

Standing the Test of Time



AGING SERVICES
THE NOT-FOR-PROFIT
DIFFERENCE

LeadingAge™

Waterman Village

LIVING YOUR BEST LIFE™

NOT-FOR-PROFITS: STANDING THE TEST OF TIME

“The good that men may do separately is small compared with what they may do collectively.” —Benjamin Franklin

Benjamin Franklin penned these words in the 18th century, acknowledging the value of committed individuals coming together to solve shared concerns through collective action. Franklin’s Leather Apron Club was the vehicle for his philosophy to become practice – the first, “not-for-profit movement” in America.

A century later, French aristocrat Alexis de Tocqueville suggested that communal action for the public good was not only honorable, but was uniquely American. His 1835 classic, *Democracy in America*, attests to this belief as follows:

*“Feelings and opinions are recruited, the heart is enlarged and the human mind is developed, only by the reciprocal influence of men upon one another...these influences are almost null in democratic countries; they must, therefore, be artificially created, and this can only be accomplished by associations.”*²

—Alexis de Tocqueville

Playing a crucial role in American society for more than 250 years has earned not-for-profit organizations the trust of their local communities and the respect of the entire nation. Telling the not-for-profit story continues, as modern-day scholars stress the importance of the not-for-profit sector in our democratic system.

Peter Drucker, a leading management consultant, characterized not-for-profits as one of three major institutions in America, the others being government and business. His 1990 publication, *Managing the Nonprofit Organization*, suggests that government’s role is to protect and oversee, and the role of business is to generate an economy.

*“The role of not-for-profits, as one of three major institutions in America, is nothing less than to change lives.”*³

—Peter Drucker

Lester M. Salamon (Johns Hopkins University), a leading expert on the not-for-profit sector, suggests that this sector is the centerpiece of American culture. His book, *The Resilient Sector* (2003), offers facts and figures on the size, scope and impact of this sector on both our economy and way of life.

*“[The not-for-profit sector] represents a faith in the capacity of individual action to improve the quality of human life.”*⁴

—Lester Salamon

Jim Collins, best known for his *Good to Great* book, also wrote a monograph entitled *Good to Great and the Social Sectors: Why Business Thinking Is Not the Answer* (2005), in which he details special characteristics of mission-driven versus profit-driven enterprises.

*“A great organization is one that delivers superior performance and makes a distinctive impact over a long period of time. For a business, financial returns are a perfectly legitimate measure of performance. For a social sector organization, however, performance must be assessed relative to mission, not financial returns.”*⁵

—Jim Collins

Many not-for-profit aging-services organizations have existed in the same communities for generations, offering a stability that fosters peace of mind for both older Americans and their families. They are far less likely to sell or close due to fluctuations in the economy.

¹Isaacson, Walter. *Benjamin Franklin: An American Life*. New York: Simon and Shuster.

²Tocqueville, Alexis de. 1835. *Democracy in America*, vol. II, the Henry Reeve text, as revised by Francis Bowen (Vintage Books, 1945), p.117.

³Drucker, Peter. 1990. *Managing the Nonprofit Organization*. New York: Harper Collins.

⁴Salamon, Lester M. 2003. *The Resilient Sector: The State of Nonprofit America*. Washington, DC: Brookings Institution and the Aspen Institute.

⁵Collins, Jim. 2005. *Good to Great and the Social Sectors*. www.jimcollins.com. Boulder, CO.

SETTING THE STANDARD

Our nation's not-for-profit housing, community service and long-term care service and support providers are on a mission. Their objective: to provide the highest quality and most compassionate care to those they serve. By continuing a tradition of mission-driven, consumer-centered management and competent, hands-on care, not-for-profits set the standard in the continuum of housing, care and services for the most vulnerable Americans.

MISSION-DRIVEN VALUES

Not-for-profit organizations manage their financial resources in accordance with their missions. Many of these housing and service providers were founded by faith-based and civic groups of rich tradition, and their long-standing values are reflected in their governance and management. They are not driven by daily pressure to increase their "bottom line" for owners, investors or shareholders. Quality, not earnings, is the barometer of a not-for-profit organization's efforts.

ACCOUNTABILITY

Not-for-profit organizations are accountable to voluntary boards of directors, who donate their time and talent to ensure that ethical management, financial integrity and quality services are maintained. Not-for-profit finances are always open for public inspection; with such information readily available on the Internet, the information is literally at our fingertips. Not-for-profits have a responsibility to be active, contributing members of their localities.

QUALITY

The mission of LeadingAge Quality First is to achieve excellence and earn the public's trust in aging services. Quality First was launched in 2002 by three national associations representing providers of aging services. Not-for-profit providers have a longstanding tradition of leading with quality. Quality First reinforces that tradition with a commitment to maximize quality of care and quality of life for older adults.

In 40 studies, all statistically significant comparisons favored not-for-profit service providers.

Included studies reported results dating from 1965 to 2003.

This comprehensive literature review suggests that, on average, not-for-profit service providers deliver higher quality care than for-profit service providers.⁶

⁶Commodore, Vikram R., Devereaux, P.J. et al. "Quality of Care in For-Profit and Not-for-Profit Nursing Homes: Systematic Review and Meta-Analysis." *BMJ Online First*, April 21, 2009.



LEADERSHIP AND INNOVATION

It is imperative that LeadingAge members create a climate that makes innovation possible and ensures that effective programs and practices are implemented. Through members' long history of innovation in aging services, the not-for-profit sector has been—and is expected to be—the crucible of creative, entrepreneurial development of new services that meet consumers' ever changing needs. LeadingAge and its members continue to be recognized as leaders in innovation.

The Johns Hopkins Listening Post Project has partnered with over 1,100 not-for-profit organizations to track key trends and challenges in the sector. LeadingAge participates on the Project's Steering Committee. A report on the Not-For-Profit Value Proposition will be available soon. To learn more about this important work and what sets the not-for-profit sector apart from others in American society, visit the Listening Post website (<http://ccss.jhu.edu/research-projects/listening-post>).

Affordable Senior Housing with Services is a promising choice for low-income seniors who have changing needs for assistance and support. This model blends subsidized congregate housing with access to a range of health-related

and support services on a voluntary basis. The underlying philosophy is straightforward: seniors residing in publicly-subsidized housing should be able to remain for as long as they wish, even in the face of declining health and increased disability.

Innovative Communities are defined as communities that identify needs of seniors across the levels of care and housing, identify gaps in needed services and work together to integrate and coordinate services to address transitions of care and the reduction or avoidance of hospitalizations. Innovative communities are, at the heart, person-centered.

The LeadingAge Center for Aging Services Technologies (CAST) is leading the charge to expedite the development, evaluation and adoption of emerging technologies that can improve the aging experience. CAST has become an international coalition of more than 400 technology companies, aging services organizations, research universities and government representatives.

America's future is filled with older faces. By 2020, one in six Americans will be age 65 or older. LeadingAge and its members are working today to ensure that housing, long-term services and supports not only meet the needs of tomorrow's elderly and disabled Americans, but exceed their expectations.

Not-for-Profits: There Is a Difference

LeadingAge is the leader in engaging providers, policymakers, researchers, advocates, regulators and consumers to develop policies and practices that continue to make our field the center of innovative, quality housing and care for those who need it most in our society.

- **Setting the Standard**
- **Mission-Driven Values**
- **Accountability**
- **Quality**
- **Leadership**
- **Innovation**

Six Elements – Numerous Examples
One Clear Difference: People Before Profits



To expand the world of possibilities for aging, LeadingAge members and affiliates touch the lives of millions of individuals, families, employees and volunteers every day. The LeadingAge community (www.LeadinAge.org) includes 5,400 not-for-profit organizations in the United States, 38 state partners, hundreds of businesses, research partners, consumer organizations, foundations and a broad global network of aging services organizations that reach over 30 countries. The work of LeadingAge is focused

on advocacy, leadership development, and applied research and promotion of effective services, home health, hospice, community services, senior housing, assisted living residences, continuing care communities, nursing homes, as well as technology solutions, to seniors, children, and others with special needs.