

Five Functions of Management: Business Planning at the Nonprofit Level

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SUBJECT(S): Management

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

In this lesson, the teacher will address the planning function of the “Five Functions of Management” as it occurs in the business context at the nonprofit level. Students will read “Mustaches for Kids’: Charities Adopt Private Sector Models to Tap New Funds,” then conduct a SWOT analysis on the process of planning for a nonprofit.

≡ NBEA STANDARD(S):

- Management, I. Management Functions

≡ RELATED ARTICLES:

- [“Nonprofits Are Changing the World — With a Little Help from the Next Generations”](#)
- [“A Young Photographer Sees His Lens as a ‘Creative and Powerful Conservation Tool’”](#)

The Five Functions of Management

- **Planning** — Managers are responsible for setting the course of actions that will best fulfill the company’s goals. Planning involves knowing what to do, when to do it and how

to do it. Managers are responsible for consulting with different departments of the company in order to set the appropriate path for allocating capital in the right directions.

- **Management Decision-making & Strategy** — Managers must identify the activities to be completed, assign duties, create and authorize responsibility and coordinate the different levels of operations.
- **Staffing** — Keeping individuals in the proper departments and matching talent to employee are also among the functions of management. Staffing includes recruitment, performance appraisal, promotions and transferring employees to the proper departments.
- **Directing** — Managers must supervise, motivate, lead and maintain communications with their employees.
- **Controlling** — Managers must control their departmental employees and operations to ensure that organizational goals are achieved.

NBEA Standard(s): Analyze the management functions and their implementation and integration within the business environment.

Common Core Standard(s):

Objectives/Purposes: The purpose of this lesson is for students to comprehend elements of planning for a business/organization as a function of business management in the nonprofit sector. Students will be able to apply planning skills to the nonprofit sector.

Knowledge@Wharton Articles:

“‘Mustaches for Kids’: Charities Adopt Private Sector Models to Tap New Funds”

<http://knowledge.wharton.upenn.edu/article.cfm?articleid=2271>

Other Resources/Materials:

For Teachers:

- 1) Internet Access — if the teacher has Internet and can project the screen to the class, this is fine.
- 2) Butcher paper and markers

Activity:

Introduction (5 mins):

Class Discussion/ Overview

In the introductory facilitation, the teacher should explain to students that establishing a nonprofit and maintaining/sustaining that business comes with a particular set of challenges. The main difference between a for-profit business and a nonprofit business is that in a for-profit business, the profits can be taken out of the business and given to shareholders. In a nonprofit business, any profits made must stay inside the business and be reinvested in the business in one way or another. Nonprofits typically have to rely heavily on donations, grants and other charities to sustain themselves. Therefore, nonprofits have to spend a large amount of time seeking funding for their projects and services. Nonprofits can operate on the local level, national level or multinational level.

These organizations often have the same challenges as businesses on their respective level, with the added challenge of procuring funding through grants, etc. On the flip side, nonprofits do not have the same pressures to generate profits. Therefore, they are able to focus more on creating and sustaining programs that are often pro bono (free to public), rather than having to generate increasing profits for shareholders who need financial returns on their investments. Stakeholders in the nonprofit world are more concerned with seeing a positive *social* return on their investment (and in many respects, their funding is dependent on this).

Because students will be analyzing local business dynamics in the context of the **Planning** function of business management, discuss with them that planning involves knowing what to do, when to do it and how to do it. Explain to students that managers are responsible for setting the course of action that will best fulfill the company's goals, as well as consulting with different departments of the company in order to set the appropriate path for allocating capital in the right directions.

Students may be asked to think of examples of how businesses plan (i.e., planning stock for the holiday season, opening a new store, offering a new product, competing with a new competitor, etc).

Note: The teacher may call on various students to articulate various examples of planning across business contexts and may write student responses on the board to keep a running list that may be referred to from time to time as student understanding of the topic evolves.

Guided Reading (10 min):

Students should read through the article “[Mustaches for Kids’: Charities Adopt Private Sector Models to Tap New Funds.](#)” Once students have read the article, have them break out in pairs to answer the following questions.

1. What are some of the strategies nonprofits employ to seek funding?
2. What are some advantages/disadvantages nonprofits have over for profits?
3. What elements are necessary for effective decision making?
4. How are nonprofit organizations using market strategies to increase financial sustainability? How are they planning to implement these strategies?
5. What are some for profit businesses doing to ensure that they are more social conscious? How could this affect their planning?
6. What are some advantages/disadvantages small businesses have over larger businesses with regards to planning?

Class Discussion (5 mins):

Have students discuss answers to questions as a whole class. Ensure that students are making connections between effective planning and success. Make sure students realize that they need certain skills in order to plan effectively (i.e., knowledge of the market, system of inventory organization, financial understanding, etc).

Exploration Activity (5 mins): SWOT Analysis

During a SWOT analysis, students analyze a business enterprise for its Strengths, Weaknesses, Opportunities and Threats. From the vantage point of planning in the nonprofit sector, have students record their analyses on poster board or butcher paper.

Students should justify each aspect of the SWOT. They can use an example of a nonprofit they know, use one of the businesses discussed in the article, or just do a SWOT analysis of the nonprofit context in general. Make sure that their SWOT analyses are focused on planning (i.e., planning to enhance their strengths, planning to mitigate their weaknesses, planning to access their opportunities, planning to protect themselves against potential threats, etc.).

For example:

- **Strength:** Due to the nature of their work (i.e., social investments), nonprofits at times can more easily convince people to support their causes.
- **Weakness:** Fewer resources — financial (must rely on grants and outside funding), human (many nonprofits must rely on volunteers), etc.
- **Opportunities:** Creating a niche in a community or fulfilling a true community need — a person/intimate understanding makes understanding the needs of your market easier.
- **Threats:** Lack of funding opportunities (i.e., grant money is low, difficult to compensate the most “highly qualified” employees, competition from other worthy causes).

Group Reports/Discussion (10 mins):

Have students share their SWOT analyses with the class. Make sure students justify and explain their understanding and thinking. Post all SWOT analyses on the board. Discuss the lists that the groups made. Feel free to add any items that students may have overlooked, as well as highlight one or two items for further whole class discussion.

Closing (5 mins):

Use this time to answer questions and clarify points of confusion. Make sure to connect SWOT analysis planning to the broader topic of planning in general. Remind students that “if you fail to plan, you plan to fail.”

Tying It All Together: Planning is the first function of the “Five Functions of Management.” The other four functions are: Staffing, Organizing, Directing and Controlling. In terms of an overall strategic view, now that students understand the planning function, the teacher may wish to contextualize this function vis-à-vis the other four remaining functions.

This lesson plan can stand alone or the teacher may wish to visit other Wharton Global Youth Program lesson plans that highlight the other “Functions of Management.” Bear in mind that each function represents a unique element of business management and when the five are taken

together, they collectively articulate the role of the business manager as leader/steward of the organization.

The “Five Functions of Management” are subsumed within the greater umbrella of Business Management, including but not limited to:

- Theories of Management
- Business Organization
- Personal Management Skills
- Business Ethics and Social Responsibility
- Human Resource Management
- Technology and Information Management
- Financial Decision Making
- Operations Management

Practice Outside of the Classroom: Have students consider a strategy for attracting donors/grantors. How would they plan for this? How do nonprofits that students may encounter (i.e., Project Home, Hope for Humanity, etc.) attract donations?

What Worked and What I Would Do Differently: