

Entrepreneurial Leadership in Non-Profits

I came across an old file in my desk when I was teaching on change and innovation recently. It was a chapter by [Peter Drucker](#) on Entrepreneurship in Service Institutions. The book? [Innovation and Entrepreneurship](#), 1985 edition. His insights and observations have relevance to non-profits, graduate schools, hospitals, and a plethora of organizations who are “called to serve” others.

We must remember, says Drucker, that we are called to maximize rather than optimize our impact. We cannot say things like, “We committed to healing every person who needs care anywhere on the planet!” Such missions are not just grandiose but are impossible to complete. You will always be a failure. But if instead the idea is maximizing resources to reach certain people, then that is more realistic.

So how do we accomplish our [mission](#) with innovation and entrepreneurship at the core? He gives a few guidelines.

- 1) Make sure you have a **clear definition of your mission**. Focus on objects not programs and projects. “Feeding the hungry” is not clear enough. “Reaching people who do not know we exist” is too vague.
- 2) Have clear [goals](#) that are attainable. “We are focused on serving 200 new patients in the free clinic this year” is more of what it should sound like.
- 3) Failure to achieve an objective means the objective is wrong, especially after repeated tries. I see this with people who lay out a grand strategy for developing hundreds of leaders “in just three months” and they fail repeatedly. The objective needs to be right-sized.
- 4) Constantly search for the innovative opportunity. Because [funds](#) are limited, creativity is even more of a need. Creative strategies and use of finite resources will allow you to thrive. The volunteer movements we are seeing are an example.

If you can convert your non-profit into a for-profit, Drucker says to do it. Entrepreneurship and Capital formation is a driver of innovation, and non-profits consume capital rather than form it. This is not true for churches and some groups, obviously. But some aspects of ministry or social work could be shifted so that resources are regenerated for the organization.

As I work with church leaders and business leaders, I see the same mistakes and issues. But they are more dramatic in the non-profit world. People must have a continued sense of the mission and clear guidelines for their contribution. You do not have an authority relationship with them, and they can walk at any time. No salary strings to pull and no emails saying, “Report to me today at 3:00 in my office.”

It is innovation, participation, a sense of urgency and a feeling of real contribution to the cause that keep people connected to your non-profit venture.

What are you doing to make sure people are part of the innovative vision you are pursuing? How can you use them without abusing their expertise? Are you seeing their potential to bring innovation not simply implement your ideas.

The non-profit service institutions need innovative leaders on the staff and in the volunteer ranks. Let's rise to the occasion!