizational values. With that work as a foundation, the organization can next determine a strategic direction that connects to beneficiaries, recognizes its uniqueness, and establishes a management philosophy that is consistent with its organizational values. Establishing a strategic direction enables the organization to identify both the individual and organizational capacities that must be built in order to achieve their strategic goals. When those capacities are in place, the organization can then begin to redesign work processes that support the adding of value to all stakeholders. These efforts ultimately create a strong network amongst all stakeholders that continues in a virtuous cycle of greater value and impact. Just imagine what we could accomplish if all our human service organizations collectively applied the pentad. It is a future worth striving for.

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