

From Impossible to I'm possible Strategic Nature of NPO— Children Are Us Foundation as an Example Conference of 18th ACMR

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1.1 Review of Children Are Us Foundation (CAUF)

Children Are Us Foundation was established in 1995 with an endowment of NT\$5,000,000 by parents of children suffering from Downs Syndrome, cerebral palsy, multiple dysfunctions and other mental illnesses who were concerned for their children's development and welfare. Behind the establishment of the foundation laid the desire to change the public's general perception about people with mental disabilities and as such, CAUF emphasized the need to remove any barriers, whether physical or psychological, that prevent mentally disabled people to take their place in society.

Parents of mentally handicapped children, apart from facing a lack of social resources and support for the care and education of their child, also had to deal with the general misconceptions of the public who widely misunderstood the basic nature of mental disability, sometimes even mistaking it for some sort of communicable disease, and believed that mentally disabled people could only consume government social welfare resources. CAUF set out to eliminate the prejudices that present mentally handicapped people as pitiful and relying on resources provided by emphasizing that with love and care, they can enjoy life in the community, have friends, have a home a job and be as creative and productive as regular people. (Marie-Claude Pelchat,2004)

1.2 Attaining Financial self-sustainability and social mission as motivation

The CAUF, in developing its social ventures, has managed to reach and maintain an income ratio where self-support income represents 50-55%.

A NPO needs sufficient financial to support its operations in a sustainable way. Traditionally, these resources have been obtained either from the government or from donations by individuals. These resources coming from outside and which you cannot control. They shrink when the economy goes bad or you have a disaster like the big earthquake (921 Earthquake), under such circumstances, one needs to have his own resources. We thus started to think about to develop a type of work that would allow us to attain our mission but at the same time give us greater financial autonomy so that we could support ourselves. We believe that if a NPO can come up with a model that can reduce its financial burden from a self-sufficiency perspective, this is a step towards business orientation. This philosophy of self-reliance is crucial to Children Are Us Foundation: not only does the foundation advocate "self-support" for people with intelligence disability by providing them with

adaptive technology and work opportunities so that they are less dependent on social resources, but it also aims, as a NPO, to be self-reliant and not depend exclusively on government subsidies and individual donations, resources upon which an organization has no control.

1.3 Paradigm Shift for NPO operation

In 1995 CAUF decided to break away from the traditional image of charitable organizations as weak, needy and relying only on compassion to instead promote an image of empowerment and professionalism, where the support of the public coupled with the foundation’s own diligent efforts lead to the healthy growth of the mentally handicapped children. As such, Children Are Us has over time developed an organizational culture that values self-support, innovation, the acceptance of competition and even risk taking, as well as professional management and the setting of clear goals. This new organizational culture is summarized in what the foundation has called the Paradgm Shift (illustrated in Table-1), more specifically the shift from the traditional thinking mode of charitable organizations towards a new mode of operation that values effectiveness and the integration of many business concepts, not just for the business ventures but also for the operation and management of the whole nonprofit organization.

Table-1 Traditional NPO model new NPO model

Strategy View	Traditional Mode	New Mode Tendency
1.Values	<ul style="list-style-type: none"> • Accept social resources • Consume social resources 	<ul style="list-style-type: none"> • Accept assistance under self-support principle • Create social resources
2.Effectiveness	<ul style="list-style-type: none"> • Effectiveness is not so important • No definite target, No competitive pressure 	<ul style="list-style-type: none"> • Have competition, have pressure • Need definite target, Need effectiveness.
3.Resources	<ul style="list-style-type: none"> • Assistance mainly from social sympathy • Government Assistance 	<ul style="list-style-type: none"> • Create and Accumulate core resources • Increase self-support resources, residual support from government and donations
4.Structure	<ul style="list-style-type: none"> • Small size, private ownership 	<ul style="list-style-type: none"> • Private operation that is community based
5.Competition	<ul style="list-style-type: none"> • Does not need competition • Will be shrunk and kick out 	<ul style="list-style-type: none"> • Competition encourages progress • Encourage employees (mentally handicapped) to enter the competitive job market
6.Management	<ul style="list-style-type: none"> • Lack of management capacities 	<ul style="list-style-type: none"> • Management dominated • Need self-assessment by objectives

	<ul style="list-style-type: none"> • No merit-assessment system 	
7.Turst	<ul style="list-style-type: none"> • Resources overlap and are wasted • Rare network relationship 	<ul style="list-style-type: none"> • Share resource and experience • Set network relationship
8.Environment	<ul style="list-style-type: none"> • Isolated, closed • Centralized • Big-scale 	<ul style="list-style-type: none"> • Open and community based • Humanity • Small-scale
9.Nature	<ul style="list-style-type: none"> • Passive • Pity and poor image • No special planning of Maslow Hierarchy 	<ul style="list-style-type: none"> • Optimistic • Happy and healthy image • Promote the need of Maslow Hierarchy

This “Paradigm Shift” as extolled by CAUF is actually being followed by more and more NPO, albeit in different forms and under different names, in their efforts to improve their efficiency in providing social services through the incorporation of business techniques and principles.

1.4 3C Developing Flow Diagram of CAUF

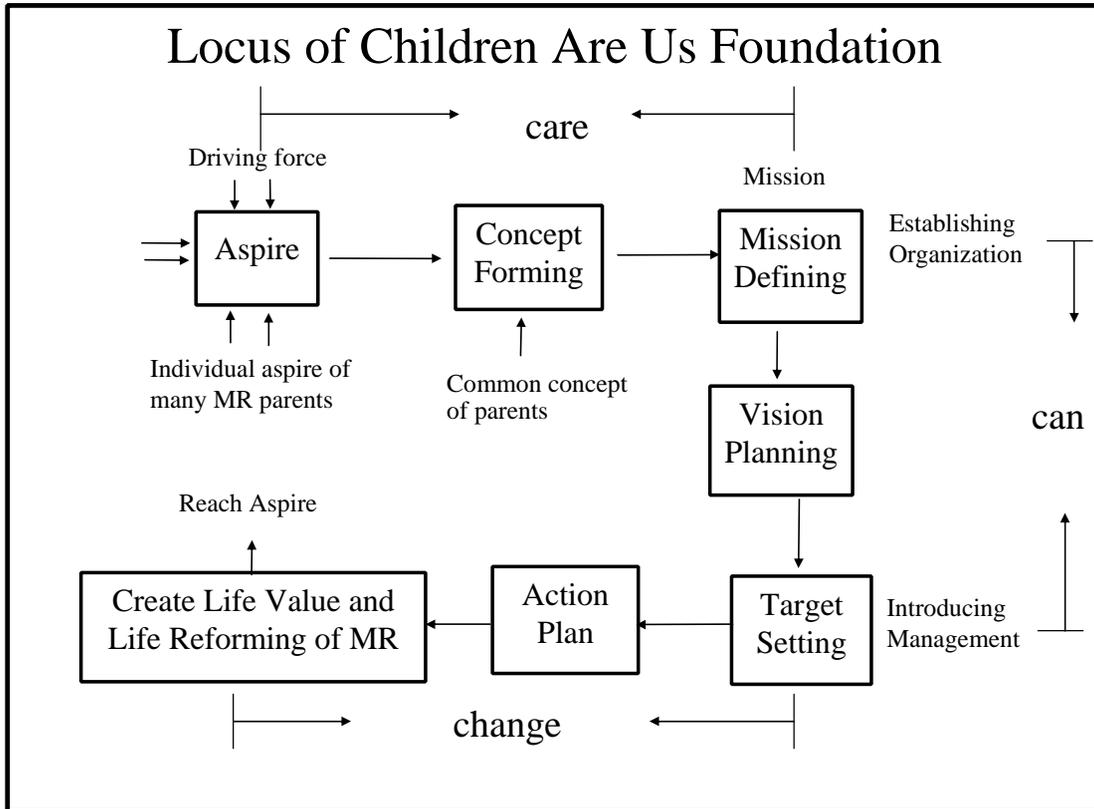
CAUF uses 3C Concepts to bring the dreams coming true. In the initial state the most worry thing for all the parents of intelligent disabilities (ID) is once they pass away who can care their ID children. The only dream for them is that one-day their children can exist in the society having job, having home, and having friend. But the dream just a dream unless we can plan it, do it, control it, and modify it to let the dream happen.

The first C is “CARE”, because parents care the ID children and love them, will never give up, so we get the motivation and the driving force.

The second C is “CAN”, After lot of parent gathered together with the same target, the CAUF was established, therefore, mission should be defined, the vision of the future should be planned, the goal for caring ID should be set. In this stage, management should be introduced, “CAN” means the ability to finish these tough jobs.

The third C is “CHANGE”. Through action plan to create social value and life reforming of ID, we redesign and recreate the ID, they are changed completely. They can return to the mainstream society. The dream and aspire of parents come true.

Figure-1 3C Developing Flow Diagram of CAUF



2. Operation Effect

CAUF introduces nine(9)Strategy Views for social care of ID. Wu, Su-Hwa(1997)mentioned nine strategies can be included in the Nature of Strategy.The Value Strategy, Effective Strategy and Resource

Strategy. can be classified as Operation Effect. The most controllable factors for the operation of organization.

2.1 Social Value Strategy

2.1.1 Create Social Value

CAUF transfers the abstraction concept as love, respect of the third sector to a specific, shaped product

like bread. Let the ID people work in the bakery and restaurant to create the social value. Owing to creating social value, ID people can easily be accepted by the public and returned to the social mainstream, And CAUF can have the good reason to exist. ID people are also promoted their rank of Maslow Needs Hierarchy by direct contact with people through work and get their dignity and enjoy their life.

2.1.2 Life Redesign of ID People

CAUF redesigns and regenerates the life of ID people through work. We believe mental retardation just

one part of defect of our body, can be compensated by parent's love, society's worm to overcome all the

obstacles and lead the ID people to ignite their potential abilities, enjoy the basic human right and having

better quality of life.

Since 1997 CAUF established the first bakery in Kaohsiung. And until now CAUF has set 21 work shops (include backerys, restaurants, and bakery factory) in Taipei, Kaohsiung and Hsin-Chu of Taiwan for training the bakery skills and restaurant services for ID people.

2.1.3 Successful Nomenclature of Children Are Us

Children Are Us (Hsi-Han-Er in Chinese) become an optimistic, warm, and positive pronoun of ID in

Taiwan, CAUF has changed the image and role of them, from the one be served to the one who can serve

people, from the one who consumes social resource to the man who can create the social resource.

So

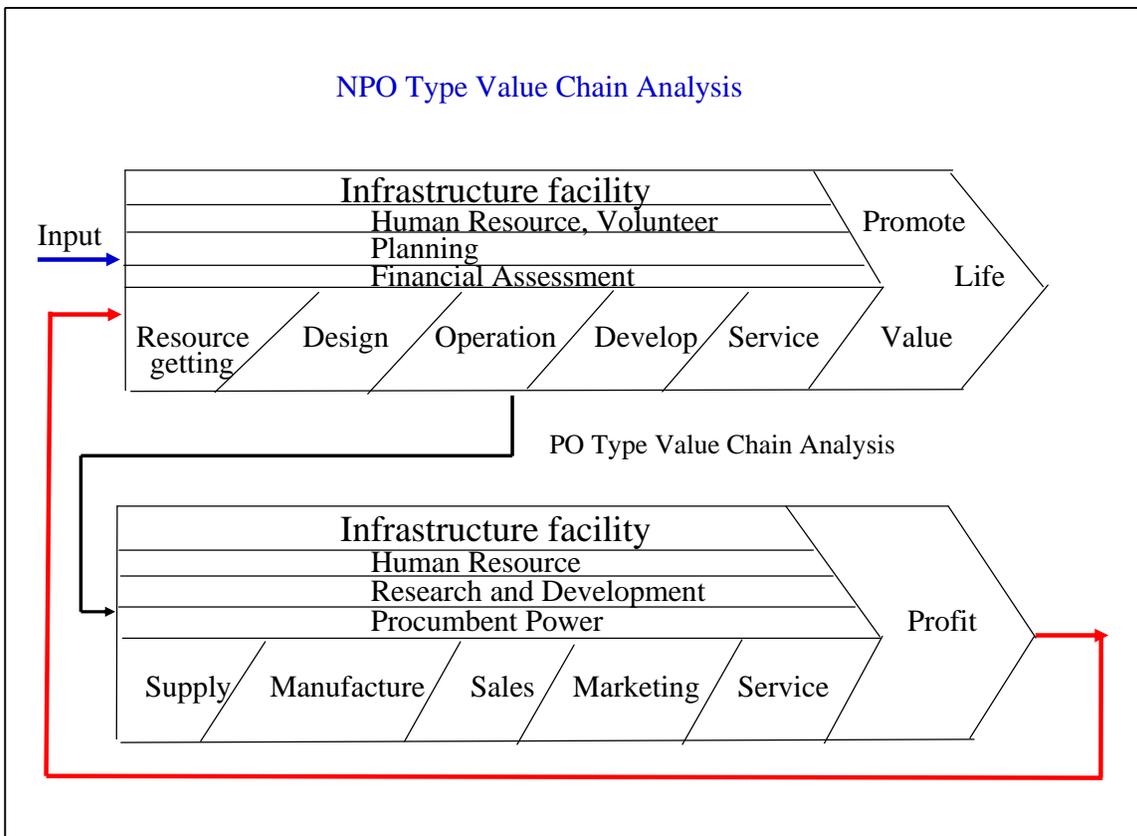
the social view for ID is also changed to consider them are one of the members of society instead of excluding them to the margin of the society.

2.1.4 Value Chain of CAUF

Value chain of business sector has been described by Michael Porter (2000) . From supply, manufacture, sales, logistic, and service each sector can create specific value, but the final value for a business definitely is the profit. However, the value chain for a NPO is not the same. Kuo-Jen Su (2002) revised the value chain diagram as fig-2 for NPO, and combine both value chains to have the concept for a NPO based Social Entrepreneurship. It is much easy to understand the true value

for a NPO.

Figure-2 Value Chain of CAUF



2.2 Social Effectiveness Strategy

2.2.1 Innovation Thinking

Innovation means to have optimum arrangement of resources. All the innovation thinking comes from the needs of ID people. Just like the jumping boxer who changes the position frequently so he can win the game, CAUF creates bakery, factory, restaurant, theater troupe, boy scout team, percussion team, and horticulture team are all the results of innovation in Taiwan.

2.2.2 6,600,000 consumers have been served

CAUF develops an undeveloped economic force in Taiwan. If we think they can not do anything, then they will never get any chance to do anything. But ID people actually can do something for the society, CAUF gives the evidence that until end of 2006, the ID people worked in the bakery and restaurant had served 6,600,000 consumers in Taiwan.

2.2.3 Core Competence of ID

CAUF defines the core Competence of an organization as the first class technical or service compared with the similar organization. From the view point of strategic domination, God give ID people special gifts that is their innocence on the face, no matter how old the age they can keep it all the time. That is the best “Experience Marketing” in our bakery and restaurant.

The core competence of CAUF is analyzed as Table-2

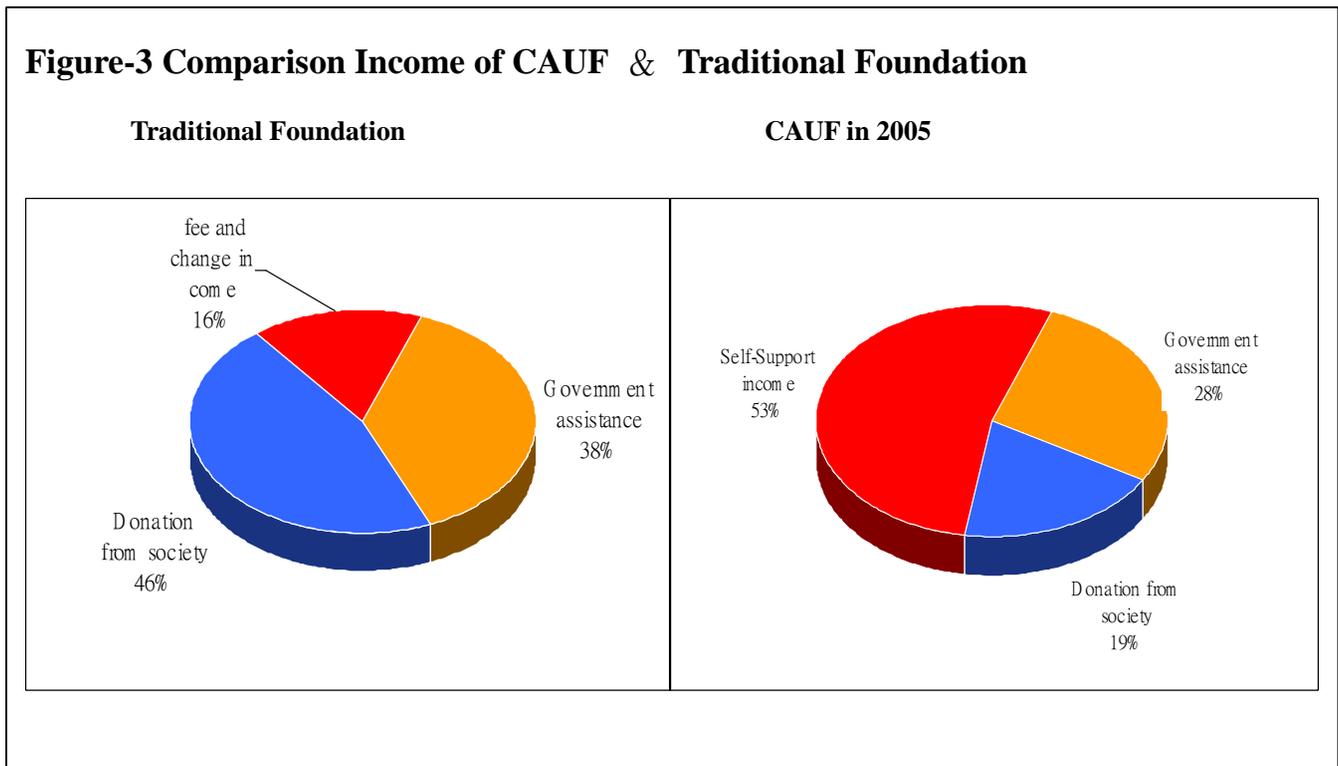
Table-2 Core Competence of Children Are Us Foundation

Evaluation Items	Insight of High Rank	Executive Ability of Basic Rank
Exclusive Technology	*Set up bakeries and restaurants. *Outstanding operation team.	*Provide “Innocence” Experience Marketing environment.
Long term Advantage	*Mental challenged people keep “Innocence” as core resource. *2% population ratio is rare.	*Difference of products and service with love causes the special value as to compare with same products and services on market.
Create new Value	*Construct the mission in : Recreate the Life to a Highest Value.	*Assist the mental challenged people to support by themselves . *Create social value.
Can be put into Value System	*Transfer abstract concept to real products, which can be put into the value system.	*Change the image of mental challenged people and let them return to main stream.

2.3 Social Resource Strategy

2.3.1 Social Entrepreneurship

Traditionally, the resource for a NPO mostly comes from government subsidies and public donation. However, for CAUF, we create another main resource that is the income from the self-reliance and self-support contribution from ID people. That means CAUF creates more supply method than the traditional NPOs in Taiwan. CAUF do not need to compete the government funding and donation as nervous as other NPOs. The 50-55% of self-support income makes CAUF financial more independent and autonomy. Because the resource from government and donation is controlled by others, however, the income from the philanthropic business is controlled by our own selves. The comparison NPOs as in Figure-3.



2.3.2 Sharing successful Blue-Sea strategy model

In Taiwan more than 150 NPOs have used CAUF model as their imitative target to operate bakery, coffee shop and restaurant as a self-support model to integrate with the society and get more finance flexibility. CAUF just like a butterfly to wave its small wings, no matter how the power is so weak, this Butterfly Effect (Gleick 1987) will cause a big influence and changes in the near future somewhere on the earth.

2.3.3 Bring them to the place where they can get fish

“Give me a long enough level, I can use one hand to raise the whole earth.” Saying by Archimedes, So the same give the ID people a fishpole and lead them to the community they can easily get lot of fish.

3. Position Effect

Social resource is quite limited. Any NPO can not get all of the resource by a monopoly way. Therefore, competition does cruelly exist. In the procedures to get a resource for NPO, absolutely, is a “Zero-Sum” game, so no one can self-exclusion the destiny of competition. Mission based marketing not only to satisfy stakeholder’s value-assertion but also attain the development of NPO’s mission through competition domination and sustainable operation, grasp profitable position and key resource, and will get larger monopoly marketing. This is so called “Position Theory.”

3.1 Social Competition Strategy

3.1.1 Innovation creates new resource

The best way to avoid competition is innovation. Through new idea we create social entrepreneurship business, not only providing the opportunity for ID people to work so that they can get better dignity and enjoy the colorful life, but also create the brand new resource coming from the sales of bread and restaurant to sustain the mission of CAUF.

3.1.2 Innocence makes difference

Michal Porter mentioned that making difference is the most important key for competition domination. God giving the best gift, innocence, for ID people, no matter how old of them the innocence always existing in their faces. The innocence have existed on the faces of you and me once before. However as time goes by it disappeared. So, if you want to remember the innocence you have better visit one of Children Are Us restaurants to enjoy the “Experience Marketing”. This makes difference of CAUF’s restaurant compared with the common restaurant.

3.1.3 Quality is the only passport to market

For running social entrepreneur business never think to use “love” to attract customers. For Love’s reason they will consume only once or twice if your products do not have good enough quality. Customers think they have donated their love already, since the product is no good they can not enjoy that all the time. So quality is the only passport to keep the charity market progress.

3.1.4 Deep impression disperse into youth’s heart.

The Department of Education of Taiwan government puts Children Are Us successful stories into the text book of 5th and 6th grades of elemental school to educate the young generation to respect the ID person and to learn the self-support spirit from ID people.

3.2 Social Nature Strategy

3.2.1 Single-minded Children

The nature of ID people is simple and single-minded. However, they are so serious to finish every works assigned, although they can not finish as effect as normal person effectively. By nature everyone has his ability to do the job. CAUF teaches them and training them to make bread, to serve the meal, to change the role from consuming social resource to the one who creates social resource.

3.2.2 Full-minded Cares

Through CAUF's full-minded care, our dreams come true. Compared with traditional charity organization.

Traditional : They say :

- We need your assistance.
- We serve several tens of people of ID every year.

Now : ID of CAUF say :

- Here display our outcome, here is our contribution. We have done for our society.
- Till year 2006, ID of CAUF have served 6,600,000 consumers for our society.

3.2.3 Full-Oriented services

CAUF provides full-oriented services for the ID people such as :

- (1) Daily Care,
- (2) Respite Care,
- (3) Group home,
- (4) Sheltered Employment,
- (5) Vocational Training,
- (6) Vocational Employment for individuals with Disabilities,
- (7) Community Based Employment,
- (8) CAUF college (Bakery Technology, Percussion Band, and Theater Troup, and Ceramic Arts),
- (9) Book and newsletter publishing,
- (10) Consulting Service,
- (11) Case Management entrusted by Government.

4. Systematic Effect

Management is the behavior to govern an organization, including to point out the direction (maintain the mission and vision) of a NPO, to secure the necessary resources (manpower, finance ability, manufacture capability, research and development, marketing flexibility), to audit the PDCA cycle. (plan, do, control, and action) that is properly executed, legalization, and accountability of a NPO.

Except the self-regulation behavior, strategy alliance is also very important for a NPO to cooperate with other organization for integrating the resources, sharing experience, and having the regulation from outside.

Both management and strategy alliance bring the NPO systematic effect full play for their existence and sustainable operation to the future.

4.1 Social Management Strategy

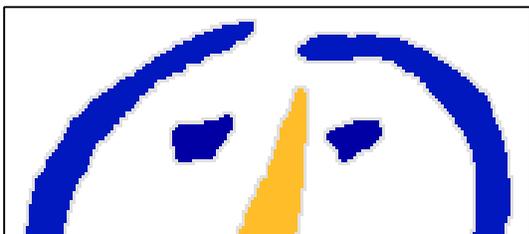
4.1.1 Governance, Ethics and Leadership

Mission first, however, management should be introduced to govern the systematic operation in a high efficiency condition of a NPO. Normally, love can let us to respect human life, only management can regenerate a human being to promote the quality of life, CAUF jointed the “Taiwan NPO Self-Regulation Alliance” as one of the initial founders in 2005. Ethics and accountability are chasteness of a NPO. Without ethics and morality to regulate the system, the mission will be impacted and violated. All the fundraising conditions and financial report should be opened and justice. Transparency is the only way to get the confidence for contributors. The board members are highest decision making leaders. According to bylaws lead CAUF to grow a better life for ID people. Mission, Love, and Professionalism are three Principles CAUF’s leadership.

4.1.2 Brand and Reputation

The CIS (Corporate Identify System) of CAUF is one of few successful cases in Taiwan NPO, from the VI, BI, and MI all express a special and unique impression for the stakeholders. The brand is accumulated by the outstanding CIS transferred by the packaging’s of CAUF products (as bread, cake, and cookie etc).It creates unlimited values and affects to the society. The brand value of CAUF satisfies the expect and commitment both of charity and livelihood of stakeholders.

Figure-4 LOGO of CAUF

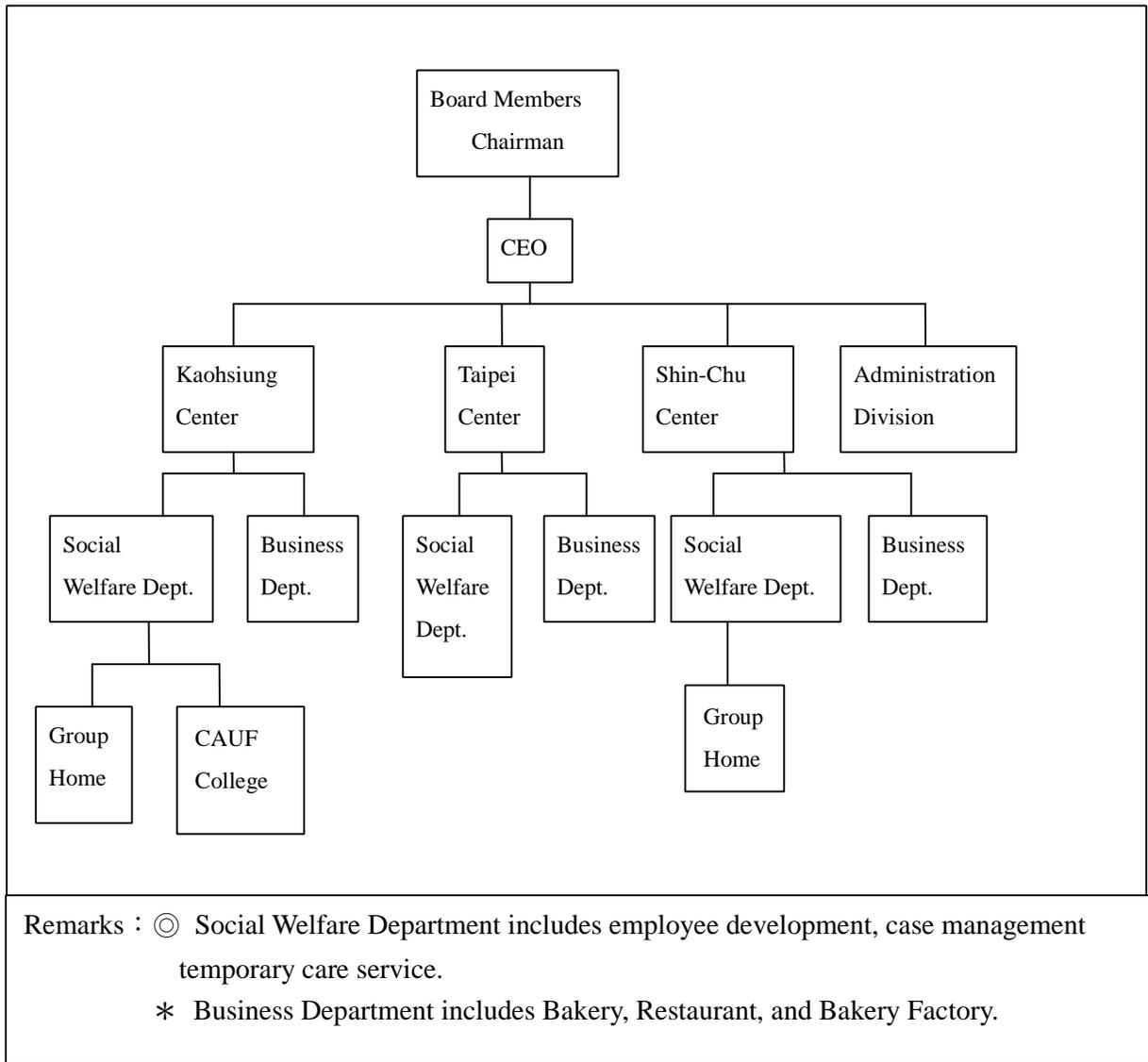


Good reputation comes from excellent management, superior brand, and qualified services for ID people. The philanthropic ranking of Taiwan, CAUF has great reputation with average rank within top 5 among more than 30,000 NPOs during years 2000 to 2006 according to Eastern Integrated Consumer Profile.

4.1.3 Management and Operation

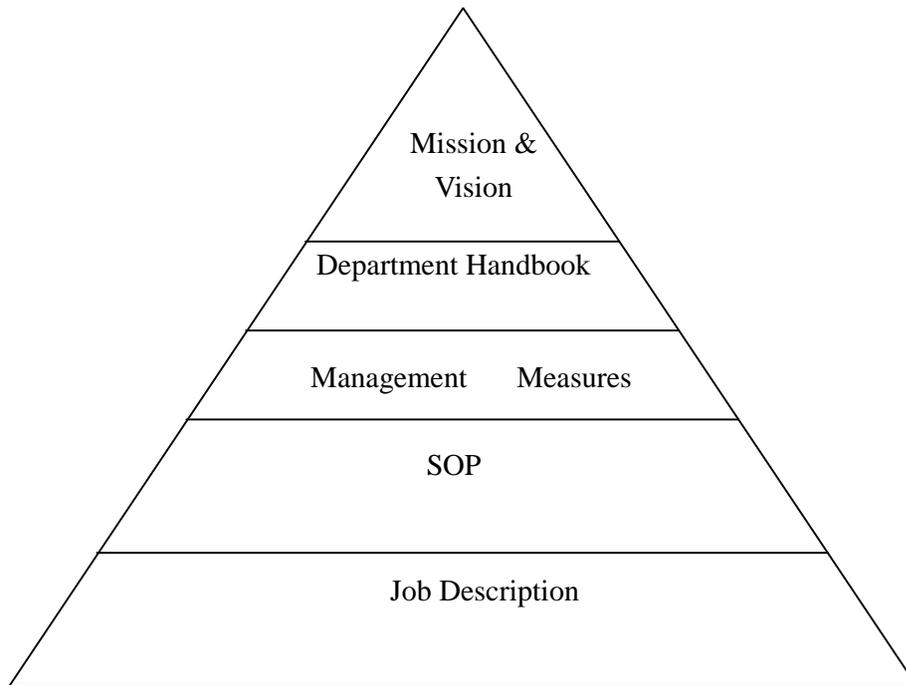
Five major management functions as production, marketing, human resource, research and development, and finance are provided with the system. However CAUF have more complicated organization structure compares with traditional NPO and the company of second sector. The social welfare department and social business department both exist. The organization structure is shown as Figure-5.

Figure-5 Organization Structure of CAUF



The operational flow sheets of CAUF is based on mission statement, vision, department handbook, management measures, standard operation procedures (SOP), and job descriptions. It is a top down developing method that means the top mission should be followed in all circumstances. The operation flow sheet shown as Figure-6.

Figure-6 Developing Operation Flow Sheet of CAUF



4.1.4 Management of Special Outcomes

- (1) CAUF honored 6th Nation Civil Service Award in 2006.
- (2) CAUF won the Excellence Prize of 3rd Multiple Employee Developing Plan in 2006.
- (3) CAUF won 2005 National-wide Foundation Evaluation Excellent Award.
- (4) CAUF honored 2003 Outstanding Management Prize of Taiwan Business Awards.

4.2 Social Alliance Strategy

4.2.1 Zero-sum or Non- Zero-sum relationship

The relationship among NPO normally is a Zero-sum game. When NPO competes resources it is a red-sea strategy. Between competition and cooperation, the alliance of NPO seems to be the compromised method for Win-Win. Competition is for sustainable livelihood, however, alliance is the only choice for sustainable development. There are three types of alliance strategy of CAUF's experience as NPO to NPO, NPO to PO, and NPO to government and some examples are described as bellows.

4.2.2 NPO to CAUF

(1) Bu-Non Foundation

For fundraising the fund for CAUF college, CAUF cooperated with Bu-Non Foundation.

Every ticket for visiting Bu-Non Garden will donate NTD 800 to CAUF.

(2) Palette Association

CAUF provides employment chance for the ID people who are coming from Palette Association, also gives information exchange and consultancy for the caring service.

(3) United Way Taiwan

CAUF accepts the commitment from UWT to conduct the care plan, such as campus propaganda, for the social care to the young generation.

4.2.3 PO to CAUF

(1) Citibank

Citibank issued CAUF credit card since 1998. 0.275% of the credit card charge will be donated to CAUF for establishing the bakery and restaurant. The long term relationship is still continued now.

(2) Le prince Bakery

In 1996 when CAUF planned to set the first bakery for self-support social entrepreneur, Le prince Bakery in Kaohsiung provided their receipts for bread, cake and cookie to CAUF also they assign a technical chef to help training the ID people, lighting up the future of CAU bakery business.

(3) Chunghwa Telecom Co.

As CAUF planning to build a “Children Are Us Farm” for settle down the aged ID people. Chunghwa Telecom Co. shows their willing to sponsor major part of this project. It is a good example for a enterprise to provide their responsible care to the society.

4.2.4 Government to CAUF

(1) Angel Restaurant etc.

In 2001 Kaohsiung city government released a land in down-town for CAUF to build a bakery restaurant to take care the serious ID people. It opened a new model of public own but private run approach. Later, many examples happened in Kaohsiung Harbor wharf, in Bureau of National Healthy Insurance etc, where you can find the Children Are Us Bakery.

(2) Horticulture Team

Horticulture Team of CAUF is a pilot team for CAU Farm. There are including one manager and five ID people to engage the planting, potted plant, garden design and construction, and landscape maintenance. The Multiple Employ Project helps to provide the salary for this team. So many teams of this project helps aged unemployed people to get a job in Taiwan.

5. Environment Effect

Environment impact is the most uncontrollable factor for any organization. The impact comes from

PEST, that is , Politics, Economy, Sociality, and Technology. The outside conditions include risk and environment. The environment impacts decide the opportunity and destiny of an organization.

5.1 Social Risk Strategy

5.1.1 Heaven helps those who help themselves

In 1997 when the first bakery of CAUF was established in Kaohsiung city, CAUF bought a shop for the bakery display and manufacturing. Really it caused lot of money for a new foundation. We applied the subsidy from the government. However government denied that, the reason is “ wrong procedures. ”So CAUF faced a huge impact of financial crisis. Just at that time owing to CAUF’s self-support concept for the ID people which Citibank was touched. They know CAUF gives fishing pole rather than gives fish, and bring the ID people to a place having lot of fish. They also knew ID people help themselves so the god will help them. Finally Citibank gave support to CAUF and overcome this risk and crisis.

5.1.2 Squeeze the lemon into lemon juice

In 2005 CAUF faced another crisis, that four Taipei City-councilors blamed that the wage of ID people worked in CAUF Bakery of Taipei city hall 66 NTD/hr is too low. All the medium propaganda inclined to a negative report although Taipei city announced the wage of 66 NTD/hr is legal and CAUF followed the contract, however, most medium neglected this and largely publicize and exalted the CAUF deprived the wage of ID people. The impact and pressure to reputation of CAUF is so large, if the city councilors is right then this activity violated the mission of CAUF. Then, there is no reason for the foundation to survive in this storm. The quick decision-making of CAUF was pulling back and then to advance by using tender to overcome strong. CAUF closed a workshop in Hsin-Chu county which has less performance. But all the IDs work there were resettled in other workshops. The parents of ID people blamed the city councilors without checking detail of environmental condition almost caused their children no place to work. Thus this crisis was dissolved within one week. CAUF stood up from where she fell down and caught more support and resource from government and society.

5.2 Social Environment strategy

5.2.1 Environment Impact and response

The outside environment means every environment factors which any NPO has to face, including stakeholders, competitors, care industries, and big environment.

(1) Stakeholders :

We must study the needs of each kind of our stakeholders. For example CAUF knows the urgent

need

of ID people is the dignity and joy in the society. So we have to create more job to satisfy their need.

(2) Competitors :

SWOT (Strength, Weakness, Opportunity, and Threaten) Analysis is important to realize the inner and external conditions of a NPO. Also the “Five-Power Analysis” of Michael Porter is a good tool to evaluate the future prospect and the potential opportunity of a organization.

(3) Care Industries

To make sure the scale of care service industry at present and the potential developmental ability is important for CAUF to plan the all-life time care for ID people, so, CAUF decides to establish bakery, restaurant, and bakery factory for young ID people, to establish the CAU farm for aged ID people. Through marketing, production and technology we have to find out the key successful factor (KSF) in this industry.

(4) PEST, the big environment

The quick change of big environment is a major factor to affect the NPO.

- Politics: We have to focus to the changes of law-making and financial policy.
- Economics: The inflation, economic growth, un-employ condition will impact the future development of NPO.
- Society: In culture situation, population distribution, way of life also affects the growth of any organization.
- Technology: New technology will cause fading out of traditional method. The paradigm shift is a typical model.

5.2.2 Full-minded care Integrating into mainstream return to the environment.

CAUF care service covers all directions to achieve the vision of all-lifetime education and all-lifetime care for ID people.

- (1) CAU Bakery
- (2) CAU Bakery Factory
- (3) CAU Restaurant
- (4) CAU Group home
- (5) CAU Horticulture Team
- (6) CAU Percussion Band
- (7) CAU Theater Troupe
- (8) CAU Scouts Team
- (9) CAU College
- (10) CAU Farm

6. Conclusion

6.1 From a nightmare to a mission

- When you face a person like this, it is a nightmare, it is a disaster.
- When you face a lot of person like this, it is a mission, it is a business.

6.2 From tradition to new paradigm

- Traditional NPO: “We serve several tens ID. So please give us donation.”
- CAUF ID people: “Till end of 2006, we have served 6,600,000consumers of the society.”

6.3 From impossible to I’m possible.

- Without feather how can a wing fly ?
Yes, with “love” it is possible.
- Without Chord how can a guitar play ?
Yes, with “care” it is possible.
- Without dream how can a dream come true ?
Yes, with “just do it” it is possible.

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