

STRATEGY

# When Business as Usual Isn't Working, Look to Nonprofits for Inspiration

by [Shameen Prashantham](#)

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In the Covid-era, businesses must — and will — play an essential role in dealing with the hardships created by the pandemic. But to do so, they must also recognize how the ground has shifted under them: Inclusivity is more important than ever; there's pressure on leaders to weigh social outcomes, as well as economic ones; and resources for achieving all of this are scarcer than usual. Existing approaches may not be sufficient to meet the challenge.

The business world would do well to look to nonprofits for fresh ideas. As management legend Peter Drucker noted, nonprofits can be an unorthodox but powerful source of inspiration for business. This seems especially true in the wake of Covid-19, as key stakeholders and customers face economic distress – a situation which many nonprofits routinely deal with.

I was reminded of this during the early days pandemic, when travel restrictions prevented me from returning to China and I found myself stuck in my hometown of Vellore, India – which also happens to be the headquarters for the Christian Medical College (CMC) Hospital, whose pioneering medical work over several decades has greatly improved local citizens' well-being. It has provided high-quality care in communities with severe constraints on affordability, and its efforts have been so successful that Bill Gates, whose foundation has supported CMC, singled out the Vellore region as an exemplar of outstanding public health outcomes.

Founded in 1900 by Dr. Ida S. Scudder, to compassionately serve local women and children in need, it has grown into a large multi-specialty hospital with a top-ranked medical college, and has spawned, inspired, or otherwise influenced an ecosystem of nonprofits in Vellore covering areas as diverse as leprosy, counseling and community education. Along the way, CMC has become a pioneer in community health.

What makes CMC's work particularly relevant to business leaders, though, is how it has succeeded within the constraints of dealing with 1) a complex process of inclusivity in a society with high levels of gender, caste, and economic inequality, 2) a tension between maintaining a high quality of service *and* affordability, and 3) severe resource constraints as a nonprofit organization.

After interviewing various current and retired leaders, faculty and associates of CMC – in particular, its Community Health and Development (CHAD) department – I identified three interrelated strategies that are relevant to businesses seeking to add societal value in the Covid era: 1) pursue intermediate goals; 2) embrace seemingly contradictory

tensions; and 3) do more with less. The key to CMC's community health success lies in the interconnectedness of these strategies, rather than on any single factor in isolation.

### **Pursue intermediate goals to achieve the ultimate agenda.**

A key lesson from CMC's experience is that it may be necessary to pursue an intermediate goal in order to address your ultimate goal – what British economist John Kay called the “obliquity” principle.

In CMC's context, the obliquity principle meant that in order to get villagers to engage in health interventions, the *felt need* of the village communities for jobs and paychecks had to be addressed first. This required skillful engagement with stakeholders. Dr. Abraham Joseph, who spearheaded CHAD's development for three decades, had to convince the parent hospital and medical college that a jobs program served the hospital's goals, and get the buy-in of external stakeholders, such as the village elders and local government, without whom the interventions would fail. With stakeholder buy-in, CHAD introduced skill-development programs (e.g., in masonry, welding, and weaving) and economic opportunities improved. This oblique approach made eminent sense: Immunization and maternal-care programs could be more effective if communities' socioeconomic needs were also met.

Applying this to the business world, companies could offer capability-upgrading support to small and medium-sized (SME) suppliers, as an intermediate goal that meets the other's felt needs, which in turn will help *them* to operate effectively.

### **Embrace contradictory demands.**

When seeking to offer inclusive solutions, organizations must inevitably deal with the tension between economic or technical considerations that they ought not compromise on and the reality that constituents' affordability is limited. While it may seem that there's no way to satisfy both, setting up a choice between the two, embracing the

paradoxicality of “both/and leadership” — as opposed to an “either/or” mindset — can help organizations navigate this challenge.

For CMC, the tension was between the need to be effective through high standards of rigor *and* also affordable to the poor. But University of Michigan professor C.K. Prahalad, who studied CMC in the early 1970s, noted that this dual imperative of “dedication to excellence and commitment to service” actually offered a solution: The high quality of care allowed CMC to charge wealthier patients enough to subsidize those who couldn’t pay. Prahalad quotes a senior doctor in his case study: “the principle reason for maintaining paying wards ... is to earn money with which to give free treatment of high technical, human and ethical quality to poorer patients.”

For businesses in a post-Covid world, embracing tensions might involve being less obsessed with beating rivals and more preoccupied with promoting brand values promoting high quality *and* greater inclusivity of services to address the wider community. This could take on forms such as rivals collaborating to accelerate the discovery of health care cures, or offering affordable business services and tools so that small business can continue to operate, as in the case of the Australian Information Industry Association’s (AIIA) business continuity initiative. Making excellence-with-affordability sustainable requires buy-in from stakeholders like the faculty and staff to adhere to certain core values — such as frugality, as discussed next.

### **Decide what’s essential, and focus resources on that.**

Inevitably, a major challenge associated with offering inclusive solutions is that of operating in a resource-constrained environment, which calls for ingenuity in making the available means go as far as possible. To excel in that environment, it’s essential to discern what adds value prudently and what doesn’t.

The ability to do more with less enabled CMC's CHAD to provide high-quality service in communities with severe constraints on affordability. Indeed, a principle of austerity permeates the entire organization. As Dr. Sunil Chandy, a former director of CMC Hospital observes, "Frills in external appearances, high-cost low-value additions are very carefully considered...Great care is taken to ensure an ambience of comfort without over-expenditure." This emphasis on frugality leads to enterprising efforts to tap external resources; in CHAD's case this included NGOs like Christian Aid in the UK that supported the socioeconomic development activity, thus alleviating the financial burden.

Furthermore, frugality can also be a trigger for creativity leading to new ways to overcome resource constraints. One of CHAD's early innovations was the identification and training of semiliterate rural women as part-time community health workers (PTCHWs) – with echoes of China's barefoot doctors. Thus the strategy of pursuing socioeconomic development alongside health outcomes was feasible because of budgetary conservatism combined with creativity. IIM Bangalore's Rishikesha Krishnan observes, "Fired by missionary zeal, hospitals like CMC Vellore offer outstanding health care at low cost through a combination of austerity and appropriateness."

While not all managers in for-profits will share the mindset of nonprofit professionals who are willing to work for modest salaries, they could explore how to offer parallel lines of low-cost variants or simplify their core offerings to enhance affordability for market segments that have been particularly hard hit by the economic fallout of Covid-19. Opting for lesser frills without sacrificing too much of an offering's core efficacy – which may entail some ingenuity such as converting scuba diving masks to ventilators in Italy – can ensure that cash-strapped buyers aren't excluded from the marketplace and has the virtue of potentially retaining customers for businesses.

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The strategies of embracing obliquity, paradoxicality, and frugality are not novel in and of themselves, but when applied in a mutually reinforcing way, as CMC's CHAD has done, inclusive services can be delivered to the economically challenged. A common thread relates to building and leveraging network relationships – in particular,

stakeholder collaboration. In CHAD’s case, women who participated in the socioeconomic activities became a “bridge” with a credible voice that helped increase the appeal of the health program to the rural community, and strengthened the work of the existing part-time community health workers, ultimately delivering the sort of outcomes that got the attention of Bill Gates. For-profit businesses can draw inspiration from CMC on how to be compassionate while the world economy rebuilds, and perhaps emerge stronger and more focused as a result.

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