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Review of books by Vinter & Kish and Lauffer

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Budgeting for Not-for-Profit Organizations. By Robert D. Vinter and Rhea K. Kish. New York. The Free Press. 1984. 190 pp. \$22.95¹

Strategic Marketing for Not-for-Profit organizations: Program and Resource Development. By Armand Lauffer. New York: The Free Press. 1984. 376 pp. \$22.95

The publication of these two books, with related titles and similar graphics and cover designs apparently signals the advent of a new line of works on “not-for-profit” organizations by the Free Press. However, the reader should not expect to find much about not-for-profits, in general, here. The publisher apparently hopes to attract a broader readership than the conventional social work audience from among diverse nonprofit organizations with some clever marketing, but the issue of what organizations are not-for-profit and what the common characteristics of such organizations is never addressed. Both books are works about social work services with only a few incidental references to other types of services. They would have been more appropriately so titled.

In a field such as the financial management of social work services, in which nearly a century of interest and concern has been translated into a mere handful of published books and articles, every new publication on the subject represents an important event. Thus, readers with an interest in the administration of social casework programs – particularly those in middle management positions in public sector agencies – should be interested in the book by Vinter and Kish. It presents a thorough, sound, well thought out treatment of what they term the “budget cycle” from its very earliest origins in program planning to its conclusions in what they term “continuation budgeting.”

There must be at least a dozen metatheories or sub-disciplines within which one might construct a theory of budgeting – as a problem, for example, in politics, economics, organizational sociology, motivational psychology, operations research, management science, cost accounting, etc. A social work colleague once suggested that it was perhaps best handled as a topic in psychopathology!

Vinter and Kish frame their treatment largely within the world view of the cost accountant, which they consistently label “the rational view.” Their treatment of budget-making as a rational process (mental and calculational) with an overlay of heavy emphasis on very precise definitions distinguishing key terms such as revenue and income, corresponds closely with the kind of treatment one would find in an American cost accounting textbook. Little attention is paid to budget-making as a behavioral or interactional process, or to those nonrational or organizational factors impinging upon budgeting.

Vinter and Kish also present their perspective with such red flag terminology as “practical and non-theoretical” (presumably to distinguish it from such impractical and theoretical notions as politics, economic analysis and organizational behavior).

¹ A revised and edited version of this review was published in *Social Casework*, June, 1986.

There is no real justification for this, since cost accounting of human services is a seriously neglected, and as they note, increasingly necessary element of the overall financial management process. Further, it seems unnecessarily divisive to imply, as they do, are somehow more practical and rational as they go about their work than the lobbyist, grant writer or fundraiser. In this volume, the authors have clearly taken their stand with what David Braybrooke and Charles Lindblom call “synoptic rationality.” Budgeting, in this view, is fundamentally mental puzzle-solving in which right answers are sought, rather than a process of social interaction in which deals are brokered.

Because of their focus, this book is likely to be of greatest interest to those mid-level managers in large agencies who have the luxury of concentrating on finding the right answers to budget puzzles. The characteristic concerns of the top-level executive and the small agency manager with balancing agency, public and community concerns, and with a prudent concern for political realities combined with accurate calculations receives only the slightest attention.

The central value of this book, however, is not its elaboration of the budget cycle but a truly excellent (and exquisitely detailed) treatment of the topic of cost analysis in Chapters Eight and Nine. This discussion is aimed at organizations without true cost accounting systems (which, one suspects, is the majority of human service organizations). In particular, former caseworkers who have moved into middle management positions only to be burdened with the forbidding challenges of monitoring and controlling costs can learn much of what they will need to know from this discussion. One suspects, however, that for graduate students in social work – even those concentrating in social administration – these chapters will prove heavy going. We call all hope, however, that they will persevere and make the effort.

Fundamentally, the authors have opened the doors to a larger audience for this important set of techniques. Their handling of methods of distributing indirect costs to cost centers is impressive, and unprecedented in the social work administration literature. The discussion of four approaches – direct, stepdown, double distribution, and algebraic – is clear, appropriately critical and generally sound.

However, for the reader their extensive use of the first letters of words in a phrase (CC’s, RC’s SC’s for cost, responsibility and support centers, in particular) makes these chapters more difficult going than they need to be.

There are a number of minor and annoying inaccuracies:

- They insist, for example, that the *agency* is “a corporate and legal body existing under relevant statutes” in all U.S. state laws. In fact, agency is the action of representing the interests of some other under the general legal doctrine of *principal-agent theory*. Social workers long ago adopted the term to label human service organizations seeking to represent the interests of their clients. All state laws recognize a variety of public and private

corporations as legal actors, but no state (that I am aware of) recognizes nonprofit agencies as any kind of legal entity.

- Functional budgeting and performance budgets are introduced here as supposedly new or recent innovations. Far from being new, functional budgeting and performance budgets were both first proposed in the 1940s, and possibly earlier.
- The authors also proclaim that “regardless of the organization’s size or the chief administrator’s title, that person assumes ultimate responsibility.” All state laws, however, assign ultimate responsibility for managing the affairs of the nonprofit or private for-profit corporation not to the chief administrator but to the board of directors, and ultimate responsibility in public organizations usually rests with the chief administrator of the jurisdiction and ultimately with a legislative body. Chief administrators (Executive Directors or CEO’s) who claim such ultimate responsibility will ordinarily be on very shaky legal ground.
- They further suggest the logic of the “line-item budget” as “objectives-activities-resources-needs”. It is difficult to picture such line item as rent, supplies, fringe benefits or a host of other line items as “activities” associated with particular objectives. Their O-A-R-N logic seems more indicative of some kind of program budget than what is conventionally thought of as line item budgeting.
- Their unqualified endorsement of full accrual accounting systems may warm the hearts of professors of accounting, but it might better include some caveats and qualifiers of modified accrual systems offering guidance for the unsuspecting small agency executive or bookkeeper faced with the daunting challenges of such systems.

Despite these reservations, Vinter and Kish have written an important work which is a major addition to the social work administration literature.

In an era when public stinginess and mean-spiritedness masquerading as political conservatism and “accountability” continue to grow unchecked, “market-oriented” approaches to organizing, presenting and financing human services may be a necessity. If so, it seems inevitable that administrators and social workers will have to become more familiar with the realities of market positioning, product development and other facets of contemporary marketing. Unfortunately, they will get little help with these challenges from *Strategic Marketing for Not-for-Profit Organizations*.

Armand Lauffer – like other recent advocates of market perspectives – is essentially correct in his initial assumption that human services practice is changing and that managers of nonprofit organizations must aggressively pursue all possible resource environments in order to survive. Community Action Agencies abandoned by the federal War on Poverty were among the first to have to face such exigencies. Model Cities programs, agencies in the Aging Network, Community

Mental Health Centers and a variety of Title XX funded programs and services, and many others, have also had to deal with this reality or face extinction. Sound intuition, however, does not in this case necessarily translate into a well-written book.

Marketing is used here as an umbrella metaphor subsuming a range of conventional community organization strategies and tactics in an allegedly new way: Client participation, needs assessment, program development, budgeting, evaluation, fundraising, publicity and other topics are all discussed from Lauffer's marketing perspective. The original idea, apparently, was to approach these familiar topics within the context of unfamiliar marketing concepts such as price, product, place, public and promotion (the five P's). This proves to be neither very workable nor convincing.

Lauffer's principal weakness in this volume lies in its grounding in an insufficient concept of *market* which he treats as an adequate synonym for the more conventional social work term *environment*, and at times as a synonym for the more general *public*. His suggestion that coordination requires centralized or delegated authority is one hint of a more profound misunderstanding of the idea of how markets work which undergirds the entire marketing discipline. Markets are generally seen to be devices for coordination of the actions of buyers and sellers *without* the necessity of some central or delegated authority. Marketing in centrally coordinated economies is either a misnomer or a straightforward political problem.

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