



The Peter F. Drucker Foundation for Nonprofit Management

Leading Social Sector Organizations Toward Excellence in Performance



Peter F. Drucker, Honorary Chairman

“ I think my favorite organization re: improving the sector is the Drucker Foundation—they don’t preach ‘You should be like the other sectors.’ Instead, they talk about the strengths of the sector, the diversity of the sector, and best practices in the sector. If you are interested in improving nonprofits, their literature is a great place to start. ”

— *posting on soc.org.nonprofit,
Internet news group*

Letter from the Chairman and President

March 1999

The Peter F. Drucker Foundation for Nonprofit Management serves those who serve—social sector Board, volunteer, and staff leaders who change the world one life at a time. In 1998, the Drucker Foundation's message of the essential nature of the social sector and the common bottom line of all nonprofit organizations—changed lives—was communicated in many powerful ways. Our meetings, conferences, books, newsletters, speeches, and visits were supported by our web site which has grown in visits by 15 percent a month, attracting over 12,000 visitors in December alone.



Patrick J. Waide, Jr.,
President and CEO



Frances Hesselbein,
Chairman of the
Board of Governors

The year began with a Drucker Foundation team bringing a series of seminars to the Philippine social and business sectors and university faculty and students, and an enthusiastic youth volunteer rally in a Manila stadium. The year ended with the publication of the revised *Self-Assessment Tool*; our largest leadership and management conference in nine years; the presentation of a Drucker Nonprofit Innovation Award to an organization that has rebuilt broken lives by collaborating across the sectors; and with 400,000 copies of our three Future Series books in print in 16 languages around the world.

Peter Drucker says that the solutions to the problems we face are already out there. The wheel has been invented; we must focus on helping success travel. So, in 1998, the Foundation developed the Drucker Nonprofit Innovation Discovery Site on our web site. We are pleased that the site will be fully operational in 1999, sharing effective solutions from the treasure trove of 2,500 Drucker Award applications reviewed since 1991. The Internet is our super-highway—helping successful innovations travel around the globe. Another 1998 initiative was developing a corps of facilitators and community workshops for organizations interested in using the Foundation's self-assessment process. Based on Peter's five simple, yet challenging questions that get to the very heart of why a nonprofit organization exists, the self-assessment process helps organizations set future direction, manage for mission and results, focus on customers' needs, and achieve excellence in performance. Through partnerships with community-based organizations and volunteer and management centers, these *Self-Assessment Tool* workshops will reach every part of the country in 1999. Partnerships within and across the sectors—central to all our efforts—are also the focus of the first book in our Wisdom to Action Series, *Leading Beyond the Walls*, to be released in Fall 1999.

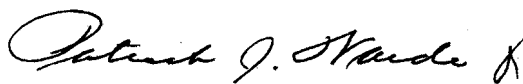
Recognizing the importance of leading by example, in 1998 we took steps to ensure that the Drucker Foundation remains vital and relevant in the century to come. We concluded the year with an exuberant leadership transition. As we change our own Foundation roles in 1999, we pay special tribute to Richard F. Schubert, who gave remarkable leadership, wisdom, and vision while serving as Chairman of the Board of Governors from 1995-1998. We are grateful to Dick and the Board, the staff and the Drucker Foundation volunteers—including over one hundred great thought leaders who wrote, spoke, and traveled with us. Their indispensable partnership has built the organization that the Drucker Foundation is today.

We now begin the next three years as we ended the last—by revisiting our mission. “Mission instills the passion and the patience for the long journey,” Peter Senge said at our 1997 Fall Conference. During our nine-year journey, our passion has been unwavering, yet we have refined our mission twice, to ensure we are focused on the most critical needs of social sector organizations.

With great expectations, we look to the new century—when in partnership with you, the Drucker Foundation can realize our vision of a society that recognizes the social sector as the leading force in creating healthy and inclusive communities for all.



Frances Hesselbein
Chairman of the Board Governors



Patrick J. Waide, Jr.
President and CEO

The Drucker Foundation pursues its mission "to lead social sector organizations toward excellence in performance" by providing social sector leaders with the resources they need to meet these challenges, and to capitalize on opportunities to innovate and change lives.

In 1998, the Foundation pursued the following goals:

- 1. To enable social sector leaders to realize the full performance potential of their organizations;**
- 2. To promote partnerships within the social sector and between the social sector and the private and public sectors; and**
- 3. To build a viable and sustainable foundation.**

Leading Social Sector Organizations Toward Excellence in Performance

Highlights of 1998

The 1998 Peter F. Drucker Award for Nonprofit Innovation was presented to Common Ground Community in New York City for its Times Square Jobs Training Program (*TSJTP*). Common Ground transformed the squalid Times Square Hotel into a flourishing supportive housing community for working low-income and formerly homeless unemployed adults and the building's existing elderly and ill tenants. In 1994, it created the *TSJTP* as an economic development program to benefit the area's supportive-housing tenants. Through cross-sector partnerships, the *TSJTP* prepares individuals for future-oriented jobs, serves as a valuable personnel resource for employers, and has played a significant role in the renaissance of Times Square. The program's commercial ventures provide valuable training and generate revenues to support the program.

In its first two-and-one-half years, the *TSJTP* has assisted 123 tenants in achieving permanent positions paying an average of \$18,000 a year and nearly 70 percent receive benefits. After two years, 78 percent remain employed. Common Ground Community is continuing to achieve innovation through its current supportive housing project, the rehabilitation of the Prince George Hotel, with Project Rebuild—a construction job-training program leading to union membership.



Common Ground Community's Times Square Jobs Training Program participant gaining skills and independence through Project Rebuild.

“ Since receiving the Drucker Award, we have gotten inquiries from government and nonprofit representatives from 40 states and Canada, and an enormous amount of media attention. It has strengthened our mission for excellence in our service delivery to assist families to achieve self-sufficiency.”

—Director of Past Drucker Innovation Award-Winning Program

Special recognition was also awarded to two other innovative nonprofit programs:

- *The Diligent Search Center*, a program of Illinois Action for Children, which expedites the adoption of children from foster care; and
- *The Good News Garage*, a program of Lutheran Social Services of New England, which promotes self-sufficiency by helping people move from welfare to work through affordable personal transportation and job training.

The Drucker Nonprofit Innovation Discovery Site on the Foundation's web site was announced at the Drucker Award ceremony. The site will enable the Foundation to help success travel and share the rich collection of social sector innovations gathered through the Drucker Award process. In 1998, the site was developed and a test version was posted. In 1999, hundreds of innovations will be added from more than 2,500 nominations reviewed in the first eight years of the Drucker Award program. The site will be revised annually to include new innovations in a variety of areas, from volunteer and fund development, to building partnerships.

*The Drucker Nonprofit
Innovation Discovery Site
at www.pfdf.org*





Mutual of America Chairman William Flynn (right) and President and Chief Executive Officer Tom Moran with Frances Hesselbein at the reception they held in honor of her receipt of the Presidential Medal of Freedom.

The Presidential Medal of Freedom, the highest civilian honor in the United States, was awarded to Frances Hesselbein, in recognition of her accomplishments at the Drucker Foundation and as a former CEO of Girl Scouts of the U.S.A. The award citation noted her work “to imbue other nonprofit groups with the hallmarks of true leadership: openness to innovation, willingness to share responsibility and respect for diversity. With skill and sensitivity, Frances Hesselbein has shown us how to summon the best from ourselves and our fellow citizens.”

The 1998-1999 class of Frances Hesselbein Community Innovation Fellows, selected for their leadership and entrepreneurial performance in programs exhibiting community innovation, are: Ms. Dolores Barrett, Director of Social Services, The Salvation Army, Orange County, Tustin, CA; Rabbi Anson Laytner, Executive Director, Multifaith Works/Multifaith AIDS Projects of Seattle (MAPS), Seattle, WA; Mr. Michael E. Neely, Founder and Director, Homeless Outreach Program/Special Service for Groups, Los Angeles, CA; Ms. Jan Owen, National Director, Australian Association of Young People in Care, Brisbane, Queensland, Australia; and Dr. James A. Williams, Superintendent, Dayton Public Schools, Dayton, OH. The fellowship has been designed to encourage and support their pursuit of excellence in organizational and personal performance, and includes networking events, mentor partnerships, and other opportunities for the Fellows to interact with leaders from all three sectors. Highlights of the inaugural 1997-1998 class's year included attending both of the Foundation conferences, a day of leadership development



Fellows Selection Committee Chairman Dr. John Work announcing the 1998-1999 Fellows (from left to right): Dr. James A. Williams, Ms. Jan Owen, (Dr. John Work,) Mr. Michael E. Neely, Ms. Dolores Barrett, and Rabbi Anson Laytner.

“ The Drucker Foundation Leadership and Management conference has become a welcome opportunity for me to be refreshed in my commitment to lead my nonprofit organization. ”

—1998
Conference Participant

programming, and several discussions with the Foundation staff exploring critical issues in organizational leadership.

The 1998 Fall Leadership and Management Conference — Wisdom to Action: Ideas and Practices that Transform Organizations was the Foundation's most successful to date. Over 500 social sector, corporate and public sector leaders from 15 countries and 40 states joined Peter F. Drucker; noted leadership authority Warren Bennis; best-selling *Built to Last* co-author Jim Collins; “technology guru” Esther Dyson;

DreamMakers: Putting Vision and Values to Work author Michele Hunt; *The Service Profit Chain* co-author Leonard Schlesinger; and other thought leaders to explore topics ranging from innovation, vision, and leadership, to how to take action. Ninety-one percent of participants who completed evaluations reported they were “satisfied” or “very satisfied.” A testimony to its value and the importance of ongoing leadership training, is the growing number of foundations and corporations sponsoring community leaders to attend the conference.

At the well-received, 1998 “Organization of the Future Conference,” presented in collaboration with The Conference Board, some of the world's leading visionaries and practitioners—including Peter Drucker by satellite—shared their perspectives on the purpose of tomorrow's organizations, new and future demands on leaders, tools for organizational change, and new models for organizations. Positive experiences at this first conference helped attract twice as many registrants to the February 1999 conference.



More than 500 leaders from all sectors attended the Fall Conference.

“ Through the program I have met — and will meet—people who I can learn an enormous amount from over the next twelve months. ”

—Jan Owen
Hesselbein Fellow



Jim Collins and Frances Hesselbein at the Wisdom to Action Conference.



Participants at the Self-Assessment Tool Workshop at the Fall Wisdom to Action Conference.

Publications



The revised edition of the Drucker Foundation Self-Assessment Tool for Nonprofit Organizations

was published in October, and associated workshops were introduced at the Fall Conference to overwhelming positive response.

Leader to Leader, the Foundation's quarterly leadership journal, won the prestigious Western Publications Association's 1998 Maggie Award for General Excellence, and the APEX 1998 Award for Publication Excellence. *Leader to Leader* features articles on leadership, management, and strategy written by nonprofit, public, and corporate leaders. A first *Leader to Leader* book collection of journal articles was developed for March 1999 publication.

The Community of the Future was published in February. The book brings together 30 leading thinkers including Peter F. Drucker, Nobel Peace Prize winner Elie Wiesel, author Stephen R. Covey, author Margaret J. Wheatley, and Ambassador Andrew J. Young to provide powerful insight into the basis of society



“

The results far surpassed our expectations. The Drucker self-assessment process literally revitalized the organization. The board members have rallied around a new mission statement, taken on a variety of tasks, and designed new programs, which are very realistic.”

— Beth S. Cole, former Executive Director, American Academy of Home Care Physicians

“

I always look forward to receiving *Leader to Leader*. It's the only publication I know of that addresses the critical issues of leadership development and managing organizational change from the perspectives of all three sectors. It contains great insights from the best minds, that I can directly apply to the leadership roles in my professional life and community associations.”

—Craig Gibson, Founder, Boston Leadership Forum

itself—the community. Five foreign language editions have been licensed and 17,250 copies sold. This volume completed the Future Series, joining *The Organization of the Future* (1997) and *The Leader of the Future* (1996), and resulting in over 400,000 copies of Future Series books in print worldwide in 16 languages. The book was sent to all United States governors and the mayors of America's fifty largest cities thanks to the generosity of Jossey-Bass Publishers and Foundation Board member and book co-editor, Marshall Goldsmith.



Excellence in Nonprofit Leadership, moderated by Richard F. Schubert, is a video and workbook program based on the Foundation's September 1997 *The Nonprofit Leader of the Future* satellite broadcast teleseminar. Published in June, it consists of three modules, *Lessons in Leadership* with Peter Drucker, *Identifying the Needs of Followers* with Max De Pree and Michele Hunt, and *Leading Through Mission* with Frances Hesselbein. They are designed to help nonprofit boards and staff strengthen leadership throughout the organization.

“

The Governor indicated that he wanted me, as Secretary of an agency with a vested interest in Maryland's communities, to be familiar with your book. *The Community of the Future* addressed a number of issues of special significance to the Department”

—Patricia Payne, Secretary, Maryland Department of Housing and Community Development

Visits to the Foundation web site, www.pfdf.org, have grown by 15 percent per month. The site attracted 72,000 visitors in 1998. Offering visitors around-the-clock access to many of the Foundation's resources, the site added selected



(From left to right:) Father Marciano “Rocky” Evangelista explaining the Tuloy sa Don Bosco Street Children Project in the Philippines to Stratford Sherman. Henry Tenedero of the Asia-Pacific Center for Organizational Transformation, Frances Hesselbein and Patrick Waide watch former street children learn engine repair.

Leader to Leader articles and book suggestions, downloadable reports, publications, and program applications, and a test version of the *Drucker Nonprofit Innovation Discovery Site*.

Leading the Drucker Foundation into the 21st Century

Looking to the future, the Drucker Foundation planned and carried out a leadership transition to ensure the Foundation’s efforts to lead social sector organizations toward excellence in performance will continue.

At the year’s end, the Foundation announced its new leadership team. Effective January 1999, Founding President and CEO Frances Hesselbein assumed the position of Chairman of the Board of Governors and continues to serve as Editor-in-Chief of the Foundation’s publications; and Patrick J. Waide, Jr. became President and CEO. As a leadership team,

““ The Drucker Foundation’s visit prompted us to think through some of the issues confronting the not-for-profit sector. Your trip here made an impact on that segment of our business community and environs. ””

— *Felipe B. Alfonso*,
President of the Asian Institute for Management, The Philippines

they will lead the Drucker Foundation into the next century. Richard F. Schubert, who served as the Foundation’s Chairman with distinction since 1995, assumed the position of Vice Chairman, working in partnership with current Vice Chairman David R. Beatty, O.B.E.

Following a distinguished career in corporate finance, Patrick Waide came to the Foundation’s presidency with extensive Board service to local community and national nonprofit organizations—including the Foundation.

In his new capacity, he is leading the staff and directing the organization’s operations, focusing on widely sharing the Foundation’s organizational, self-assessment process to strengthen social sector organizations—and therefore communities—throughout the nation.

““ As a member of the Board of the Foundation, Patrick Waide has been a tower of strength. He knows the Foundation and shares its values and its vision. ””

— *Peter F. Drucker*

The Foundation Board of Governors expanded to 15 members with the addition of C. William Pollard, Chairman of The ServiceMaster Company. Peter Drucker calls Bill Pollard the finest example of, and spokesman for, “the servant leader.” He has been a member of the Drucker Award Selection Committee since its inception, and has served as its chairman for the past six years.

Increasingly, the Foundation’s mission and work are attracting worldwide attention as the social sector grows in many nations. The Foundation responded to an average of ten international partnership inquiries a month. Drucker Foundation team presentations were made in the Philippines to leaders of all three sectors, and to the Graduate University of Economics and Management in Vienna. Frances Hesselbein also brought the Foundation’s message to Moscow, Geneva, and Toronto, as well as by satellite broadcast to Jeddah, Saudi Arabia.

1998 Leadership Gifts

The Drucker Foundation is grateful to the following generous supporters, and the many other friends whose financial and volunteer contributions make our efforts possible:

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Drucker Innovation Discovery Site
Andersen Consulting

Wisdom to Action Conference
Keilty, Goldsmith & Co.
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1998 Major Gifts

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Frances Hesselbein
Kenneth Kirschner, Esq, Kelley Drye
& Warren
Mutual of America Life Insurance Co.

And over 100 thought leaders who contributed by writing for publications and speaking at conferences for the Foundation.



Members of the Peter F. Drucker Foundation Board of Directors and Board of Advisors at the Fall Conference.

One hundred percent of the Board of Governors made a financial contribution to the Drucker Foundation, one of the many ways they support the Foundation.

Drucker Foundation Board of Governors

(as of January 1999)

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How You Can Help the Drucker Foundation Further the Mission and Change Lives

If you share the Drucker Foundation's vision of a society that recognizes the social sector as the leading force in creating healthy, vibrant, inclusive communities, and where the social, public and private sectors all work in partnership for a better tomorrow, please join us in our efforts.

The Peter F. Drucker Foundation for Nonprofit Management is a 501(c)(3) nonprofit, operating foundation. Our support does not come from funding reserves or endowments. Our work "to lead social sector organizations toward excellence in performance" is made possible by individual, corporate and foundation gifts. As we serve those who serve, gifts to the Drucker Foundation benefit diverse nonprofit organizations that are working to build cohesive communities.

The Foundation welcomes gifts of cash and securities for program support and general operations and is pleased to help you explore special opportunities such as tribute and memorial gifts, bequests and gifts designated for specific projects. Multi-year partnerships and endowment gifts help sustain and ensure the future of the Foundation.

For more information about the Drucker Foundation—both how you can benefit, and how you can help—please contact us. We welcome your inquiries, feedback and involvement.

A copy of the Drucker Foundation's 1998 financial report may be obtained by writing to the Drucker Foundation.



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