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Workarounds in Nonprofit Management: Counter Theory for Best Practices Innovation

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Abstract

One quiet aspect of the exercise of best practices in nonprofit operations settings is that managers typically must engage in creative problem solving to accommodate exceptions or unanticipated conditions. Problem solving may be perceived as situational until the frequency of the “workarounds” give pause to decision-makers, leading some to challenge the validity of the best practice. This essay uses inductive method inquiry drawing upon existing nonprofit management literature on best practices, workarounds and related topics. The essay posits that workarounds are an underappreciated component of nonprofit management theory.

Key Terms: Workarounds; Nonprofit Management; Management Theory; Best Practices

Innovation

Introduction

One quiet aspect of the exercise of best practices in nonprofit operations settings is that managers typically must engage in creative problem solving to accommodate exceptions or unanticipated conditions (Alter, 2014). Problem solving may be perceived as situational until the frequency of the “workarounds” give pause to decision-makers, leading some to challenge the validity of the best practice. Although many nonprofit sub sector best practices are devised through standards of practice, achievement benchmarks, or performance models (Hubbard, 2009; Hurley and Green, 2005), the literature on best practice does not thoroughly address the ways a practice is rendered, determined to be obsolete, or ripe for a warranted innovation in nonprofit performance (Bryson, 2010; Herman and Renz, 2008; 2004; Zairi, 1998). The gap in the literature combined with the importance of best practices to nonprofit operations warrant discussion toward counter theory explaining a principle for “workarounds” in nonprofit operations and management settings.

This essay uses inductive method inquiry drawing upon existing nonprofit management literature on best practices, workarounds and related topics. Illustrative examples contributed by nonprofit executives are also offered to demonstrate ways that “workarounds” are used in nonprofit management practice. Among the conclusions of this essay are that workarounds have been seldom examined or credited as strategic tools by scholars, grant and policy makers, public managers and others. The essay posits that workarounds are an underappreciated component of nonprofit management theory.

Workarounds as an accepted principle for innovation

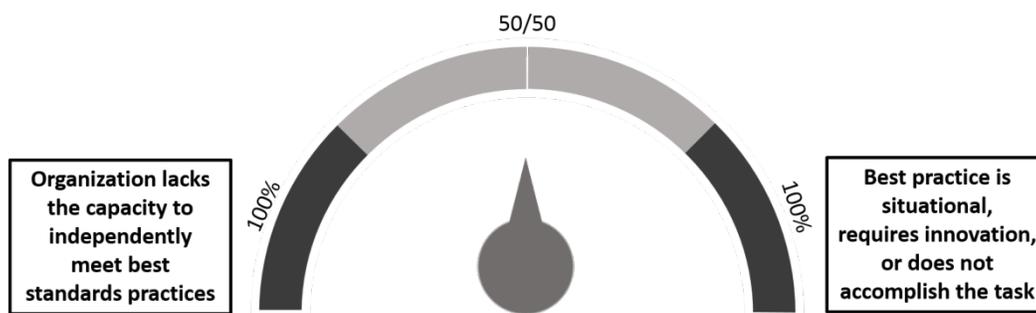
The notion that workarounds inform best practice innovation will be familiar to scholars and managers acquainted with the “lean” Toyota model of automobile manufacturing (Bell 2005; Thompson, Wolf and Spear, 2003); management information systems development and computer programming design processes (Earl, 2001); health care delivery and administration settings (Halbesleben, Wakefield, and Wakefield, 2008; Lally, 2014); social services delivery; and public sector contractor performance (Maleyeff and Campus, 2007; Byrne, Lubowe and Blitz, (2007). These concepts offer a framework for a theory of workarounds that can be applied to nonprofit management where obstacles and challenges of conventional procedures and processes must be overcome to accomplish an intended mission, purpose or goal (Alter, 2014, p. 1045; Campbell, 2012; Light, 2011; Ebrahim and Rangan, 2010).

We can attribute a range of rationales for workarounds to best practices in nonprofit organizations to two countervailing notions described in the literature. The first is that workarounds may occur because a nonprofit is not capable of rising to the standard of best practices operations. This may be due to a lack of technical expertise; insufficient organizational structure; challenges of governance; insufficient fiscal resources and management capacity; unfamiliarity with best practice performance requirements; insufficient leadership vision; issues of timing, or other circumstances that raise barriers to fulfilling the best practice. Since the application of best practices for the field establish base line performance expectations, it is no mystery public and private third parties seeking indicators of nonprofit performance and principle agency (Milward and Provan, 2003; Ross, 1973) would view workarounds as little more than nonprofit organization dysfunction.

The second of the countervailing notions is that workarounds have been granted validity where problems of policy, unanticipated circumstances that do not align practically with the fulfillment of a best practice, or other conditions that may render a best practice obsolete, exist. Examples of other conditions are failure in the best practice design; incorrect assumptions underlying a best practice; changed circumstances in the larger operational environment; altered context arising in political, social and economic processes; innovation in technology, or situational conditions that may render the best practice moot (DiMaggio and Powell, 1983).

Figure 1 illustrates the conceptual frame workaround combinations between the extremes of nonprofit performance and best practices. The fifty/fifty midpoint suggests a tipping point in the way a workaround may be cast as a legitimate measure for best practice innovation. The figure helps to envision an explicit theory for nonprofit management wherein best practices are not necessarily fixed or immutable benchmark performance standards, but more likely to arise as an outcome of process improvements over time.

Figure 1: Countervailing causes for best practices work-arounds



Research Methodology

This essay presents a theoretical discussion drawing from scholarly literature supported by from-the-field illustrations provided by nonprofit executives. The from-the-field illustrations heighten and offer sharper focus to the case for inductive method derived nonprofit management theory wherein workarounds are a catalyst for best practice innovation. The methodological approach taken supports the value of a “nonprofit first” perspective that is reflective of the nonprofit sector experience in the field of management practice to frame theory development for nonprofit management (Mendel, 2014).

The nonprofit first from-the-field examples used in this essay were drawn from nonprofit organizations participating in technical assistance and applied research contracted projects performed between 2011 and 2015 in a university based research center. The contract project work involved scrutiny of best management practices engaged by boards of directors and senior staff leading or managing program and organization planning, organizational effectiveness and impact, and board of director governance and development work. The best practices requiring “workarounds” ranged in scale and complexity. At one end of the spectrum are those workarounds involving simple transactions such as overcoming barriers of signature authority processes, performance deadlines, or record keeping and accounting practices. The opposite extreme included more complex facets of strategy concerning board governance, bylaws development, nonprofit organization mission fulfillment, and creating organizational priorities.

Best practices in nonprofit management

Best practice principles are well established in the public and nonprofit management literature to set the conditions of quality administration and program development (Forrer, Kee & Boyer, 2014, pp. 188 and 209-224; Herman and Renz, 2008; Ralser, 2008 pp. 33-41; Dees,

Emerson and Economy, 2002; Miller-Millesen, 2003; Alexander, 2000; Letts, Ryan and Grossman, 1999, pp. 93-95). In the nonprofit workplace, the significance of best practice theory is typically strongest in highly regulated clinical settings informed by evidence-based practice theory (Healy, 2014, preface; Edmond, Megivern, (et.al), 2006) and network isomorphism theory (Hambrick, Finkelstein, Cho, & Jackson, 2004; Jones, Hesterly, & Borgatti, 1997; DiMaggio and Powell, 1983). Examples of these work settings are social work, mental health, and health and wellness care involving nursing professionals where accurate administrative documentation of client progress is a contractual requirement of patient care and performance for reimbursement by Medicare or Medicaid for example (Milward and Provan, 2000).

Best practices also drive the standards by which public officials, grant makers, health insurers or other third-party funding sources are in place, attribute consistent nonprofit performance and as setting the necessary conditions to receive public sector contract work, reimbursement for services rendered and some forms of philanthropy (Liket and Maas, 2015, pp. 271, 278, 282). The same thinking appears in business and other nonprofit and public management settings where the presence of best practices indicates to external stakeholders that an organization is efficient and credible by virtue of meeting industry derived performance competencies (Ralston, Wright, and Kumar, 2001; Zairi, 1998, introduction).

The appeal and influence of best practices to management operations and decision-making differ by sector. For example, in public sector relationships with nonprofits, best practices prompt the use of performance indicators and benchmark tools -- many of which inform nonprofit managers and decision makers of ways they can improve performance toward public value outcomes (Campbell, 2012 page 724). The well-known “lean sigma” or TQM movement business and public managers employ in their work with nonprofits for example

center upon a process-improvement principle that external input and the experience of performing work should weigh heavily when evaluating financial costs, program delivery effectiveness, and process efficiency (Halbesleben and Rathert, 2008; Adler and Borys, 1996). Under circumstances such as these, a workaround is necessary to perform a function or achieve an objective in the short term without major disruption of operations. Many workarounds fit this frame, and through the methods of innovation described in these processes, it is reasonable to conclude that workarounds are a best practice that informs the creation of best practices.

There are many operational touch points for best practices in nonprofit settings. For example, scholarship involving important partnerships between business and nonprofit organizations ascribes specific operations standards of professional ethics and accountability (Austin, 2000, page 69-73; Seitanidi, 2012, pages 272-274) to best practices. A general principle of fiscal transactions is that the best interests of an organization are demonstrated through transparent financial procedures such as good and timely record keeping and audits by external actors. Best practices are also important to nonprofit organization strategy development and proficiency in operations across an entire span of activity such as fund development, fiscal and accounting regulation, and program performance and impact (Bryson, 2010; Porter and Kramer, 1999; Eisenberg, 1997).

The writings on nonprofit return on investment depicting organizational impact and program efficacy are a useful illustration of best practices theories linking performance benchmarks and indicators with applicability between nonprofit subsectors (Rasler, 2008; Phillips and Phillips, 2005). Another example stems from the use of best practice tools by grant makers (Kania and Kramer, 2011; Young, 2001) and public managers (Agranoff and MaGuire, 2004) engaged in mutual collaborations with nonprofit organizations as essential indicators of

impact and organizational effectiveness, and performance toward contractual compliance of the conditions of grant awards (Herman and Renz, 2008; Backer, 2000).

Best practices are also important to nonprofit organizations with respect to their purposes, governance, structure, and organizational character. Unlike institutions of the public sector, and unlike business where the framework for their operations carried out is derived through the rule of law and the marketplace, nonprofits are intermediaries shaped and guided by volunteers and the manner, character and ethos by which those volunteers come together to fulfill a mission. One of the seminal and highly cited concepts of the nonprofit literature asserts that nonprofit missions are derived from the failure of government or the marketplace to fulfill a societal need (Salamon, 1987). Hence, nonprofits by definition do not perceive best practices as an institutional operation or principle in the same manner as government or business.

The governance bylaws of nonprofits must frequently provide the “just-right” degree of ambiguity to account for volunteerism and practical conditions that require flexibility and adaptation to changed circumstance (Herman and Renz, 2008). Accommodating this characteristic of volunteer centric decision making is the practice of adaptability and innovation typically reflected in “workarounds” that accommodate the adherence to the rules of the organization. For example, a common challenge in nonprofit settings involves the size of a voting quorum, frequency of meetings, proper recording of decisions and subsequent actions, and voting through proxy, via telephone or by email.

Workarounds in nonprofit management

Workarounds are defined in scholarly literature as “nonstandard procedures operators devise to compensate for system deficiencies (Roder, Wiesche and Schermann, 2015, 2014;

Courtwright, Action and Frazier 1988). The concept is readily accepted in work environments requiring frequent innovation to problem solve. These fields include for example, fast evolving technical design work but also human relations fields such as conflict negotiation management and administration, nursing, health care services and administration, medical research, and social services to name a few (Alter, 2014; Pollack, 2005). In this discussion, workarounds are cast in terms of nonprofit performance toward outcomes that have best practice method requirements.

In the best of worlds, best practices frame standardized operations across an industry, program, or performance transaction requiring competencies. Examples might be academic program accreditation processes; the Heimlich maneuver or other medical procedures; readiness checklists; accountancy standards and principles; public sector procurement values; social work treatment methods. In this way of thinking, use of workarounds run counter to best practice in that they undermine compliance, accountability, or other bureaucratic processes and performance measures (Alter, 2014, page 1043) requiring standardization and replication. In the fealty of best practices relied upon by policy makers, grant makers and others, workarounds are an indicator of organization dysfunction and poor performance (Kearns, 1996).

Nonetheless, work arounds as a driver for innovation for institutional forms in public, private and nonprofit operations settings have been discussed in scholarly settings (Norman, and Verganti, 2014; Lally 2014). As already noted above examples of workarounds in business applications include computer programming, industrial research development, engineering, and product innovation in the market place. Government and nonprofit institutional applications include solving problems of hospitals and health care service. In public private partnerships, workarounds comprise the mission of large scale endeavors which are devised for the purpose of overcoming the limits of conventional practices. Nonprofit decision makers often seek ways to

adapt to barriers of public sector bureaucracy, the limits of public sector accounting, operations and the limits of market place processes typically framed by best practice. Some argue the nonprofit sector as a “third space” to incubate social innovation, to bridge institutional gaps in society, and to strengthen civil society (Nyssens, 2007; Van Til, 2000; Young, 2000) is itself, a workaround.

Workarounds that postpone problems

Workarounds that result from system design flaws are difficult to recognize as they occur in the field, and a nonprofit may solve an operation’s problem by deferring the resolution of that problem to a later date. Some nonprofit executives seeking guidance to overcome the challenges of their operations environments have suggested that the act of devising a workaround to defer a problem is a best practice for nonprofit management. An example drawing on a technical assistance project involving a community arts organization illustrates this principle. The organization included a theatre which the leaders used to modulate earned income. The short-term planning goals were to generate box office receipts sufficient to stay current with real time expenses. In between productions, gaps in cash flow were worked-around through cost savings measures and volunteer labor with the occasional appeal to donors. One remedy was to schedule another performance to a production run and occasionally adding additional productions to a particular season. While the increases to short term cash flow alleviated the urgency of the problem, the workaround did not address the long term fundamental problem of organizational sustainability. In this illustration, the workaround for crafting a strong fiscal framework for the organization was an indicator of poor practices that merely “kicked the can down the road,” until such a time when the organization was better able to address its financial structure deficiencies.

Workarounds as drivers of nonprofit management innovation

While workarounds can enable a nonprofit to solve a short-term funding problem, another way to consider their use is as an indicator of a problem. For example, a “learning organization” with a best practice strategic ethic for continuous improvement, is well primed to view work-arounds as indicators for nonprofit management innovation (Ebrahim, 2005). Through this lens, nonprofit management innovations can occur through actions that are: situational and transactional; transformational in terms of intricacy and gravity; or some combination.

Drawing on the technical assistance project work examples, successful workarounds in situational and transactional settings were those which typically arose to accommodate an operations policy. “Transformation” outcomes - such as changes in the way an organization approached or performed its work based upon transactional situations - frequently followed discernible patterns and the frequency of a work around or workarounds. Transactional workarounds may also stimulate transformations or “innovations” in the way a nonprofit organization fulfills a best practice regime (Pappas, 1996), or in the best practice itself.

An example shared by executives in a contracted technical assistance project that will be familiar to most nonprofit managers and others involved vacation time payroll approvals. The organization was a ten-member employee social service coordinating organization. An unanticipated confluence of sick and unreachable vacationing supervisors created a crisis for approval of regular time cards. No clear line of substitute authority had been established in advance, and best practice public sector procedures mandated a consist approach to the transaction. The organization took the step of deputizing their board president and treasurer based on their authority as governing officers of the organization to perform the administrative

tasks necessary to resolve the problem. The workaround addressed a short-term problem while pointing to a gap in operations procedures. A much larger issue of organizational planning and communications was also exposed suggesting an operations and strategy situation ripe for innovative remedy.

A second example of situational and transactional workarounds involved procurement processes with public sector actors. A nonprofit social services agency devoted to community reentry populations held a county contract to provide for job training and job placements for adult males. The agency relied upon subcontracts for consulting services using public funding to purchase industry specific expertise to train its clients for skilled construction trades. The cost for providing training to groups of twenty clients exceeded the public sector procurement best practice limit, triggering a requirement for three competing bids for expense items over \$25,000. Because of the limited number of qualified, local service providers, the agency requested a waiver of the three bid “best practice” rule for the purchase of specialized services. The rationale for the “waiver” workaround was that insufficient time existed to conduct a bid process; there was a limited pool of only two vendors able to supply specific goods or services; only one of the vendors was immediately available to fulfill the project terms; and a waiver for a one-time only or temporary use of goods or services was required to address the need in a timely manner. Arguably the “waiver” practice is a policy innovation stimulated by the workaround, and interestingly, is itself, a workaround.

A third example involved a project developed in a cash rich but asset poor community arts organization devoted to theatre, youth education, and exhibition of the fine arts work of local artists. The governing bylaws for the organization were written to accommodate the needs of the founding board which served as a “working board” whose functions included daily operations

and cash management. Compliance with the bylaws required the staff to submit program development initiatives to the board through an elaborate process of review and approvals by board of directors committees and sanction. The hire of a full time, permanent, professional executive director did not coincide with an update of organizational bylaws. The shift in organizational structure required a steady diet of accommodation and workarounds to the established procedures and operations culture to engage in collaboration, fund development, and other opportunities for program development. Recognition of the many workarounds led to strategic planning and revision of the bylaws. In this case, the workaround did require abrogating old policy in favor of a new set of operations and best practice processes.

Workarounds as best practice innovation drivers or signals of dysfunction

Nine separate applied research projects offer opportunity to group and compare workarounds in nonprofit organization settings. Because the organizations did not give explicit permission to use their identities, the nine are clustered into three general categories based upon the problems they shared during the discovery phases of the technical assistance projects. The general categories are workarounds devised to accommodate problems originating with: board of directors decision making processes; questions of organizational effectiveness and community impact; and fiscal sustainability processes. The organizations are described below with a summary in Tables 1 – 3, followed by a matrix summary for purposes of illustration and comparison in Table 4.

The first cluster of three organizations presented management problems originating with board of director roles, membership, and performance. Board development work was necessary to strengthen the organizational image to third party funders as an indicator of grant readiness; to provide labor to the organization in both governance and program areas; and to obtain financial

and in-kind contributed resources. A common feature of the three organizations was that each had adopted elaborate and overly complex ways of workarounds for performing work without the requisite (best practices) involvement of board members. The three organizations contributing to the board development cluster included:

- 1) A social services coordinating agency providing central administration for special needs adult residential group homes. The organization had steadily grown since its founding from a single facility to one of the larger service providers for its service population. Its challenges involved board development and organization arising from the fast growth and generational changes in board leadership. The executive staff had adopted workarounds to perform outcomes that “best practices” scholarship would suggest originate with the board. For example, board leader and member succession; board roles and responsibilities for resource development; and community advocacy.
- 2) An organization of civic volunteers for the purpose of an annual recognition of artists and cultural organizations for their contributions to the quality of their arts forms and the greater good of society. The organization had experienced challenges related to the unplanned transition in board and staff leadership. Organizational bylaws were written for an earlier era of the organization leadership and raised significant barriers to the problem solving, requiring workarounds for governance and board processes. The nature of the workarounds, collectively, gave pause to the board to review re-organize and devise practices that were in alignment with their organizational mission, character and priorities. In another words, a near complete re-engineering of their governance framework. The works arounds led to the development of new organizational “best practices.”

Table 1 Board Development

Problem to be solved	Board member and participation atrophy, reduction in giving by members, argumentative interactions, poor strategic performance and operations effectiveness.
Transactional / transformational	Transactional and transformational
Best practice	Revise and refresh board through development and training, team building, reinvigorated nomination processes and revised bylaws.
Workaround	Executive director assumes duties that in effect diminish the authority/governance role of the board.
Result of Workaround	Organizations were required to meet best practices. This led to a regime of formal board training and external facilitation, succession planning and revised governance processes. Extensive time required continued workarounds in all three organizations comprising this Cluster of cases studies.
Workaround indicator	Workaround served as a signal that organization dysfunction inhibited its fulfillment of best practices.

- 1) An historic residence, member association, and museum connecting its central city location to the early days of settlement for the region. The organization had experienced challenges as it struggled to advance from an organization of devoted volunteers serving as a working board to one with a governing board and paid, professional staff. Signals of problems began with a chain of operations workarounds over several years, culminating in significant organizational debt and the need for a major fundraising campaign. An assessment of the operations workarounds compared to nonprofit sector industry standard best practices led the board to conclude governance innovation was necessary. This organization used the need of

bylaws revisions to overcome barriers to fund development and grant readiness resulting in a tangle of governance and operations workarounds.

Occasionally workarounds arise due to conditions outside an organization as a way to suggest an insufficient, misaligned or misapplied best practice for a field or industry. Workarounds that challenge the veracity of a best practice may be cast as transformational. A second cluster of two projects were organizations seeking outcome indicators of program impact and efficacy. The issues involved those measures beyond transactional record keeping of purchases and expenditures, and counting things such as meals served, youth employed, and training courses completed, for example, that the organization leaders considered workarounds that offered little in the way of credible proof that they had community efficacy in fulfillment of their missions. The two organizations contributing to this “organizational impact” cluster included:

- 2) A social service organization devoted to serving youth from low income families by providing an out-of-school safe space with programs that support youth to be productive citizens. The organization concluded that to achieve status as an institution of quality, that simple performance measures were merely a workaround to proving demonstrable community impact. An innovation based upon these workarounds was to design program work and methods with the intent to track “life-long” accomplishments. To implement this innovation, provision were made in all programs to survey from alumni beyond their active involvement with the organization to survey their “life accomplishments” that might be tied back to their involvement as a youth with the organization. Organizational leaders considered this approach to impact an innovation that transformed their approach to the work they carried out and the programs they would develop in the future. They also constitute

the new way of viewing their work as an evolution of established best practices for their field of endeavors.

- 3) A nonprofit social services agency devoted to youth summer employment and year-round job skills training. Similar to the preceding example, this organization also sought better ways to track organizational impact than industry standard performance outcomes measures such as tracking program participants, field placements, and trackable expenses. The organization wrote in its application for technical service that it considered its reliance on transactional measures of program performance as an organizational workaround of the more strategic issue of program efficacy and organizational effectiveness. In working through the issues, the organization came to understand that its community impact was most recognizable by the legitimacy it was granted by partner organizations and funders and in its work as an advocate to policy makers. Its efforts to take advantage of its status as a trusted voice in the community transformed its approach to program development, but also the measures it tracked to demonstrate community efficacy. This new frame became the fulcrum for a major fundraising campaign, all attributable to the organizations sense that it was working-around more valid effectiveness measures. Their viewpoint also suggested that the organizational aspirational goals exceeded the limits of standard best practices adhered to by their funders and sponsors.

Table 2 Organizational Impact

Problem to be solved	Organization impact in doubt.
Transactional / transformational	Transformational.
Best practice	Faithful to funder priorities as reflected by the grant agreements, deadlines, reporting templates and funder proscribed performance measures.
Workaround	Mission creep to acquire resources as a way for the organization to remain visible in the community, and maintain standing as a “valued partner” by third parties became an unintentional tactic of the organizational sustainability. Instead of demonstrable impact, organizational efficacy was granted by others who judged the organization to be impactful according industry-wide external performance measures.
Result of Workaround	Long term impact measures to prove efficacy beyond grant periods were not part of the organization planning ethos. Organization leaders came to realize a “hollow-ness” to their organizational achievements which did not support their sense that their missions were achieved in lasting and meaningful ways.
Workaround indicator	Organizations were not served by existing best practices that were limited to the operations of the field imposed by third parties. Best practices in this subject area are ripe for innovation.

The third cluster of organizations involves workarounds to accommodate challenges for resource development and discovery of the optimal balance of revenue types for fiscal sustainability. The research projects for these four involved problems related to revenue streams and fund development strategies that supported the organizations overhead expenses. The organizations are examined in the “fiscal sustainability cluster.”

- 4) A nonprofit social services agency with major service contracts with county government to serve low-income, non-majority fathers and their sons. The organization was credited as providing impactful services to its client community. Because the organization received its primary operations revenue through county project work, typically it engaged in intricate and complex workarounds (some of questionable legitimacy) to mask operations expenses for the organization within project work. This practice was not sustainable and was recognized by the nonprofit to threatened its long-term sustainability. The workaround became the signal to the organization board leadership and others to work within the public sector funding sources' best fiscal practices. The result was an organizational merger that enabled the good work of the organization and a commitment by the county to review its practices to find ways to provide similar organizations to account for greater overhead charge in project work.
- 5) The seventh case involved a community grassroots food pantry whose mission was to deliver food to elderly in a defined geographic region of inner ring suburb. The organization had grown to its limits based upon the capacity of its founder to serve the community. Limited human and financial resources required a transformation toward sustainability using best practices rather than workarounds.
- 6) The eighth case involves a century old social service and justice organization dedicated to job skills training, small business development, and non-majority community empowerment. Changing local and national social policy and grant making priorities required a strategic shift in the program design, and fiscal sustainability operations of the organizations. This was first recognized by the

increasingly frequent fiscal workarounds required to maintain organizational operations.

- 7) The ninth case involved a community grass roots social services initiative dedicated to strengthening the relationships between low income fathers and their sons, and to providing mentors and role models to fatherless youth up to age 18. Reliance on funding sources that would not allow for adequate organization overhead and reallocation of residual, budget surplus required vigorous work arounds for continuous organizational operations at the cost of long term sustainability.

Table 3 Fiscal Sustainability

Problem to be solved	Current financing models and practices will not address short term or long-term cash flow issues.
Transactional / transformational	Transactional.
Best practice	Unrelated business revenue to the core mission is limited by treatment of nonprofits in the tax code. In cases where traditional fund development practices are insufficient models, organizations may consider alternative institutional forms, partnerships, or other solutions.
Workaround	Employed program participants in their care in a number of small, profitable companies. The money generated by satellite companies allowed the parent organization to earn income while helping the program recipients to earn an income during the program.
Result of Workaround	Current best practices do not address this issue. The models offered in the scholarly literature are insufficient for the field of practice where the mix of funding/revenue sources are limited.
Workaround indicator	The workaround offers an innovative model for the field of nonprofit finance and management.

These last four organizations are examples of workarounds devised to overcome unbalanced proportions of financing that favored short term operations over long-term stability. Short term workarounds typically included cost cutting and increased fundraising, while best practices suggested emphasis on effective operations planning, and strong cost allocation and budgetary controls. There is much less emphasis in the best practice literature on raising earned income from nonprofit activity, devising profit-making initiatives run by the nonprofit, and developing the right balance of funding strategies to channel profits, revenues, surplus etc., directly into the organization.

Table 4 compares the three clusters of cases by which several insights arise. First, the cases that suggest workarounds signal organization dysfunction are those instances where organizational processes require change. The contracted project work involving group process, redrafted bylaws, improvement of organization board nominations and conscious succession planning point to problems within the organization structure.

Second, cases that suggest the workarounds are indicative of a much larger problem with the best practice arise with the case examples involving organization and program impact studies. The impact studies consider the rationale of organization priorities and subsequent programs developed to fulfill those priorities. These projects use the organization mission as a reference point for reflective observation can credit the project as a legitimate endeavor. But, as the case illustrate, the measures for performance required by funding sources or policy makers do not inform the organization on whether or not the project alleviated a community pathology or address conditions of society depicted in the organization mission. Rather, the performance measures reportable back to grant sources, policy makers and other constituents typically reflect, fulfillment of their – the third party, external stakeholder, mission.

Table 4 Workarounds comparison

Cluster	Problem to be solved	Transactional/ Transformational	Best Practice	Work around	What needed to change? Organization or the Best Practice?
Board Development	Board atrophy, reduced membership, argumentative, poor performance and effectiveness	Transactional and Transformational	Revise and refresh board through development, nomination processes, and bylaws	Executive director assumes duties for practicality that in effect diminishes the authority/governance role of the board.	Organization was required to meet best practices. Led to a regime of formal board training and facilitation, succession planning, and revised processes. Extensive time required for these activities required continued work arounds in all three orgs.
Organization Impact	Organization impact in doubt	Transformational	Long term measures to prove efficacy beyond grant periods were not part of best practice dogma.	Mission creep to acquire resources, remain visible in the community, and maintain standing as a “valued partner” by third parties. Efficacy granted by others.	Organizations not served by existing best practices that were limited to the operations practices of the field of imposed by third parties. Best practices are ripe for innovation.
Fiscal sustainability	Current financing models and practices will not address short term or long-term cash flow issues.	Transactional	Traditional fund development practices offered insufficient models for the right mix of revenue.	Employed program participants in their care in a number of small, profitable companies. The money generated by satellite companies allowed the parent organization to earn income while helping the program recipients to earn an income during the program.	Current best practices do not address this issue. The work around offers a model for the field of nonprofit finance and management.

Third, the cases involving fiscal sustainability suggest the need for new thinking and innovation in the ways nonprofit organizations sustain themselves, or to the extreme, thrive. For example, grant and contract funding that does not explicitly account for subsidy expected by the nonprofit actor. Little thinking by scholars has entered in to the field of practice regarding innovation models of the ways that nonprofits may benefit from their operational competency through partnership and shared resources.

Conclusion: A theory for workarounds in nonprofit management

Evidence drawn from scholarly writing and nonprofit management practice support the premise that the concept of workarounds is worthy of our attention. Scholars have described the phenomenon of workarounds in operations and other settings as attributable to the efforts of managers to ameliorate practical problems while honoring the intent of best practices compliance (Campbell, 2012; McLaughlin and Jordan, 2004). Unsuccessful workarounds may lead to widespread instability in an organization or stray beyond the bounds of accepted practices in particular in highly regulated transactions and settings (Kobayashi, M., Fussell, S. R., Xiao, Y., & Seagull, F. J. (2005, pp. 1561-1564). Managers tolerate workarounds in business settings because “radical innovations may need to violate existing organizational standards and processes in order to succeed” (Röder, Wiesche, Schermann, & Krcmar, 2015 page 482). Successful workarounds can provide organizational solutions for exceptions that recur.

Workarounds may arise for a variety of reasons but gain legitimacy when they stay within legal and ethical guidelines while overcoming situation barriers that are otherwise not possible to overcome. A consideration of this essay is that workarounds may signal flaws in a nonprofit organizations operations, systems and strategic thinking. The use of workarounds by nonprofit organizations may be an indicator that the nonprofit does not have the capacity to raise its

standards to the level of best practice. Possibly a workaround is an indicator the organization is not sustainable as an independent autonomous institution, and may be better positioned to meet best practice standards as a partner or subdivision of another stronger organization. In those instances, nonprofit executives and other stakeholders are wise to seek counsel and seek technical assistance.

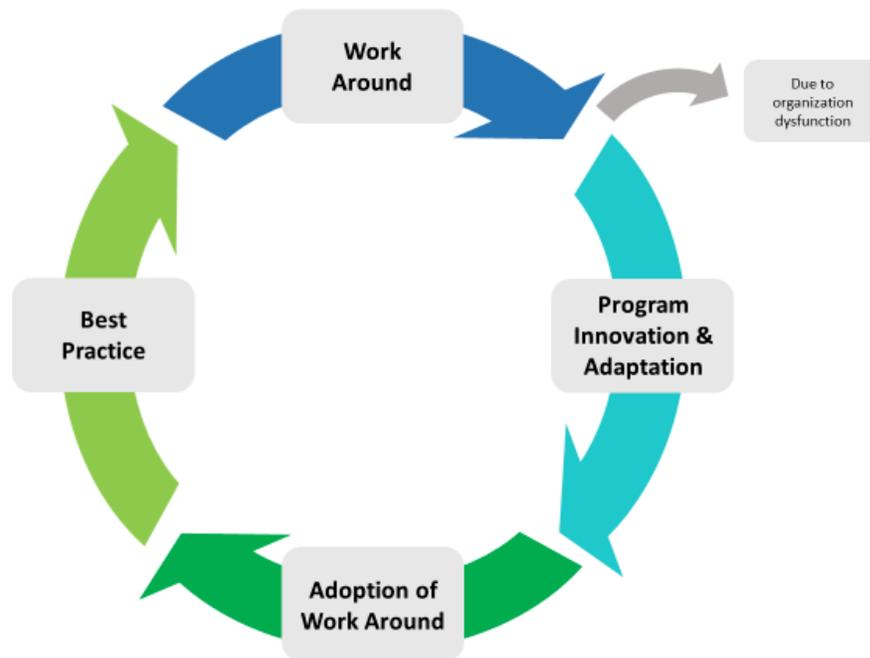
Another view is that workarounds indicate that a best practice is obsolete or innovation ready. Through this lens they are a signal of a need for best practice innovation, advancement or obsolescence. As mentioned earlier, best practices are not necessarily fixed and more likely in practice to arise as an outcome of process improvements over time. Such a view supports a conclusion that workarounds may also be an indicator of the limits of best practices, a perspective that will be of interest to nonprofit managers and should not be ignored by policy and grant makers in their work with nonprofit organization partners.

Figure 2 suggests a way to perceive the use of workarounds in nonprofit operations in systemic relation to best practices and their innovation.

In arguing for a theory of workarounds as a tool for nonprofit management, we can conclude that workarounds are worthy of our attention; they offer evidence of function and dysfunction; that the occurrence of workarounds should not be ignored by policy makers, grant makers in their work with nonprofit organizations

Drawing on the experiences shared by nonprofit executives receiving technical assistance workarounds may exist and comprise a new nonprofit first theory for nonprofit management due to two countervailing notions:

Figure 2 Work around and best practice innovation flow chart



- A nonprofit frequently takes a “short cut” to reach its goals or to over-come operations problems may lack the capacity or management sophistication to rise to the level of administration best practices. Capacity-themed workarounds can indicate to external funders that an organization is not, alone, up to the quality demands of the field. The use of best practice as an indicator of grant-readiness is one factor employed by funders to require a grant seeking nonprofit to enter into collaboration with stronger, more able partners as a condition of the award or contract (Greeley and Greeley, 2011; Brown, Hughes and Columbo, 2009).
- Second, as evident in the nonprofit first experiences shared by executives further down in this essay is that reliance on workarounds of a best practice to resolve unanticipated problems in nonprofit program and administration settings may indicate that it is ripe for innovation due to changing conditions, circumstance or experience, or a flawed design.

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