



Organization—Who Are We?

A simple enough question, and if the organization is large or well-known, a compensation manager may feel that the question is unnecessary. However, current human resources (HR) professional training literature, such as the Society for Human Resource Management (SHRM) certification preparation materials, indicates that successful HR policies and practices must be harmonious with the nature of the organization and its strategy to effectively support its mission. *Nothing is more worthy of close analysis than the organization itself.*

The first spreadsheet in the series (ORG) is the shortest, but the information to be recorded there may strongly influence, if not determine, all that is to come (see Spreadsheet 1 at the end of this chapter, as well as in Appendix B). We will begin with the most obvious yet most misunderstood descriptor: Type of Organization.

TYPE OF ORGANIZATION

This field is intended to provide the briefest description of the organization: government (public) or nonprofit (private). Most of my professional colleagues work in the for-profit world, and their opinions vary widely as to the definition of those organizations that “don’t have to make a profit.”

Some misconceptions that have reached me include the following:

- All private employers are for-profit.
- Nonprofit means government.
- Nonprofit means that the organization can't make a profit.

To add to the confusion, some terms used in the media mix the terminology with such phrases as “public companies” (meaning for-profit, publicly traded companies) and “privately held companies” (companies whose stock is not publicly traded) to say nothing of “public utilities” such as those public utilities that are privately owned, may be publicly traded, and are subject to close regulatory scrutiny.

In this book, the public sector includes government at all levels and may include related organizations such as state universities and other educational institutions often not considered part of government. Nonprofit organizations are private, self-governing, overseen by volunteers, do not distribute any profits to the owners (there are no owners), and meet the 501(c)(3) standards set by the Internal Revenue Service (IRS). Religious institutions, some healthcare organizations, professional associations themselves, historic preservation societies, art and cultural groups, and many other organizations fall into this category.¹ In common speech, the term “private sector” usually means the for-profit sector of the economy. However, nonprofit organizations are considered private. As Hutton and Phillips point out, nonprofit organizations are formed to benefit the public, or a particular subset of the public, but not one person or one family.²

The reader might well ask why this book addresses two such different types of organizations: public and nonprofit. The answer is simple: I am putting these two types of organizations into one book because my human resources colleagues seem to view them as more similar than different. Why? Because these organizations “don't have to make a profit.”

At this point, the compensation manager need only determine whether the organization is a government agency or related entity (established, monitored, and/or supported primarily by the general public), or a nonprofit organization as formally defined by the Internal Revenue Service.

OPERATIONAL FOCUS

The compensation manager will probably have no difficulty describing the organization's operational focus. A government agency might focus on law enforcement, highway construction and maintenance, the judicial system, agricultural support and inspections, healthcare, or libraries, to name a few. The formal nonprofit organizations can be religious institutions, charities, zoos or animal sanctuaries, libraries and foundations, as well as other entities. A nonprofit school of dentistry might provide instruction to future dentists and, as part of that instructional mission, run dental clinics for the underprivileged, the elderly, and students.

MISSION STATEMENT

The public/nonprofit organizations are bound by their missions. Police departments cannot diversify into weapons manufacture; churches cannot establish a Sunday activity to hire employees, sell tax accounting services, and bring in extra cash above and beyond the cost of the services provided in order to pay the church elders bonuses. Public schools cannot design, make, and sell a new line of school uniforms for a profit. At least, these organizations cannot do these things and remain congruent with the public trust and IRS regulations.

For-profit organizations may diversify, acquire other companies or be acquired, change mission, change locations, and make other profound changes. The public or nonprofit organization can also make changes but the range of possibilities is more limited. A county government does not usually acquire or merge with another county government; churches normally do not affiliate with another religion in order to broaden their donations base. *The public/nonprofit world is usually more stable in its focus and stays centered in its mission.*

In our sample organization, ABC Community Services, the only descriptive information displayed on every spreadsheet is the mission statement. A compensation manager should be able to obtain the mission statement from the organization with ease. If not, it is crucial to find out why.

NUMBER OF YEARS IN EXISTENCE

Your organization's history is another piece of information that should be readily available. Public and nonprofit organizations typically have greater job stability. You may have several colleagues who have sufficient seniority to know or even remember the early history of your organization. Knowing how the organization got where it is today will serve you well.

GEOGRAPHICAL PRESENCE

Is your organization physically located on only one site, multiple sites within a city, within multiple cities, multiple states, or even in more than one country? This information, too, should be readily available. If there are multiple sites, you should know where the headquarters is located and where the governing body meets. If fortunate, you may be located at the organizational headquarters. If not so fortunate, you will want to visit the organization's headquarters and establish solid professional relations with peers and superiors.

DESCRIPTION OF OPERATIONS

The information on this row on the spreadsheet should describe the organization's operations as concisely as possible. Such descriptions include but are not limited to:

- Nature of clientele
- Physical, mental, or emotional caregiving to clients
- Any physical operations such as the delivery or preparation of such items as clothes or food to various locations according to a schedule
- Regular public events such as religious services or school hours
- Hours of operation (especially 24/7)
- Physical risks to employees, for example, law enforcement, fire protection
- Degree of education or certification required in order to provide services, for example, Ph.D. or equivalent, RN license

- Type of services provided, for example, tax collection, education, postal service

Record the answers on the ORG Spreadsheet (Spreadsheet 1).

NOTES

1. *Nonprofit Kit for Dummies*, Stan Hutton and Frances Phillips, 2001, Hoboken, NJ: John Wiley & Sons, pp. 8–17.
2. *Ibid.*, p. 20.

