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# Real Estate Decision-Making: An Actor Network Theory Analysis of Four, Small Charitable Organizations

Louis J. Grabowski

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*Real Estate Decision Making: An Actor Network Theory  
Analysis of Four, Small, Charitable Organizations*

BY

*Louis J. Grabowski*

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree

Of

Executive Doctorate In the Robinson College of Business

Of

Georgia State University

GEORGIA STATE UNIVERSITY

ROBINSON COLLEGE OF BUSINESS

2012

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## ACCEPTANCE

This dissertation was prepared under the direction of the *Louis J. Grabowski* Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Executive Doctorate in Business in the J. Mack Robinson College of Business of Georgia State University.

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## TABLE OF CONTENTS

TABLE OF CONTENTS.....	6
TABLES AND FIGURES .....	8
ABSTRACT.....	9
1 INTRODUCTION .....	10
1.1 Research Domain .....	10
1.2 Research Perspective.....	11
1.3 Research Approach .....	12
1.4 Summary.....	13
2 LITERATURE REVIEW .....	15
2.1 For-Profit Real Estate Decision-Making .....	15
2.2 Nonprofit Decision-Making .....	22
2.3 Nonprofits and Real Estate.....	26
3 ACTOR NETWORK THEORY .....	30
3.1 Key Concepts and Constructs of Actor Network Theory .....	30
3.2 Applications of Actor Network Theory .....	32
4 RESEARCH METHODOLOGY .....	38
4.1 Research Design.....	38
4.2 The Four Cases .....	40
5 DATA COLLECTION AND ANALYSIS.....	41
5.1 Data Collection Strategy .....	41
5.2 Data Analysis Strategy .....	44
5.3 Guides for Coding.....	47
6 RESULTS.....	47

6.1	The Cases.....	47
6.2	Real Estate Decision-Making in NP- <i>Disabilities</i> .....	47
6.3	Real Estate Decision-Making in NP- <i>Meals</i> .....	56
6.4	Real Estate Decision-Making in NP- <i>Buildings</i> .....	65
6.5	Real Estate Decision-Making in NP- <i>Volunteers</i> .....	73
6.6	Cross Case Analysis.....	81
7	DISCUSSION.....	93
7.1	Real Estate Decision-Making in Small, Charitable Organizations .....	94
7.2	Actor Network Analysis of Real Estate Decision-Making .....	105
8	PRACTICAL IMPLICATIONS.....	108
9	CONCLUSION .....	112
9.1	Summary.....	112
9.2	Limitations.....	113
10	APPENDICES .....	115
10.1	Actor Network Theory Constructs .....	115
10.2	Theoretical Replication Logic .....	116
10.3	Data Analysis: Within Case Analysis.....	118
10.4	Data Analysis: Cross Case Analysis.....	132
11	REFERENCES .....	135
12	VITA.....	139

**TABLES AND FIGURES**

**List of Figures**

Figure 4.2-1 Theoretical Replication Logic ..... 41

Figure 5.1-1 Data Sources-Interviews ..... 43

Figure 5.1-2 Data Sources- Other ..... 43

Figure 10.2-1 High vs. Low Space Requirement..... 116

Figure 10.2-2 Need vs. Dream Decision Driver ..... 117

Figure 10.3-1 NP-*Disabilities* ..... 118

Figure 10.3-2 NP-*Meals*..... 121

Figure 10.3-3 NP-*Buildings* ..... 124

Figure 10.3-4 NP-*Volunteers* ..... 128

Figure 10.4-1 Cross Case Analysis-Antecedents..... 132

Figure 10.4-2 Cross Case Analysis-Process ..... 133

Figure 10.4-3 Cross Case Analysis-Outcomes ..... 134

## ABSTRACT

# *Real Estate Decision Making: An Actor Network Theory Analysis of Four, Small, Charitable Organizations*

BY

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*April 24, 2012*

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This in-depth exploratory case study examines the real estate decision-making processes in four small, charitable organizations through the lens of Actor Network Theory (ANT). While decision-makers in these cases followed logical pathways and criteria in searching for and evaluating alternatives, this investigation also found these processes were often lengthy, complex, bounded rational, and political. The analysis looked at the relative roles played by various internal and external actors (including influential non-human actors such as feasibility studies, renderings, budgets, and plans) and the resulting fragile, but acceptable outcomes. From the presented engaged scholarship, practical implications emerged that can aid nonprofit managers and their boards in their real estate decision-making processes. Lastly, in addition to helping understand the process of creating real estate decisions in the context of nonprofit organizations, the analysis demonstrates how ANT with its focus on how heterogeneous human and non-human actors interact and come together to act as a whole, can be a valuable framework in examining the socio-technical, political process of real estate decision-making.

# 1 INTRODUCTION

## 1.1 Research Domain

In 2007, nonprofit organizations held over \$733 billion in land, equipment and buildings for charitable or investment purposes. In addition to these large holdings, real estate costs are often times the second largest operational expenditure for nonprofits after personnel expenses (Solender 1997). Despite their altruistic missions, nonprofit organizations must pay close attention to the management of their real estate assets, quite similar to what is the case in the for-profit counterparts. Normatively, as part of successfully achieving an organization's overall mission, real estate decisions should be made based upon a comprehensive real estate strategy guided by the organization's overall strategies (Roulac 2001). In practice, however, decision-making in most organizations is an interweaving of bounded rational and political processes (Simon 1979; Eisenhardt and Zbaracki 1992). It is bounded rational in that decision makers are not omniscient and are unaware of all alternatives; uncertain about relevant exogenous events; unable to calculate consequences; and, search for alternatives which satisfy, not maximize, in their choice of alternatives (Simon 1979). It is political in that decision makers also engage in politics and ultimately the most powerful among them determine decisions (Eisenhardt and Zbaracki 1992). Studies show organizational buying is a complex process involving many persons, multiple goals, and potentially conflicting decision criteria (Webster and Wind 1972). This interweaving of bounded rational and political processes may even be more of a consideration in nonprofit organizations where a high degree of board involvement and other parties sometimes result in political decisions that are not always in the best interest of the organization (Posey 1994). In short, the literature posits real estate decisions in the context of nonprofit organizations should be made based upon a comprehensive real estate strategies guided

by the organization's overall strategies. Additionally, studies suggest these decisions may be the result of many heterogeneous actors engaging in political processes as they attempt to align their diverse interests and come together as a whole.

## 1.2 Research Perspective

To capture the interweaving of bounded rational and political processes involving heterogeneous actors that attempt to align their individual interests, this study used the Actor Network Theory (ANT) (Callon 1986; Latour 1987; Law 1992; Latour 2005) as a framework to examine four small, charitable organizations to help in further understanding the process of developing and implementing real estate decisions in the context of nonprofit institutions. With its roots in sociology, the focus of ANT is upon how people and objects come together in stable, heterogeneous networks of aligned interests through a process known as translation. In the process of translation, actors generate ordering effects by maneuvering and negotiating with other actors to align other actors' interests with their own and enroll other actors into their networks. Moreover, ANT postulates that not only human but also nonhuman actors engage in this process. As such, ANT is a potentially helpful framework to analyze the real estate decision process with its socio-technical networks of human and nonhuman actors. In real estate decision processes, these nonhuman actors include plans, architectural renderings, and budgets created by, interacting with, and influencing human actors as they maneuver, negotiate, and form alliances in an effort to align their interests and make decisions. Therefore, to contribute to understanding and managing real estate decision-making and with particular focus on small, charitable organizations, this research endeavored to answer the question: How do stakeholders interact to make real estate decisions in small, charitable organizations?

### 1.3 Research Approach

Given this “how” question involving contemporary issues over which the researcher has little or no control, this study uses a qualitative case study method (Eisenhardt 1989; Yin 2009) as basis for studying the events through which decisions are made (Van de Ven 2007, p. 196-197). As a process study, its central focus is upon the progressions (nature, sequence, and order) of activities or events that an organization undergoes rather than upon a category of concepts primarily concerned with variables, antecedents or consequences of change. It is also an exploratory study seeking to discover the features, factors, or issues that might apply in the process (Myers 2009 p. 72)

The investigation’s focus is on real estate decision processes in small, charitable organizations, a particular form of nonprofits. Access to interesting data afforded the opportunity to examine in detail four, charitable organizations (NP-*Disabilities*, NP-*Meals*, NP-*Buildings* and NP-*Volunteers*) as they struggled with major real estate decisions. For confidentiality purposes, these organizations asked to conceal their real names. The researcher selected these cases because all faced major real estate decisions and were similar in size, structure, and geographic focus but differed in their space needs and the drivers behind their decisions. These similarities and differences allowed the researcher to combine literal and theoretical replication logic (Yin 2009, p. 54). While this did not ensure generalizability of the study, it did add to the robustness and confidence in the findings (Yin 2009). To deepen the understanding and to help achieve satisfactory validity, the researcher collected data from several sources using different data collection methods including formal interviews with stakeholders, site visits, analysis of email correspondence, websites, observations of board and management meetings, and review of archival documents.

To improve its relevance to practice, the study utilizes the pluralistic methodology of engaged scholarship (Van de Ven and Poole 1995; Van de Ven 2007) as a participative approach involving the perspectives of various stakeholders in order to understand complex problems (Van de Ven, 2007, p. 9). Although the researcher remained in control and directed all research activities, advice and feedback was solicited from various key stakeholders and informants such as Board Members, managers, brokers and other researchers in each step of the research process: research design, theory application, problem solving, and problem formulation (Van de Ven, 2007 p. 26-29). The research followed data analysis procedures and display methods suggested by Miles and Huberman (1994) for qualitative case studies using three concurrent flows of activity: data reduction, data display, and conclusion drawing and verification.

As a result, this research makes two contributions to knowledge. First, it examines the processes through which real estate decisions were shaped in four small, charitable organizations thereby helping understand the multifaceted and dynamic process of these processes in the context of nonprofit organizations. Second, it demonstrates ANT can be a valuable framework through which to analyze the complex, socio-technical processes of real estate decision-making.

## 1.4 Summary

The subsequent chapters of this dissertation detail the arguments underpinning the research as follows:

- **Chapter 2 Literature Review:** This chapter presents a comprehensive review of the literature in the area of real estate decision-making by examining what previous research reveals about real estate decision-making in for-profit organizations; decision-making in not-for-profit organizations; and, real estate and nonprofits. In part, this chapter focuses on existing knowledge concerning the similarities and differences between for-profit and nonprofit decision-making in real estate. The review reveals that few qualitative, process

studies exist which explore the bounded rational and messy political processes through which organizations make real estate decisions, and that even fewer exist which explore these processes in the context of nonprofit organizations. This review also reveals that no studies have been conducted using ANT as a theoretical lens to examine these complex processes.

- **Chapter 3 Actor Network Theory:** This chapter provides a description of ANT, its applications in prior case studies, and its constructs of both human and nonhuman actants, translation, enrollment, inscription, black boxes and the four stages of the translation process. The review helps to illustrate how ANT, with its central focus upon the alignment of heterogeneous socio-technical networks, provides a helpful framework in analyzing nonprofit real estate decision-making processes where buildings, office space, plans, budgets and a host of diverse human stakeholders create alliances, compete and maneuver in order to align their interests and make difficult decisions.
- **Chapter 4 Research Methodology:** This chapter discusses the methods of research utilized for this qualitative, exploratory case study as it strived to answer a “how” question with the researcher having little control over the contemporary events to be examined. Further, this section explains the use of the engaged scholarship approach used to increase the research’s relevance and include the insightful perspectives of key stakeholders. This segment also discusses the critical realist philosophy that underlies the engaged scholarship approach, a philosophy that adopts an objective ontology but a subjective epistemology. Lastly, this chapter describes the reasons for choosing four nonprofit cases (*NP-Disabilities*, *NP-Meals*, *NP-Buildings*, and *NP-Volunteers*) based upon access and their similar as well as differing characteristics.
- **Chapter 5 Data Collection and Analysis:** This chapter outlines the data collection strategy used following the three recommended principles of data collection for case studies in order to deepen understanding and improve validity through data triangulation: (1) using multiple sources of evidence; (2) creating a case study database; and (3) maintaining a chain of evidence. It also details the methods used in analyzing this qualitative data consisting of three concurrent flows of activity: data reduction, data display, and conclusion drawing and verification.

- **Chapter 6 Results:** This chapter details the within case analysis of the real estate decision-making processes in each of the four cases NP-*Disabilities*, NP-*Meals*, NP-*Buildings*, and NP-*Volunteers* as well as the cross case analysis outlining the significant differences and similarities revealed in these processes.
- **Chapter 7 Discussion:** This chapter discusses the results of this research in light of the extant literature. Specifically, it discusses the antecedents, processes, and outcomes revealed in this examination with those found in previous studies on for-profits, nonprofits, and nonprofits and real estate. It ends by demonstrating how ANT offers a valuable lens for examining real estate decision-making processes.
- **Chapter 8 Implications:** This chapter discusses the possible practical implications of the contributions and findings in this study. The implications include the benefits of a formal strategic plan; the importance of addressing strategic as well as financial and design concerns; the need to focus on “hidden” costs in decisions; and, the value of involving many stakeholders in the process including experts in real estate and fund-raising activities.
- **Chapter 9 Contributions and Limitations:** This chapter summarizes the contributions of this study by examining the processes through which real estate decisions were shaped in the four small, charitable organizations and by helping understand the complex and dynamic process of creating real estate decisions in the context of nonprofit organizations. Moreover, the research demonstrated the use of ANT as a framework for studying and managing the real estate decision-making process. The chapter ends by discussing the limitations of the study including generalizability, the idiosyncrasies of the cases studied, the possible biases created by retrospective interviewing, and the choice of theoretical framing.

## 2 LITERATURE REVIEW

### 2.1 For-Profit Real Estate Decision-Making

With real estate accounting for over 25% of total corporate assets (Zeckhauser and Silverman 1983), firms have in the past been insufficiently concerned with the relationship of the facility to the overall corporate business strategy and real estate market opportunities (Roulac

2001). Normatively, researchers and corporate real estate managers agree that positive outcomes result when managers are guided in their real estate decision process by comprehensive real estate strategies that are aligned with the overall strategies of the corporation (Nourse and Roulac 1993; Roulac 1995; Roulac 1996; Roulac 2001; Acoba and Foster 2003; Allard and Barber 2003; Lindholm, Gibler et al. 2006; Ali, McGreal et al. 2008; Heywood and Kenley 2008; McDonagh and Nichols 2009). Overall strategies of the corporation address critical elements such as customers, employees, and processes. Roulac et al (Nourse and Roulac 1993; Roulac 2001) believe firms should use eight types of real estate strategies to support their overall corporate strategies and guide their property decisions: occupancy cost minimization; flexibility; promote human resources; promote marketing message; promote sales and selling process; facilitate and control production, operations, and service delivery; facilitate managerial process and knowledge work; and, capture the real estate value creation of business. A model by Lindholm (Lindholm, Gibler et al. 2006) suggests seven similar strategies but revises some of Roulac's strategies to include employee satisfaction, employee innovation, and later (Gibler and Lindholm 2012) an eighth strategy, environmental sustainability. Regardless, both models stress real estate decisions involving such concerns as location, company space, and signage should be consistent with overall corporate and real estate strategies and be supportive of other functional strategies (for e.g. human relations, financial, marketing strategies) within the firm. Real estate decisions linked to and guided by corporate property strategies enhance a business' competitive advantage and core competencies by helping to create and retain customers; attract and retain outstanding people; contribute to effective business processes to optimize productivity; promote the organizations' values and culture; stimulate innovation and learning, and enhance shareholder wealth (Roulac 2001). Indeed, empirical studies show strategic corporate real estate management is becoming more common and better aligned with core business strategies and

corporate real estate managers more successfully translating their real estate strategies into operating decisions (Bon, Gibson et al. 2003; McDonagh and Nichols 2009; Gibler and Lindholm 2012). Gibler et al (2012) found cost reduction to be the most common property strategy while increasing the value of real estate assets and encouraging and supporting employee innovations and creativity were the least common strategies though the choice of these strategies was highly contextual.

Despite this trend, Miles et al (1989) describes a sequence frequently observed in past corporate real estate decision-making: The corporation makes a decision to pursue additional space for operational needs. The real estate group then implements the steps necessary to procure the space. Financial alternatives are evaluated and one is chosen after which the real estate is entered on the firm's balance sheet where it is then largely ignored. Indeed in a survey of 313 New Zealand (primarily large) organizations (McDonagh and Nichols 2009), it appeared many respondents were focused on operational rather than strategic aspects of real estate, with meeting the immediate business needs and maintenance being important drivers of decisions. In this study, 47% of the respondents tended to believe they were not in the property business and a majority treated property as necessary overhead with 58% agreeing or strongly agreeing that "Property is simply a place to house a function" (McDonagh and Nichols 2009). In their study, Gibler et al (Gibler and Lindholm 2012) found whereas 71% of the respondents reported their organization had a formal real estate strategy, surprisingly 29% did not. Moreover, in the past real estate researchers also have tended to be too concerned with the facilities per se and disconnected from the concerns and priorities of the corporation's senior management and board of directors (Roulac 2001).

Although there is no single approach, research indicates corporate decision-making in real estate site selection frequently follows logical pathways. Rabiński et al. (2001) point out most site selection processes consist of two basic stages. In the first stage, the organization defines the problem and determines spatial needs. This stage involves initiation of the location decision, internal corporate self-assessment, and determination of space requirements and design standards. The second stage is comprised of five steps: selecting geographic areas, identifying alternative sites, evaluating alternative sites, selecting a site, and funding and construction. Schmenner (1982) identifies a similar 8-step sequence of incremental decisions. Interestingly, the organizational buying behavior literature identifies similar phases or stages: 1) recognition of need; 2) determination of characteristics and quantity; 3) description of characteristics and quantity; 4) search for potential sources; 5) acquire and analyze proposals; 6) evaluate proposals and select suppliers; 7) select an order routine; and, 8) performance feedback and evaluation (Johnston and Lewin 1996).

Real estate researchers also find general agreement on the logical criteria used to evaluate alternative sites. These variables include competitive labor costs, the degree of or potential for unionization, proximity to markets, proximity to supplies or resources, proximity to other corporate facilities, quality of life concerns, business climate, taxes, employment base, and services (Schmenner 1982; Rabiński, DeLisle et al. 2001). The weight given to each of these logical criteria, however, does vary by characteristics of the decision (including whether the move is to a new geographic area or within the same general area (O'Mara 1999)); among industries and companies (Schmenner 1982; Rabiński, DeLisle et al. 2001); and, by product type (Craig, Ghosh et al. 1984; Nourse 1992). Mazzarol et al (Mazzarol and Choo 2003) found the size of the firm influenced how it evaluated industrial land, with smaller firms' processes

being far more personal and greater weight given to closer proximity to the customer, the decision-makers' homes, and the possibility of purchase.

Nevertheless, for-profit real estates decision-making processes often are not simply based upon aligning decisions with well thought out property strategies and do not always involve only logical pathways and criteria. As past research has suggested, most organizational decision-making involves an interweaving of both bounded rational and political processes (Simon 1979; Eisenhardt and Zbaracki 1992). It is bounded rational in that decision makers are not omniscient and are unaware of all the alternatives, uncertain about relevant exogenous events, unable to calculate consequences, and search for alternatives which satisfy, not maximize, in their choice of alternatives (Simon 1979). It is political in that decision makers also engage in politics and ultimately the most powerful among them determine decisions (Eisenhardt and Zbaracki 1992). Small businesses in particular can suffer from bounded local property market knowledge and information resulting in them making constrained or sub-optimal choices of premises, relying more heavily on external networks, contacts, and relations in their real estate decision-making (Greenhalgh 2008) . Further “feelings” are also significant in buying decisions by property investors where investors make extensive use of hard market information but make almost equal use of personal “feel” for the state of the market and views of others (Gallimore and Gray 2002).

Traditionally, real estate decision orientation reflects a bias to “doing the deal” and the emphasis of attention and resources are devoted to the transaction with less attention to what might be considered as a collection of portfolio issues (Roulac 1995). Organizational structures vary among real estate groups (Acoba and Foster 2003) and the decision process is not unilateral but rather involves the search for solutions to resolve conflicts in a manner that both creates the greatest benefit to the corporation and is acceptable to all parties (Nourse and Roulac 1993).

Decisions are made in different ways depending on the type of organization, its size, corporate structure, and culture and the behavior, personal preferences, priorities, and perceptions of the people who drive the decisions may strongly influence the outcome (Greenhalgh 2008). Organizations' real estate processes may either be reactive in which they are triggered in response to a business unit request, or strategically focused with processes initiated by milestones that are tracked using an implementation framework which is updated as part of a plan (Acoba and Foster 2003). Real estate negotiations themselves are complex processes affected both by macro environmental factors (political, economic, socio-cultural, legal, nature, and technical) and micro factors such as the characteristics of the individual negotiators (Urbanaviciene, Kaklauskas et al. 2009)

Indeed, organizational buying is a decision process carried out by individuals, in complex interaction with other people in the context of a formal organization and as such understanding it requires not only emphasizing logical and “rational” economic criteria but also such variables as emotion, personal goals, and internal politics (Webster and Wind 1972). Sheth (1973) suggests that organizational buying behavior consists of three distinct aspects:

- the psychological world of the individuals involved in the decision including expectations, background, information, perceptual distortion, and satisfaction with past purchases;
- the conditions which precipitate joint decisions among these individuals including product-specific factors involving the perceived risk, type of purchase, and time pressure; and,
- the process of joint decision-making with the inevitable conflict among decision makers and its resolution by resorting to a variety of tactics such as problem-solving, persuasion, bargaining and politicking.

These processes often differ based upon purchase risk that is a function of the importance of a purchase, the complexity of the purchase, the uncertainty of the purchase outcome, and time pressure. In general the higher the risk the larger the buying group becomes; participants will be more educated with greater levels of experience; proven products are favored; the information search is active with a wide variety of sources; internal conflict and role stress increases; and, inter-firm relationships and communication networks become increasingly important (Johnston and Lewin 1996).

In summary, the effective management of real estate assets in for-profit organizations may have dramatic financial impact upon these organizations and may be a key to successfully creating core competencies and achieving their overall strategies. Recognizing this, managers of for-profit organizations increasingly strive to align their real estate decisions with property and overall corporate strategies and though the weights of each criterion may vary, use similar, logical criteria in evaluating property alternatives. Still, despite the posited benefits received from following this bounded rational process and these logical criteria, it appears real estate decisions in for-profit organizations do not always align with overall strategies nor are they always based upon logical criteria. In fact, organizational buying suggests individual decision makers' preferences, lifestyles, attitudes, and emotions play an important role in property investment decisions. Moreover, the real estate decisions in these organizations like most decision-making processes appear to be made through messy political processes with individuals engaging in political tactics such as cooptation, coalition formation, and use of information to enhance their power (Eisenhardt and Zbaracki 1992). To understand these processes may require examining the role of exceptional people and extreme circumstances, the enabling and constraining forces of the environment, and exploring some of the conditions in which mixtures

of these occur (Pettigrew 1987). Yet, few qualitative studies exist which look at the roles, circumstances, conditions, and forces that shape real estate decision-making and the literature provides little insight as to just how these complex decisions are made.

## 2.2 Nonprofit Decision-Making

The terms “nonprofit” or “not-for-profit” often have many differing meanings and definitions in the literature. In an effort to create a common definition, Salamon et al. (1992) advocated the use of a general and encompassing operational definition of nonprofit organizations as formal, private, non-profit distributing and self-governing entities with some meaningful degree of voluntary participation. This review will modify this definition to include public as well as private organizations and will include entities that do not necessarily have a meaningful degree of voluntary participation. As such, this evaluation will include previous research on nonprofit decision-making and real estate in organizations such as universities and government agencies.

Nonprofits have both differences and similarities with for-profit organizations. Nonprofits like for-profits are “business-like” in terms of their goals, service delivery, management and rhetoric (Dart 2004). Similarly, there is no one “best practice” and improving organizational effectiveness is dependent upon the use of appropriate practices (Herman and Renz 1999) and aligning those practices with the values, mission, stakeholder expectations and context of the organization (Herman and Renz 2008). Nonetheless, significant differences exist between the two types of organizations in terms of external scrutiny, diversity of goals, and the importance of financial performance. Indeed, the distinctly different roles played by public, private, and third sector organizations significantly influence the decisions they make (Nutt

2000). Not-for-profit executives to a greater degree must make decisions that meet the needs of diverse groups rather than decisions that simply maximize financial performance (Schwenk 1990). Nonprofits have less clarity as to what they are about; have no accepted lead indicators of performance (Rodrigues and Hickson 1995); and, to a greater extent are determined by their relations to sources of power and by political and economic dynamics in both local communities and wider social systems (Bielefeld 1998).

Further, the heavy dependence upon volunteers, scarcity of financial resources, and the greater dependence upon the effectiveness of their boards may affect decisions in nonprofit organizations. Recruitment, selection, and retention of volunteers is often key to their organizational effectiveness and nonprofit managers must work to match the needs and perceived benefits of the volunteers with the organization's needs (Bussell and Forbes 2006) particularly during times of eroding social capital (Putnam 1995). With financial resources scarce, these managers must also sustain revenues while remaining focused on their organization's essential purposes and must measure existing and proposed programs based upon mission, money, and merit asking the questions: Are we doing the right things (mission)? Are we doing the right things financially (money)? Are we doing the right things in terms of quality (merit)? (Krug and Weinberg 2004). Further, a nonprofit's success in part depends upon its board's effectiveness and organization (Herman and Renz 1999). This effectiveness in turn is dependent upon the board's clarity of roles and responsibilities, appropriate mix of skills and experience, availability of time, aligned vision with management, and periodic reviews of the board's collaboration with management (Cornforth 2001). Nonprofits' Board Members do not simply have a shareholders' focus, but are diffuse in their objectives. A "renter culture" sometimes exists with Board Members not treating the organization's assets as their own and these members are not always

comfortable being in charge of performance. As a result, nonprofit boards are often less effective than for-profit boards in the areas of succession, planning, management evaluation, and financial oversight (Larson 2005). Further, decision makers in nonprofits may regard traditional business values and strategies as conflicting with the social mission of the organization and be uncomfortable with treating management decisions as “business decisions” (Tucker, Cullen et al. 2005).

All of the above factors directly and indirectly affect the way in which nonprofits make important decisions. Though similar to for-profits in that nonprofit boards and staff members tend to follow a sequence of steps and adopt a set of criteria to collect information, design alternatives, and evaluate alternatives (Choo 1996; Engle 2011), studies suggest they differ significantly in the way in which they make decisions. Especially in smaller nonprofits, planning processes often take a back seat to immediate concerns and a daily life characterized by a fire-fighting mind-set (Tucker, Cullen et al. 2005). With nonprofits, the diagnosis and the evaluation choice stages in decision-making both involve more steps and more recycles than in for-profit organizations. Generally, for-profits evaluate outcomes based upon financial performance whereas not-for-profits explicitly identify criteria relating to the needs of various constituencies (Schwenk 1990). Even when both nonprofit and for-profit organizations have common criteria for evaluating success, there appears to be differing conditions for successful decision-making. Unlike for-profits, successful decision-making in nonprofits depends less upon full, accurate, and timely information, adequacy of resources, equipment or client demand and more upon agreement and participation. That is, what matters most of all in nonprofit decision-making is who became involved, the direction of influence, and agreement. How things are done may matter more than what is to be done or even whether it is feasible. It is the politics of the process that is of primary importance for success in decision-making and it is essential the politics of

participation are handled effectively (Rodrigues and Hickson 1995). In evaluating alternatives, for-profit organizations often stress speed over enduring use whereas nonprofits have the opposite preferences, stressing long-term use over speed. Moreover, third sector organizations most often rely upon the use of existing solutions and benchmarking (adopting the practice of another organization) tactics even though integrated benchmarking (integrating the best ideas from several organizations) and search approaches have been found to be far more effective. This paradox may be explained in part by “internal experts” in nonprofits who impose their ideas directly through existing solutions or indirectly through benchmarking solutions from an organization with which they are familiar or by taking over innovative processes even though they know little about how to produce innovation (Nutt 2000). In the decision-making process in these not-for-profits, the board of directors is an important stakeholder but not an adequate proxy for all key stakeholders. Decision processes that do not include “outsiders” such as administrative staff, patrons, donors, and key volunteers may result in continued problems, frustration, and resistance (Basinger and Peterson 2008). In important decisions such as restructuring, power dynamics shape the decision processes and though there are core elements, participants often custom-make processes to meet their needs (Campbell 2008).

The role of conflict in the decision-making process is also different for nonprofits. Conflict occurs earlier in the process for nonprofits than for-profits in part due to external influencers’ attempts to ensure that these organizations decisions reflect their needs. Hence, though nonprofit executives may find conflict as unpleasant as for-profit executives do, nonetheless they are more likely to feel conflict is productive even if it does not improve financial performance. Further, these executives are more inclined to believe such conflict may lead to increased attention to diagnosis and evaluation ultimately resulting in higher-quality decisions (Schwenk 1990). Moreover, whereas both affective conflict (emotional in nature) and

cognitive conflict (substantive in nature) play significant roles in members' understanding and decision outcomes, surprisingly affective conflict (also known as dysfunctional conflict) may actually improve decision quality at the board level (Engle 2011).

In summary, the literature suggests nonprofits and their decision-making processes have similarities as well as dissimilarities to for-profit organizations. Their dependence upon volunteers; greater reliance upon the effectiveness of their boards; scarcity of financial resources; openness to wider social systems; altruistic, non-financial missions; wide group of diverse stakeholders; and, varied performance indicators, all contribute to these many differences. Studies indicate the interests of stakeholders and constituents heavily influence nonprofit decision-making criteria. Nonprofit managers perceive conflict more positively and successful decisions appear to be more the result of how they are made, who was involved, the direction of influence and the level of agreement rather than the adequacy of resources, information, or client demand. As in the for-profit decision-making literature, however, little is reported on the progressions (nature, sequence, and order) of activities or events that these organizations undergo to make decisions regarding their real estate assets and very few studies examine these processes in the context of nonprofits.

### **2.3 Nonprofits and Real Estate**

Specific to real estate, nonprofits are also both similar to and different from for-profit organizations. Kaganova et al (2000) found public nonprofits and for-profits are similar in real estate management in that:

- real estate is not their main business but makes up a substantial part of their assets or operating cost;

- real estate consists of two main components: use in main business and surplus or investment properties;
- market values are often overlooked and very different from accounting values; and,
- decisions about real estate are often not made by real estate professionals.

In addition, both types of organizations perform the same basic real estate management functions of maintaining property inventories (including physical and legal characteristics of each property); property management accounting (tracking financial and other operating information); and asset management (creating property strategies and evaluating financial performance and values). Both types also need to make similar decisions about the acquisition, disposition, and holding of properties.

Despite these basic similarities in functions and types of decisions, nonprofits differ from for-profits with regard to matters involving their real estate assets. Though improving, most public managers of real estate do not address real estate issues within a portfolio framework and do not possess key information resources found to be important in efficient corporate real estate management (Simons 1993). Nonprofit organizations often try to handle pre-planning stages of real estate in-house without property real estate knowledge or time to oversee the project. The process eventually takes on a life of its own, sending the organization into a whirlwind and frequently reaching a point where the organization lacks the knowledge or financial resources to continue (Hall 1999). Real estate decisions are some of the most significant business decisions made by a nonprofit board of directors, but the consensus governance model often prevailing in nonprofits is cumbersome and slows down decisions in real estate transactions. In addition, utilizing pro bono professional services (lawyers, space planners, architects, engineers, and contractors) further slows down these processes. Whereas the pro bono nature of the work is

financially advantageous to the organization, the priority of the project given by the service providers may be low relative to the providers' regular clients (Solender 1997). Lastly, in decisions involving site selection nonprofits differ in organizational goals and objectives and may rank location factors in different priorities (Posey 1994). For nonprofits, facilities (cost, size, condition and operating costs), employees (availability, productivity, and salaries), and transportation availability (in order of importance: commercial air travel, public transportation, and highway availability) are rated as the most vital variables in these decisions. Further, the relative importance of these site attributes may vary by the degree of centralization and type of organization, their years at the present location, the location of the office, staff size, physical office size, and office building ownership (Erenburg and Schuldt 1986). Relocation decisions in nonprofits are also extremely politicized involving a high degree of board involvement with resulting decisions not always in the best interest of the organization (Posey 1994).

Thus, nonprofit and for-profit managers must perform comparable functions and must make similar types of decisions regarding their real estate assets. To a greater degree, however, nonprofit managers often lack real estate expertise and relevant information. These managers must attempt to successfully balance and achieve varied, nonfinancial objectives in developing the decision criteria used for evaluating real estate alternatives. They often face a slower and more cumbersome decision process as they rely upon pro bono professional services and maneuver and negotiate with diverse stakeholders. As such, despite facing similar challenges and performing like functions, nonprofit and for-profit managers appear to manage their real estate assets in significantly different ways.

Overall then, the literature reveals managers and boards in both for-profit and not-for-profit organizations follow bounded rational steps and utilize logical decision criteria to address

decisions on real estate. Similar to each other, these two types of organizations increasingly attempt to align real estate decisions with their overall strategies and missions and perform like functions to manage their real estate assets. The literature reveals, however, that decision-making processes are messy political processes, involving many stakeholders and networks of stakeholders with a variety of attitudes, perspectives, and interests. These stakeholders and their networks act emotionally as well as bounded rationally. In addition, decision makers must develop criteria to guide decisions and achieve multiple and sometimes conflicting goals and objectives. These criteria are not always economic or logical with emotion and “feeling” playing important roles. Moreover, nonprofits differ from for-profits in their dependence upon volunteers; greater reliance upon the effectiveness of their boards; scarcity of resources; openness to wider social systems; altruistic, non-financial missions; wide group of diverse stakeholders; and varied performance indicators. The literature suggests these significant differences between these two types of organizations result in differences in the decision criteria, the weight of specific decision criterion, and the decision-making processes itself both in general and specific to decisions regarding their real estate assets. Few qualitative process studies exist, however, which explore how managers make real estate decisions and the nature, sequence, and order of activities or events that these managers go through to make these decisions. Even fewer studies have been published that examine this process in the context of nonprofits. As a result, in an effort to better understand and manage real estate decision-making in nonprofit organizations and given access to interesting data from four small, charitable organizations, this research will endeavor to answer the question: How do stakeholders interact to make real estate decisions in small, charitable organizations?

### **3 ACTOR NETWORK THEORY**

With its roots in sociology, Actor Network Theory (ANT) (Callon 1986; Latour 1987; Law 1992; Latour 2005) is concerned with the processes by which heterogeneous actor networks are constructed, transformed and come together to act as a whole. With its emphasis on both human and nonhuman actors acting and being acted upon and underlying philosophy that the ideas, values, and intentions of these actors may become inscribed in artifacts and technology, it has been particularly helpful as a lens to examine a variety of diverse, socio-technical processes.

#### **3.1 Key Concepts and Constructs of Actor Network Theory**

In ANT, human and nonhuman actors can be any material, human or nonhuman, provided they are deemed the source of action. Referred to as actants, these heterogeneous actors interact and form networks of aligned interests. The networks are transient, forming, holding together and eventually falling apart over time. In this theory, actants engage in a process known as translation, generating ordering effects by negotiating with and maneuvering other actors with the aim to align other actants' interests with their own.

Callon (1986) describes four stages in the translation process, though not all translation processes pass through all these stages and the processes may fail and halt at any stage. During the first stage, problemization, an initiating actor or actors define problems and solutions and identify roles for other actors. These initiating actors establish themselves as an “obligatory passage point” for resolving the problem. In the next stage, interessement, the initiating actors strive to convince other actors that their interests align and seek to convince these actors to perform their identified roles. In the third stage, enrollment, the various actors accept their proposed roles leading to the fourth and final stage, mobilization. In this stage, a key actant or

actants use a set of methods to ensure the spokespersons created during the translation process for the various collectivities are able to represent their respective interests thereby turning enrollment into support. If the translation is successful, the underlying ideas are institutionalized and allied spokespersons all speak with one voice.

Throughout the course of translation, certain ideas, values, and intentions become embodied in material or nonhuman objects in a process known as inscription. Moreover, inscription not only creates materialized actors, but also once created these materialized actors prescribe a program of action for other human and nonhuman actors. Actor-networks and their interests may also become punctualized into black boxes where they act as a single unit, as one actant. Once inscribed into a material artifact, returning to past alternatives becomes impossible, irreversible. However, the black boxes are transient. When these boxes act contrary to the actor networks as a whole, the actants and their networks may reopen them, exposing all of their elements and the domination of the boxes then becomes both contestable and reversible. The key constructs of ANT are summarized in Appendix 10.1.

It is important to note, in the past scholars have raised four broad criticisms against ANT (Walsham 1997):

1. ANT addresses the local and contingent, but it pays little attention to broader social structures that influence the course of local history.
2. ANT adopts an amoral stance ignoring the social consequences of technical choices.
3. ANT argues symmetric treatment for both humans and nonhumans though it is only humans that can act.
4. The description that arises from a study that follows the methodological guidelines of ANT may produce a mass of detail.

In response to these criticisms (though strict proponents of ANT may disagree with his arguments), Walsham (1997) argues that excessive detail is not unique to ANT studies; full

symmetry of human and nonhuman actors is not necessary to make use of the theory; and, ANT studies can and have been concerned with their implications to society. Moreover, he suggests researchers may combine and complement ANT with other social theories to address broader social structures. As such, though ANT may have weaknesses like all social theories and researchers must recognize these shortcomings, its criticisms do not prevent it from being an effective tool in examining socio-technical processes in organizations.

### 3.2 Applications of Actor Network Theory

A variety of studies has successfully used ANT to provide important insights into processes where socio-technical networks aim to align interests and act as one. The areas of study are so diverse as to include scallop population regeneration, accounting, engineering, adjusting to wheelchair use, health services, use of medical devices and music production (Callon 1986; Hennion 1989; Bloomfield 1991; Robson 1991; Singleton and Michael 1993; Prout 1996; Suchman 2000; Gomart 2002; Winance 2006). ANT has been particularly useful in examining the socio-technical processes involved in IT change and implementation (Bloomfield, Coombs et al. 1992; Hanseth, Monteiro et al. 1996; Mahring, Holstrom et al. 2004; Cho, Mathiassen et al. 2008).

In his pivotal study in the early development of ANT, Callon (1986) analyzed the attempt to end and reverse the dwindling scallop population in St. Brieuc Bay. In this process, three researchers established themselves as the obligatory passage point for the fishermen, their scientific colleagues, and the scallops themselves. As the obligatory passage point, the researchers talked in the name of these human and nonhuman actors and became their designated spokespersons. As spokespersons, the researchers “translated” the actors’ many voices and

interests. This translation process transformed actors and produced displacements of goals and interests, devices, human beings, larvae and inscriptions. Callon discerned four stages or “moments” of translation: problemization, interessement, enrollment, and mobilization. By the end of these four moments, the process resulted in the building of a constraining network of relationships. This consensus and these alliances eventually unraveled, however, as various actors challenged the old spokespersons and the established roles. With this loss of consensus, the experiment to reverse the dwindling scallop population resulted in catastrophe, and a new translation process began.

Working in the tradition of Callon and Latour, Hennion (1989) looked into how a producer of popular music acts as an intermediary between production and consumption. Using ANT, he examined how this process transformed a music studio into a “machine for dissolving its own walls” (Hennion, 1989, p. 415) where heterogeneous elements are incorporated into a musical object and the musical object is incorporated into heterogeneous social practices. He illustrated that by acting as interposed representatives, producers bridged the gap between the social and the technical to produce successful, popular music acts.

Robson (1991) used ANT’s concept of translation to study the process of accounting change by looking at the standard setting program in the UK. In accounting, accountants transform objects such as plant and equipment into quantities on financial statements. These statements in turn are subject to wider social, economic and political discourses beyond the “neutral” technical discourse and practices of accounting. The role of accounting is subject by translation to new interpretations in accordance with these non-accounting discourses. The new ideals, discourses and bodies of knowledge that emerge from these non-accounting discourses

suggest new problems and priorities for accounting practices thereby stimulating the process of accounting change.

In seeking insights into the civil engineering process, Suchman (2000) viewed the retrofitting and replacement of two aging truss bridges through the lens of the ANT. In building a bridge, heterogeneous human actors with diverse interests (engineers with professional practice and practical exigencies and residents with concerns of aesthetics and the impact of the new bridge upon their daily lives) interacted to create a stable artifact, i.e. a bridge. In this process these human actors created, influenced, and were influenced by nonhuman actors in the form of design plans, protected species, photomontages, scale models, and construction and maintenance budgets. In her research, Suchman found a “preferred alternative” is not an individual, rational process of human choice but rather involves multiple actors and preferences defined in relation to a set of possibilities delineated within the professional community of civil engineering and the practicalities of a particular project. She discovered the challenge in a civil engineering process is not so much how to select an alternative but rather how to delimit a field of alternatives and organize a presentation to relevant others. In short, she concluded the processes of bridge-building are “persuasive performances that both rely upon and reflexively constitute the elements aligned”. (Suchman 2000, p. 312).

In health care and medicine, several interesting studies used ANT as a revealing framework. Winance (2006) examined the process she termed “habilitation” in which disabled persons acquire abilities and new disabilities as they adapt to the use of a wheelchair; transforming themselves, the wheelchair, and their world in the process. From empirical data drawn from fieldwork in France and using concepts adapted from ANT, she described adjusting to the use of a wheelchair as a negotiation between, distribution of, and delegation to many

heterogeneous actors including the disabled person, the care officer, the ergotherapist, the salesperson, the engineer, and the wheelchair itself. Through this process, which results in the melding of the human patient and the nonhuman wheelchair, something new is formed, a “community” between the person and the wheelchair. The wheelchair becomes not a device conceived by engineers to move persons but rather a mediator of action.

Using empirical data from the use of another medical device, a metered dose inhaler (MDI), Prout (1996) also demonstrated ANT’s potential for examining medical technologies and their role in the performance of sickness and healing. In his study, Prout described the MDI as a packaging of networks, an ordering of heterogeneous elements of human patients, clinicians, technicians, and scientists and nonhuman aerosol gases, scientific principles, metering valves and lungs. He found the networks behind the MDI were difficult to keep stable and were dependent upon the bodies and minds of MDI users to behave in expected ways in order for the device to remain safe and effective. When these user-actors ceased acting as expected, the network known as the MDI failed and a redesign of the MDI was needed; i.e. a new ordering of the network was required.

Rather than focusing on a medical device such as an MDI or a wheelchair, Gomart (2002) used ANT to help explain how it progressively became possible in France in the mid-1990’s to say that the goal of abstinence and the ideal of freedom were suddenly no longer appropriate in the treatment of drug addiction. During this period, an alternative drug addiction treatment emerged that prescribed Methadone as a substitute for illicit drugs to stabilize drug dependency. Treatment consisted of clinic staff using an approach of “generous constraints” to build attachments and relationships with users. ANT proved valuable in following the evolution of

this treatment of drug addiction involving a dynamic process of negotiations between the human staff and users and the nonhuman addictive character of Methadone and differing doses.

Also with a focus more upon a process than a device, Singleton and Michael (1993) used ANT in the examination of a much larger process, the Cervical Screening Programme (CSP) in the UK. This ongoing medical program and diagnostic procedure involved many heterogeneous actors including the British government, general practitioners, medical researchers, technicians, health promotion officers, feminists, women patients, cervical cells, and smear tests. The study revealed ambivalence as to how roles in networks both threaten and reinforce its ongoing formation.

Lastly, with its merging of the social and the technical, ANT has been particularly helpful in the area of information technology (IT). Bloomfield's (1991) study of the information systems of the UK National Health Service drew a parallel between information systems and inscription devices. He argued the properties of IT include mobility of inscriptions (ability to move from place to place), immutability (they do not degenerate easily), and combinality (they can be recombined to form new inscriptions) which allow organizations to bring together different sources of information to a centre of calculation. Once this centre is established or institutionalized, it is in a strong position to deflect the challenges of other groups who seek to mobilize rival inscriptions. Information systems, therefore, renegotiate professional responsibilities, knowledge, and practices in the organization and this may lead to unintended, adverse consequences masking underlying narrowness and bias in predicting and controlling the world.

Cho et al (2008) applied the ANT to exploring the implementation of a radiology network systems in a Swedish hospital. In the implementation of an IT network, a mixture of actor-

networks involving doctors, nurses, secretaries, and management shifted between opposing the implementation and making use of opportunities to change configurations in accordance with their interests. The interests of these various medical groups became inscribed into the prototype reflecting the relative influence of each competing group. By combining an event-based approach with ANT to study IT-based change, the study provided a new understanding as to how implementation content and implementation context are shaped interactively and gave a comprehensive understanding of how contextual dynamics shape healthcare information systems.

In a study of IT project escalation using two theoretical perspectives, escalation theory and ANT, Mahring et al (2004) looked at the case of the computerized baggage handling system at the Denver International Airport. By comparing and contrasting the findings revealed by these two perspectives, this study provided new insights into the problem of IT project escalation. Moreover, this research further developed ANT by adding new conceptual extensions including Trojan actor-networks, actor networks which are embedded in host actor networks and which in this case threatened the host and was eventually sacrificed in order to save it.

In summary, researchers have applied ANT to processes in areas as diverse as the re-population of scallops, popular music production, accounting, engineering, healthcare, and information systems. Though diverse, each of these processes involved heterogeneous actors negotiating, maneuvering and forming networks to align their interests. All of these processes also involved human actors interacting with and creating nonhuman actors that not only were shaped by but also shaped human actors and their actions. With its concepts of interacting, heterogeneous socio-technical networks, translation, enrollment, inscription, and black boxes,

ANT proved to be a valuable tool in revealing new insights into the complex, dynamic processes examined in each of these studies.

## **4 RESEARCH METHODOLOGY**

### **4.1 Research Design**

As mentioned above, this study sought to answer the question: How do stakeholders interact to make real estate decisions in small, charitable organizations? As such, it was a study of the social, cultural, and political aspects of people and organizations. It sought to know what people in these organizations say, what they do, and how they do it as they make real estate decisions. It endeavored to see and understand the context within which stakeholders make such decisions and the actions taking place. As Myers (2009 p. 5-6) states, these are the key benefits of using a qualitative research method as adopted for this study. More specifically this was an exploratory case study with the objective of discovering the relevant features, factors, or issues that might apply in the chosen research topic (Myers 2009 p. 72).

Further, the research question in this study was a “how” question. It examined contemporary events in which the researcher cannot manipulate relevant behaviors. As Yin points out (2009, p. 5-14), in situations involving these conditions, a case study approach may be the preferred research method and hence was the chosen method for this study. As a case study it therefore has the advantages of face validity (a real, contemporary situation with which other researchers or organizations can identify or may be facing) and allowed the researcher to explore within the context of messy situations. Likewise, it also has the disadvantages of case studies, including problems of access, control, relevant focus, and time required (Myers 2009, p. 80-82).

Moreover, in studying this “how” question, this research was designed as a process study. While its focus was upon the process in which stakeholders acted and interacted to make real

estate decisions, it was not concerned with process as a category of concepts primarily concerned with variables, antecedents or consequences of change. Rather it considered the meaning of process as a developmental event sequence (Van de Ven 2007, p. 196-197). As such, its central focus was on the progressions (nature, sequence, and order) of activities or events that an organization undergoes. With multiple entities involved in the unit of change and an assumed constructive motor of change (i.e. the progression is constructed and emerges as the change process unfolds), the study was conducted with a hybrid between a dialectical and a teleological model in mind (Van de Ven, 2007, p. 202-205). Lastly, the research involved relatively few events within a quite limited number of organizations, which further warrants the choice of a case study design (Van de Ven, 2007, p. 213).

The study was retrospective. As such, it had the advantage of knowing the “big picture,” how things developed and the outcomes that resulted. This post hoc knowledge was helpful for interpreting events and constructing a narrative. Unlike real-time observations and as a retrospective study, it had the advantage of afterthought and more detached identification of critical events. Unfortunately, a retrospective approach may also have created certain biases, may have filtered events during data collection, or may have censored minority views (Van de Ven, 2007, p. 208). Where possible, this researcher attempted to triangulate interviewee responses against other interviewees’ responses and other data sources to lessen such bias and improve reliability.

Lastly, to increase its relevance to practice, the research used the pluralistic methodology of engaged scholarship (Van de Ven and Poole 1995; Van de Ven 2007), a participative approach obtaining the perspectives of various stakeholders in order to understand complex problems (Van de Ven, 2007, p. 9). More specifically, this engaged scholarship study used an

informed basic research approach in which advice and feedback was solicited from various key stakeholders and informants and other researchers in each step of the research process: research design, theory building, problem solving, and problem formulation. Regardless, the researcher remained in control and directed all research activities (Van de Ven, 2007 p. 26-29).

As engaged scholarship, the research followed a critical realist philosophy of science. As described by Van de Ven (2007 p. 37-38), this view adopts an objective ontology assuming there is a real world out there, but our individual understanding of it is limited. At the same time, this view espouses a subjective epistemology in which observations and data are expressions of theoretical positions. The assumption is that no form of inquiry can be value-free and impartial. Understanding complex reality demands the use of multiple perspectives and although evidence may converge, it may be inconsistent or contradictory.

## 4.2 The Four Cases

The research focuses upon four small, charitable organizations in the southeastern United States (See Section 6). For confidentiality purposes, these organizations have asked that the study conceal their real names. Hence, the study refers to them as *NP-Disabilities*, *NP-Meals*, *NP-Buildings*, and *NP-Volunteers*. The researcher chose these four cases based upon access as well as their similarities and differences. The cases were similar in many ways. They were small to medium size, charitable organizations. They had complex structures due to their need to collaborate with other nonprofits and use volunteers in their efforts (though to varying degrees). They were located in the southeastern United States and had strong Directors at the helm. Finally, they had all faced a critical real estate decision over the last fifteen years. The four

nonprofits also differed in that each experienced dissimilar space requirements and started the process with different drivers behind their real estate processes (see Figure 4.2.1).

**Figure 4.2-1 Theoretical Replication Logic**

	<b>DECISION DRIVER</b>	
<b>ADDITIONAL SPACE REQUIREMENT</b>	<i>Need</i>	<i>Dream</i>
<i>High</i>	NP- <i>Meals</i>	NP- <i>Volunteers</i>
<i>Low</i>	NP- <i>Buildings</i>	NP- <i>Disabilities</i>

Given the similarities, this study has used literal replication logic to look for patterns across the four organizations and likewise, given the differences, used theoretical replication logic to identify contrasts between organizations (Yin 2009, p. 54). This replication logic is reflected in Figures 10.2-1 and 10.2-2 in the Appendix. Although combining literal and theoretical replication did not ensure generalizability of the study, it did add to the robustness and confidence in the findings (Yin 2009).

## **5 DATA COLLECTION AND ANALYSIS**

### **5.1 Data Collection Strategy**

This study followed the three principles of data collection recommended by Yin (2009 p. 114-124): (a) using multiple sources of evidence; (b) creating a case study database; and (c) maintaining a chain of evidence. To deepen the understanding and help achieve satisfactory validity through data triangulation, the researcher collected data from several sources with different data collection methods. The researcher conducted, recorded (if authorized by the interviewee), and transcribed formal, semi-structured interviews. For non-recorded interviews,

the researcher wrote up notes immediately after the interviews. In each of the four cases, the interviewees included the commercial real estate broker; at least one Board Member (in all of the cases one of the interviewees was either the current or former Board Chair); the Executive Director; and a manager involved in the operations of the organization. To obtain general information about the real estate decision-making process in nonprofits, the researcher also interviewed:

- two persons from a major private foundation;
- a fund-raising consultant from the firm consulted by *NP-Disabilities* and employed by the other three nonprofits in their fund-raising efforts (though the consultant refused to talk about specifics for any case);
- a real estate broker specializing in nonprofit institutions;
- the Center Director operating an office building and meeting facility owned by a nonprofit and tenanted by other nonprofits; and,
- two lenders to nonprofit institutions, one a permanent lender and the other a commercial lender.

Twenty of the interviews were face-to-face and lasted one to two hours. The remaining four interviews were conducted by phone. The phone interviews with the Executive Director and manager of *NP-Volunteers* (who were somewhat reluctant to talk because of the pending negotiations with their lender and national affiliate) lasted approximately one-half hour and with the two lenders' interviews lasting one-half hour in one case and over one hour in the other. As engaged scholarship the researcher wrote up interview notes within days of the interview and sent them to the interviewees for their comment and feedback. In total, the researcher conducted twenty-four interviews (See Figure 5.1-1).

**Figure 5.1-1 Data Sources-Interviews**

<b>DESCRIPTION</b>	<b>NP- Disabilities</b>	<b>NP-Meals</b>	<b>NP- Buildings</b>	<b>NP- Volunteers</b>	<b>General</b>	<b>Total</b>
Board Interviews	3	2	1	1		7
Executive Director	1	1	1	1		4
Management	1	1	1	1		4
Broker Interviews	1	1	1	1		4
Lenders					2	2
Foundation					1	1
Fund-Raising Consultant					1	1
Center Director of Nonprofit Facility					1	1
<b>TOTAL</b>	<u>6</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>24</u>

**Figure 5.1-2 Data Sources- Other**

<b>DESCRIPTION</b>	<b>NP- Disabilities</b>	<b>NP-Meals</b>	<b>NP- Buildings</b>	<b>NP- Volunteers</b>
Emails	Yes	No	No	Yes
Presentations/Case for Support	Yes	Yes	Yes	Yes
Archival Data	Yes	Yes	Yes	Yes
Website	Yes	Yes	Yes	Yes
Field Observation	Yes	Yes	Yes	Yes

In addition to these interviews, the study used many other sources to mitigate the possible biases of retrospective interviews and improve reliability (See previous page, Figure 5.1-2). The researcher toured all of real estate involved as well as visited many of the real estate alternatives considered in each case. This researcher also attended an open house (celebrating their new office), annual awards banquet, and board meeting for NP-*Disabilities*; a groundbreaking ceremony for NP-*Meals*; and, a fund-raising event for NP-*Volunteers*. Archival documents such as web-site information, real estate presentations, budgets, cases for support, and meeting minutes were reviewed. For NP-*Disabilities* and NP-*Volunteers*, email correspondence was in part available (See Figure 5.1-2). To organize and document data and increase the reliability of the information by maintaining a chain of evidence, the researcher used the software NVivo 9.1 with collected data coded as described in Section 5.3 below.

## 5.2 Data Analysis Strategy

With this assumption of a subjective epistemology rooted in a critical realist philosophy of science (Van de Ven 2007), the researcher conducted the study using the seven fundamental principles recommended by Klein and Myers (1999). Drawn from anthropology, phenomenology, and hermeneutics, these include the principles of:

- hermeneutic circle (understanding is achieved by iterating between the interdependent meaning of parts and the whole they form);
- contextualization (critical reflection upon the social and historical background of the research setting);
- interaction between the researchers and the subjects (critical reflection on how the “data” were socially constructed through interaction between the researchers and participants);
- abstraction and generalization (relating the idiographic details to the application of theory);

- dialogical reasoning (sensitive to possible contradictions between theoretical preconceptions and actual findings);
- multiple interpretations (sensitivity to possible differences in interpretations by participants); and,
- suspicion (sensitivity to biases and distortions in narratives collected from participants).

As Klein and Myers point out, these principles are interdependent and require active interpretation. Hence, the researcher did not apply the principles mechanically but combined them with the researcher's own judgment.

More specifically, this study followed the data analysis procedures suggested by Miles and Huberman (1994) for qualitative case data. Miles and Huberman (1994 p. 10-12) define data analysis as consisting of three concurrent flows of activity: data reduction, data display, and conclusion drawing and verification. These three types of analysis and the data collection process form an interactive, cyclical process. In this approach the researcher moved among these four activities during data collection and then among data reduction, display and conclusion drawing and verification for the remainder of the study.

### **5.2.1 Data Reduction**

Miles and Huberman (1994) describe data reduction as data "condensation." In this form of analysis the researcher sharpens, sorts, focuses, discards, and organizes collected data. As suggested by these authors, continuously, when appropriate, and in order to improve validity and help in analysis, the researcher summarized each of the interviews; used different both descriptive and inferential levels of coding; applied different methods of thinking about the data; and, created both within case and cross case outlines of the cases. (See Appendices 10.2 and 10.3).

### 5.2.2 Data Display

Data display is the second flow of data analysis recommended by Miles and Huberman (1994). Like data reduction, the processes of creating data displays are an iterative process occurring throughout and following the data collections process. To provide insights into the observed processes, the researcher generated time-ordered displays of event listing which represented a series of events arranged by chronological time-periods and sorted by significant categories (Miles and Huberman, 1994, p. 110-122). To further compress and order the data in order to allow coherent conclusions, the researcher also generated role-ordered displays to identify actors and conceptually ordered displays that identified important process elements revealed using the ANT framework. To enhance generalizability and deepen understanding and explanation through cross case analysis, these single case displays were “stacked” in a “meta-matrix” permitting systematic comparisons (Miles and Huberman 1994, P. 176) (See Appendices 10.2 and 10.3)

### 5.2.3 Conclusions Drawing and Verification

Interwoven with data reduction and data display was conclusion drawing and verification. Before, during and after the data collection process the researcher drew conclusions by noting regularities, patterns, explanations, possible configurations, and propositions from available data. These conclusions were held lightly in the beginning but become increasingly explicit and grounded throughout the process (Miles and Huberman 1994, p11). The researcher verified these conclusions in the analysis process and tested for validity.

### 5.3 Guides for Coding

Once again following the procedures prescribed by Miles and Huberman (1994), the researcher coded all transcribed interviews to facilitate interpretation. The researcher used both descriptive codes for the antecedents to the process and inferential codes guided by the ANT constructs for important elements in the processes (for e.g. problemization, interessement, internal/external enrollment, and mobilization) and outcomes (e.g. black boxes). This coding helped to identify salient themes and organize the data. Further, the researcher revised the coding throughout the data collection and analysis processes to develop the most appropriate set of codes for the study.

## 6 RESULTS

### 6.1 The Cases

The decisions makers in all four of the observed organizations faced major decisions regarding their real estate. Each of their decision-making processes began with both similar and differing antecedents and ended in outcomes of varying stability. All of their processes were complex and drawn-out as these decision makers acted and interacted with other stakeholders to align, converge, and satisfy their diverse interests. Within case and cross case analyses and outlines appear in Appendices 10.2 and 10.3, respectively.

### 6.2 Real Estate Decision-Making in NP-Disabilities

#### 6.2.1 Antecedents

NP-Disabilities is a small, nonprofit organization providing human services in the Southeast and has been led by the same, hard-working Executive Director for over 20 years. With a paid staff of only six persons, NP-Disabilities is reliant upon volunteers to accomplish its

mission and must collaborate with other nonprofits to operate its 20 residential group homes. This reliance upon volunteers and other nonprofits creates a highly complex, flat organizational structure with many heterogeneous stakeholders. Every Board Member but one is also a caretaker for a developmentally disabled loved one. As a result the Members have a strong, common motivation for their involvement with NP-Disabilities and NP-Disabilities' mission is very personal to them. The motivation of the Board President offering to give "110%" when asked to be President was strongly influenced by NP-Disabilities helping her through "one of the toughest times in my life" when her mother died leaving her in charge of the care of her disabled brother. Board meetings often provide an opportunity to exchange information, stories and provide mutual support and hence serve an important social as well as business function.

As stated on its website NP-Disabilities is "committed to promoting opportunities for all people with developmental disabilities to live full, productive, self-determined lives of the highest quality by fostering local communities which embrace all people." In response to changing governmental rules, regulations, and philosophies, this organization has had to innovate and change its service profile during its 50-year history to continue to accomplish this mission. The current profile of advocacy, information dissemination, and operation and development of respite and group homes once also included providing educational and monitoring services for the developmentally disabled. Adapting to these changes has caused NP-Disabilities' staff to fluctuate from a high of approximately forty persons to its current six person staff. Through development and maintenance of its group homes, the management of NP-Disabilities has accumulated some experience with residential real estate but neither the management nor the Board has significant commercial real estate expertise. With its mission of providing human services, intimate size and the personal interest of its Board Members, however, its mission truly

is the well-being of the individual disabled client themselves. There is no formal strategic plan and day-to-day activities include sending birthday cards to each of their developmentally disabled clients, taking them on outings, and hosting client parties. The conference room table is just as likely to be covered with cloth to make curtains for a group home or golf shirts to be embroidered with individuals' names as it is documents or papers.

The \$.5M annual revenue of NP-*Disabilities* results from donor contributions, fund-raising events, and service fees from its operation of group homes and a respite home. With a donor base which is neither deep nor wealthy and fund-raising primarily consisting of one annual golf tournament, the key to understanding NP-*Disabilities*' revenues and the services it provides lies in understanding how its clients pay for those services. This requires a comprehension of the Medicaid Waiver. Each day the developmentally disabled person requires a variety of therapeutic, medical, residential, and daycare services that in total often can be very financially taxing for a caregiver unless they have significant wealth or income. To pay for these services, therefore, many persons are dependent upon the Medicaid Waiver Program. Whereas Medicaid are federal and state funds used to pay for doctor appointments, hospital expenses, medicine, therapy, and some adaptive equipment for the developmentally disabled, the Medicaid Waiver allows for Medicaid funds to be used for additional services such as respite care and community housing. Two major objectives of the Waiver Program are to have the provided funds follow the individual (rather than paying them directly to the providers thereby allowing caregivers to choose among providers for their services) and using those funds to integrate the disabled within the community rather than isolating them in an institution. Caregivers apply for the Waivers through the state and once accepted an individual budget is prepared for each recipient based upon their specific needs. These Waivers are scarce and difficult to obtain, however. In the state

in which NP-*Disabilities* operates, only approximately 12,000 Waivers have been granted, a fraction of the estimated developmentally disabled persons in that state. In addition, as of October 2010 over 5,700 persons await approval for Waivers in this state due to a combination of state and federal budgetary constraints. In short, the Waiver Program falls far short of providing funds for all those who are developmentally disabled and with few new Waivers being granted, the government has indirectly restricted the present and future revenues for NP-*Disabilities*' group and respite home services.

In 2004, NP-*Disabilities*' office was a 1,200 square foot space in a poorly maintained, one-story office building. Though it was a bit worn, cramped and inefficient, NP-*Disabilities* remained in this space because in many ways it aligned the interests of the heterogeneous networks comprising NP-*Disabilities*. The space was inexpensive satisfying the budgetary concerns of its Board and Executive Director. The building was located on the bus line meeting the needs of its disabled clients and volunteers. The facility was close to other collaborative nonprofits and NP-*Disabilities*' respite and group homes (hence to its customers and clients). Lastly, the space was convenient to the residences of the Director and many of the staff, Board Members, and client caretakers.

### 6.2.2 Process

Early in that year, however, this alignment began to unravel and marked the depunctualization of their real estate black box and the beginning of the translation process. First, NP-*Disabilities* sold a property that unexpectedly produced a \$.7 million windfall. When combined with improved chances of a successful fund-raising campaign due to a strong economy, almost instantly this windfall eased the constraint of scarce funds and made an expansion of their mission possible. Second, the Executive Director and several Board

Members visited a campus-like facility for treating the disabled in a neighboring state. Instead of a cramped office, they witnessed the vision of what NP-*Disabilities* could be: a multi-purpose facility providing after school and after work programs; drop-in respite care; summer camp; adult daily living skills; a recreation center; a meeting place, and; administrative offices. This visit re-animated a dream that had existed for over 30 years with this organization even before the current Director began her duties. The Executive Director described the idea of this one-stop shop as “one of those ‘Dawn of the Dead things’ that just keeps coming back”.

The Board soon appointed a Long Range Planning Committee consisting of the Executive Director, the Assistant Director, and key Board Members. These Committee members became the Initiating Actor formed to define a new future mission along with a plan to achieve that mission. Early on, however, this Committee defined the problem and their purpose not as defining a future mission and alternate ways of achieving that mission, but rather as planning for the development of a one-stop shop for the developmentally disabled. In referring to the development of the multi-purpose center and what services it would provide, one of the members of the Committee remarked, “We about convinced ourselves that we had to come up with the entire solution for everything. It’s either that or nothing.” The Committee analyzed programs in their community for the developmentally disabled in their community and the availability of services such as adult daycare, summer camps, prevocational and vocational programs and recreational services. Through this research and their personal experiences throughout the years, they determined a “horrible need” existed for the services that the center would provide. Though some Members expressed concern as to the availability of Waivers to assist clients in paying for the identified services provided by the center, this concern did not outweigh the “horrible” community need and the perceived willingness of others to pay for these services even privately.

As one Board Member put it, “I have no doubt if we were to open a program we would do it in such a way that people would come. They would not go to some of these other places. They would come, because we would do it well”. The Initiating Actors began bringing in Expert Actors to help them define the problem and its solutions by engaging an architect to develop a preliminary design. As one Board Member reflected, this was the “big dream” and they were “all over the lot” in terms of what the facility would include. Some concepts included extra land for an adjacent respite home or the future construction of “arms” in the expansion of a “swastika-shaped” building or a nature center for the clients. A larger concept included a movie theatre. Eventually the group coalesced around developing a brand new 21,000 square foot multi-purpose concept complete with a full gym and locker rooms to replace their 1,200 square foot, worn office space. The architect created schematic drawings and renderings for such a center and with help from a general contractor, the Committee developed a \$5.4 million construction budget. The business plan developed by the Committee illustrated the center would not only serve to expand their mission, but moreover provide over \$146,000 each year in additional net income from new service fees and rents from possible subtenants. This future revenue might also be enhanced by possibly providing day programs for aged or autistic persons whose demographic numbers are increasing rapidly. The Committee created a case for support that incorporated these plans and renderings and outlined the unmet needs of the developmentally disabled community and how NP-*Disabilities*’ one-stop-shop vision would fulfill these needs. The Inscribed Actors of the drawings, renderings, budgets, business plan, and case for support became important actors helping to convince the board, the Internal Actors, which approved proceeding with the development of the multipurpose center if the Actors could find the funds to build it.

The Actors consulted a fund-raising consultant to assist in understanding the requirements of the External Actors, the foundations and major donors, and enroll them to secure the necessary funds. They did not formally engage these Experts, however, rejecting the fund-raising consultant's proposal for a formal feasibility assessment because not only would it cost \$18,000 but also, as the Executive Director remarked, it was difficult to determine if they are "with us or against us". The Initiating Actors did continue to consult these Experts, however, throughout the process.

For four years, from 2004-2008, the Initiating Actors and various Board Members met with the governor, mayor, developers, possible major individual donors, and foundations. They held over a dozen meetings in 2008 alone. The Long Range Planning Committee reported to the full Board at each monthly meeting on its progress keeping the idea fresh and alive internally. Enrollment of the External Actors proved illusory, however, due to their concerns about the lack of availability of Waivers and NP-Disabilities' ability to fund and sustain the center on an ongoing basis. The External Actors rejected the roles proposed to them by the Initiating Actors.

By 2009, the economy had soured. The state had virtually stopped granting new Waivers, the Waiver waiting list was growing, and a fund-raising consultant had expressed doubts about the ability to raise the necessary funds in this environment. Internal support for the center began to erode. Finally, the Committee held a meeting with the state official responsible for state services for the developmentally disabled. The Executive Director recalled later the official termed the concept "old school" and inferred "You people are nuts". According to the official this center would isolate, not integrate, the developmentally disabled from the community that was completely against the philosophy of the state regarding de-institutionalization of the developmentally disabled. After this meeting, those who attended felt

“deflated” and the Director remarked, “I thought (a certain Long Range Planning Committee Board Member) was going to go into depression”. With the unsuccessful enrollment of the external networks, available funds in doubt, deflated internal support, and the poor economy, the Executive Director and Board decided to delay plans for the one-stop shop. NP-*Disabilities* remained in its small office. Still the Executive Director and many Board Members very much wanted the new center. To keep the center alive as a future possibility, NP-*Disabilities* decided not to extend their lease long-term but rather to keep it on a month-to-month basis and they did not dissolve Long Range Planning Committee nor redefine its purpose. “We’ve been closeted,” said one Member. As an alternative to a new center, the Executive Director continued to look at other existing alternatives. These alternatives included buying the facilities of a small, private, bankrupt school and possibly purchasing or renovating the old building in which they rented space. Though none of these alternatives were ideal, the Executive Director still believed not only was a center still needed but by “being landlord we could raise funds from the rentals to pay for our programs and such”. The Director presented some of these ideas to the Board but found no acceptable alternative.

Less than one year later in early 2010, the Executive Director invited a team of researchers from a local university to review NP-*Disabilities* and recommend changes to improve its operations and current service profile. A new translation process had begun. The team conducted a series of interviews, workshops, and meetings with the Executive Director, her staff and key Board Members. This group became the new Initiating Actors who re-defined the problem of long range planning. The new question to be answered became how to best to serve the developmentally disabled given NP-*Disabilities*’ scarce resources and external constraints

(Crim, Grabowski et al. 2011)<sup>1</sup> rather than how to develop a one-stop shop. With this re-definition of the problem, the Initiating Actors helped by the Expert Actors decided to indefinitely postpone the development of a one-stop shop and instead set up a task force to relocate and improve NP-Disabilities' office facility. In addition, they desired to expand their facilities to allow room for social functions and possible changes in NP-Disabilities' future service profile such as a "business" operation involving paper shredding by some of its developmentally disabled clients. The Initiating and Expert Actors jointly created Inscribed Actors, power-point slides and charts, to assist in successfully enrolling the Internal Actors to approve this move away from the one-stop shop solution. The research team made a presentation of the collaborative recommendations to the full Board in July 2010. By August the various internal networks had aligned and the full Board approved entering into a longer term lease on a larger, more efficient office space as part of the new vision for NP-Disabilities' future and the creation of a task force to search for that space and implement the decision.

Mobilization began and moved quickly with the Internal Actors accepting their roles and enrollment of the funding sources not required. By October, the task force had hired a real estate broker. Together the Initiating Actors and the Expert Actor put together search criteria. In these criteria these Actors attempted to satisfy the interests of both the Internal and External Actors through accommodations in the office program, size, and location. By December the task force had identified a space and building which met their requirements. The Board formally approved the basic terms of the lease in January 2011. With help from an attorney-Board Member, the Executive Director negotiated the lease and NP-Disabilities had moved into its new, expanded office space just one month later. The entire translation process had taken less than a year.

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<sup>1</sup> This researcher was involved in this study and thus had an in-depth view of the context of NP-Disabilities

### 6.2.3 Outcome

The interests of the heterogeneous networks punctualized into a new black box, an expanded office space in a Class B building. Given the 5-year term on the new office lease, creation of this black box was irreversible preventing a return past alternatives formerly open to NP-*Disabilities*. The new location aligned the interests in several ways. It was not far from NP-*Disabilities*' former offices and remained on the bus line thereby aligning the interests of clients, caregivers, Board Members, staff, the Executive Director and volunteers. The space projected a more professional, efficient image with an economically acceptable increase in cost aligning the interest of potential donors, the Board and Executive Director. Lastly, the expanded size helped to meet the efficiency needs of the staff as well as providing space for possible future needs.

Only one year into the new lease, however, threats to this alignment of the various heterogeneous networks have begun to appear. New decision-makers may appear as the Executive Director and key Board Members retire in the next few years. The Executive Director and many Board Members still have not given up the dream of a one-stop shop possibly resulting in the resurrection of that “Dawn of the Dead thing”. Meeting the new, higher rent has become more difficult with donors reducing contributions in the current poor economy and the state continuing not to issue new Waivers. In short, cracks already are evident in the alignment that created this new black box and in just a few years, a new translation process may begin.

## 6.3 Real Estate Decision-Making in NP-*Meals*

### 6.3.1 Antecedents

NP-*Meals* is a medium-sized, nonprofit organization providing human services in the Southeast. Its current Executive Director joined NP-*Meals* in 1988 as its second employee and

as one Board Member put it, “has been a visionary if anything in his identifying opportunities”. NP-*Meals* began as a small group of individuals providing meals for those afflicted with HIV/AIDS. Since then this mission has expanded to helping “people prevent or better manage chronic disease through comprehensive nutrition care, which combines home-delivered food choices and improved quality of life”. Today, their clients are persons not only afflicted with HIV/AIDs but also seniors, Medicaid recipients, and those afflicted with a variety of chronic diseases. Demographically nine out of ten of NP-*Meals*’ clients are below the federal poverty line and 85% are racial or ethnic minorities.

NP-*Meals* has grown rapidly. In recent years, the number of clients served by NP-*Meals* has increased by almost 13% per year. In 2000 NP-*Meals* served fewer than 800 clients, preparing and delivering 438,000 meals annually. In less than a decade, NP-*Meals* has grown to preparing and delivering nearly 1.5 million meals for over 5,000 persons. It now employs over 125 employees who work with approximately 18,000 volunteers annually to accomplish its mission. In addition, NP-*Meals* must collaborate closely with several other charitable organizations and governmental agencies in the referral of clients and for nutrition education and research to achieve its mission.

NP-*Meals*’ structure is complicated further by the inclusion of a “for-profit” enterprise. Approximately six years ago NP-*Meals* purchased a “for-profit” meal preparation and delivery service which for a fee helps thousands of people achieve weight loss, manage chronic health conditions like diabetes and hypertension, or as its website states, “just eat in a healthy way without all the time required to plan, shop, and cook”. This enterprise now contributes close to one-third of NP-*Meals*’ \$11 million in annual revenues. Still, resources are tight with the

Treasurer describing NP-*Meals* as operating on a “shoestring budget” as it helps “those that really can’t donate”.

NP-*Meals*’ Board consists of 17 members including a five-member executive committee. The Board meets bi-monthly with the executive committee meeting in those months that the Board does not meet. As the Executive Director reflected, “we are pretty lucky in terms of the way our Board has evolved because even as small as we are, it’s a pretty business savvy bunch. And it has a good balance. It’s got your typical socialite fundraiser....which are really important...who make emotional decisions but primarily it’s the business folks that lead the decision-making and they’re pretty good at that”. The Board of Advisors provides a further potential source of expertise and funding consisting of prominent politicians and businesspersons from the community. Specific to commercial real estate expertise, one of these Advisors is the chairman of a large, national real estate development firm. Referring to this member the Senior Director of Resource Development for NP-*Meals* commented, “He knows about commercial construction and he gave us some phenomenal advice right off the bat that really, really was helpful . . . in our design . . . and in our case for support . . . you know, he’s the businessman and he wants to see the numbers. He wants to know, ‘Can you sustain this project? Can you do it? And what’s the savings to the community?’ And, we knew that if we could help him see the wisdom that we were going to be successful with others because he’s a shrewd businessman”. In general, NP-*Meals* is well managed consistently receiving a four-star rating from Charity Navigator (an independent charity evaluator that rates charities based upon financial health and accountability and transparency). As further evidence of their competent management three years ago, NP-*Meals* won an award from one of the country’s largest community foundations. According to this foundation’s website, this award is given based upon “key factors that drive an

organization's success" including "board and staff engagement, sound fiscal health, mission-driven operations, and, of course, commitment to excellence".

NP-*Meals*' rapid growth has complicated organized planning for its real estate needs. According to its Senior Director of Resource Development, NP-*Meals* had a 5-year strategic plan that they updated annually but the original plan did not address facilities' need. He reflected more frankly, "I guess when shit hit the fan and we realized we were running out of space that it became more critical. I think it went to near the top of the list as a priority. And then the strategic plan was updated". NP-*Meals* has continually expanded its kitchen, storage, and meal preparation areas in its existing, owned building over the years, gradually squeezing out the administrative functions from the building. NP-*Meals* hired a broker to look for the "cheapest space he could find" to accommodate the need for this administrative space and subsequently entered into a short-term lease for office space in a tawdry building a few miles away from their production facility. As the Board President admitted this office space was "not in a great location", created inefficiencies, and pulled the administrative function away from the mission. NP-*Meals* also leased space in an adjacent building to the production facility when the space became available. Even with these temporary fixes, however, storage and parking continued to be a big problem for their volunteers and staff. As one Board Member put it, ever since he became involved in 2003, NP-*Meals* "has been busting at the seams". Still, NP-*Meals* paid no rent on its owned production facility and the leased office space was inexpensive. Further, the location of the production facility was convenient for distribution of meals to its clients. Lastly, the Board was doubtful as to NP-*Meals*' ability to raise the considerable funds needed for new facilities. As a result, for many years the heterogeneous actors at NP-*Meals*, including the actant

of the facilities, remained aligned and the black box unopened despite the obvious need for expanded facilities.

### 6.3.2 Process

In 2007, however, the Executive Director, along with his top management and key Board Members, assumed the role as the Initiating Actors and began searching for a more permanent solution to its needs. This group identified three possible alternatives for the real estate problem: find land and build a new facility from the ground up; add on to the existing building, or; find another nearby building, renovate it, and have two campuses. With help from Expert Actors, contractors and architects, the Initiating Actors quickly concluded the cost of a new, ground-up facility was prohibitive primarily due to the construction of a completely new kitchen facility and expanding the existing facility was physically problematic and did not solve the parking problem. Therefore, they determined their best alternative was to acquire (or lease) and renovate a nearby building. With the Board's concurrence, NP-*Meals* hired a broker to assist in finding this building. In addition, the Initiating Actors were well aware of the requirements of the funding sources and the need to enroll these External Actors in order to move forward. Particularly given the declining economy at the time, as the Executive Director put it "it's not about customer need, it's not about necessarily community need, it's about whether or not the major players are engaged and want to support those projects". As a result, while the broker searched for an acceptable building, this group solicited advice from another Expert Actor, a fund-raising consultant, as well as initial feedback from foundations and key potential donors.

By mid-2007, the broker had identified three possible buildings in the same industrial park as NP-*Meals*' existing facility and NP-*Meals*' preliminary feedback from potential contributors had been positive. The Initiating Actors reviewed the alternatives and presented one

of them to the Board along with its findings from its discussions with possible donors. As one Board Member remembered, the identified building was not perfect but “it was as close as we were going to get (and though bigger than what was needed) it still made sense when we ran the numbers on it”. Due in part to the obvious desperate need, the Initiating Actors enrolled the Internal Actors quickly and the Board approved moving forward with pursuing a long-term lease on the nearby building. Reasonably quickly, the lessor of this building and NP-*Meals* reached agreement but negotiations dragged on when the related bank had problems with the agreed upon terms.

Within days of signing the lease on this nearby building in early 2008, however, the building directly behind NP-*Meals*’ existing building became available which had not been on the market for the past twenty years. The Executive Director seized upon the opportunity and stopped pursuing a lease with the nearby building. He contacted the broker of the adjacent building and proposed to its owner a 2-year lease with an option to purchase to allow time for a capital campaign to raise funds for the purchase and renovation of the adjacent building. The owner was a 93-year old woman but was represented by her son-in-law, a former attorney and prominent real estate developer. The developer did not want to enter into a short-term lease, he did not wish to sell, nor was he interested in anything but a market rate deal. He would consider a long-term lease, but had serious reservations about leasing to a nonprofit. The owner’s broker then arranged what the broker called a “feel good meeting” between NP-*Meals*’ Executive Director and CFO and the owner. According to the broker, the Director and CFO in this meeting did an excellent job of explaining NP-*Meals*’ vision and benefit to the community. Still despite this presentation and NP-*Meals*’ offer being an “as-is” deal (i.e. the owner did not have to pay for any of the renovations), the owner still had concerns over their financial strength and

hence the possibility of having to kick out a nonprofit and re-tenant the building in the near future. Even after reviewing NP-*Meals*' financial statements and track record, however, the owner had reservations. The broker then presented to the owner the list of Board of Directors and Board of Advisors, some of which the owner knew. After conversations with several persons on these Boards, he finally remarked to the broker “. . . this (NP-*Meals*) has got it going on and it is a good worthy cause and let's do it!”

Simultaneous with negotiating the proposed lease, the Initiating Actors formally engaged a fund-raising consultant to advise them on which major foundations might contribute to NP-*Meals*' expansion, what they might require, and how much they might contribute. They also wanted to use the fund-raising consultant to provide access to the foundations, and possibly improve the foundations' receptiveness to NP-*Meals*' request. As the Senior Director of Resource Development remembers, when this group went back to the full Board for approval they wanted to be able to say, “We've done this due diligence. We think this meets our needs. And, we also wanted to say, ‘And here's what fundraising professionals out there are saying about our ability to be able to go out there and raise funds.’” The Initiating Actors with the help of other Expert Actors created Inscribed Actors including a mini-feasibility study and a case for support that included renderings, schematics, cost estimates, a 10-year revenue and expense projection, and a list of potential donors. The fund-raising consultant estimated NP-*Meals* could raise 75% of the needed \$4.2 million from foundations, 20% from individuals, and 5% from corporate and faith-based organizations. The fund-raising consultant assisted the Initiating Actors in laying out a “victory plan” to outline the process and defined the roles of each of the parties to achieve these fund-raising goals. Further, NP-*Meals* enrolled an architect to develop “props” for future presentations. As the Senior Director of Resource Development put it, the

victory plan would provide to the Board “a comfort level that we could reach this goal if we followed this plan” and “It’s important to have props as we are talking to some of those potential donors”. The mini-feasibility study, case for support, victory plan and props became Inscribed Actors. With these Inscribed Actors the Initiating Actors enrolled first the Board President, then the Executive Committee, and finally sought enroll the entire Board.

In its presentation, the Actors reminded the Board of the three alternatives considered earlier. They stressed that this alternative was one-half the cost of any of those alternatives; revealed to them the estimated capital cost; demonstrated how they could sustain any future operating costs; listed the likely contributors to fund the needed capital costs; and, presented the victory plan to raise the funds. According to the Senior Director of Resource Development, the primary concern expressed by the Board was “Could we do it? And in this economy? And did it make more sense to just lease--continue to lease space and operate two campuses and wait until the economy improved?” The Board President recalls this decision as being “scary” and felt they were “doing the Hail Mary” with no real backup plan if they failed to raise the money. Ultimately, however, the Board recognized the time sensitivity, that this option would not be available if they waited, and unanimously approved moving forward signing a long-term lease on the adjacent building and beginning the fund-raising process to pay for its renovation.

With internal enrollment complete, various actors accepted the roles laid out for them in the victory plan. Key Board Members and potential donors became part of a Steering Committee to be responsible for the Capital Campaign. With the Executive Director continuing as “quarterback”, these new Initiating Actors became responsible for the enrollment of key External Actors. After flooring the Campaign with commitments over one million dollars, the Steering Committee formally kicked off the Capital Campaign in June 2009.

The Committee steadily received donor commitments in the months that followed but enrollment and fund-raising moved more slowly than projected. Initial commitments had been contingent upon completing the Capital Campaign in twenty-four months. By early 2011, the Committee realized it would not meet that timetable and returned to the donors to ask for an extension of their commitments. These donors and other potential donors began expressing concerns about donating to a renovation where NP-*Meals* had no right to purchase the building. Further, the long-term lease was getting shorter and shorter as the capital campaign dragged on. The lessor's broker recalls NP-*Meals* having to return to the lessor and openly admit, "We've only got seven years left on the lease and for all the money that we're trying to raise to put into the building our significant fundraisers are giving us a hard time about not having a longer term lease." Over the next few months, NP-*Meals* negotiated a "vaguely worded" right of first offer to purchase the building and a 3-year extension of the lease such that at the end of the Campaign the lease would have a full 10-years remaining. Contingent donors likewise then agreed to extend the deadlines on their commitments as well.

By January 2012, the Initiating Actors had completed enrollment and the various Internal and External Actors had accepted their roles in renovating the existing and recently-leased, adjacent building. The Campaign Committee had successfully raised \$4.2 million and NP-*Meals* had secured commitments for pro bono or reduced services for legal, architectural, and general contractor services. Mobilization had begun with the contractor seeking the necessary permits to start construction. NP-*Meals* scheduled the official groundbreaking for March 20, 2012.

### **6.3.3 Outcome**

The interests of the heterogeneous stakeholders now seem to have converged and punctualized into a black box, a renovated, expanded, consolidated facility. As the Capital

Campaign Director happily stated about their to-be-built facility, “And so from a financial perspective, a location perspective, a lack of disruption to what we were going perspective, it is hands-down above and beyond what we needed. The space is not too big, but it should be enough that our space concerns are taken care of hopefully for the next ten years”.

Once again, however, this alignment of interest may be fragile. Donated products and pro bono contractor services may delay the estimated mid-2013 completion of the building. The demand for NP-*Meal's* services continues to grow rapidly and the Executive Director is currently seriously ill. As he frankly admitted, “I am usually pretty good about looking at the landscape five years out. I can't predict a single thing right now. Either politically or economically, this is a crap shoot”.

## **6.4 Real Estate Decision-Making in NP-*Buildings***

### **6.4.1 Antecedents**

NP-*Buildings* is a medium-sized, nonprofit organization promoting sustainable homes, work places, and communities in the Southeast. One Board Member described its co-founder and Executive Director for over 30 years as a “visionary” who “leads with his ideas” and prefers to be “at the table and not on the soap box”. By the Director's own admission in the past his focus has been only twenty to thirty percent external but with the hiring of a COO in August 2010, he hopes that percentage will increase to over eighty percent in future years. His personal entrepreneurial and market-oriented philosophy is reflected in the mission stated on NP-*Buildings'* website, “We focus on entrepreneurial initiatives that benefit the environment. We are proud to partner extensively with business, government and community leaders to deliver programs and services that support environmentally sound building practices”. To accomplish this mission, NP-*Buildings* has expanded and innovated its service profile over the years which

now promotes sustainability by providing building education, hands-on technical assistance, and training programs; research and expertise in energy and water efficient buildings; sponsoring of “green” events, and; advocacy of sustainable practices. As the Executive Director commented, he wants *NP-Buildings* to be thought of more as a “do tank” than a “think tank”.

In its history of over thirty years, *NP-Buildings* has grown from a handful of dedicated persons and volunteers to approximately 65 employees today. The vast majority of these employees are professionals and *NP-Buildings* no longer relies extensively upon volunteers with the exception of approximately five to eight interns. It does often partner with businesses and other organizations, however, in accomplishing its mission. As such, *NP-Buildings*’ structure is both flat and complex. According to its COO, its total annual revenue in 2011 of \$6.6M breaks down into 25% service fee income; 30% government grants; 30% foundation funding (including the Turner, Home Depot and Kendeda Foundations), and; 15% corporate sponsors. With the loss of federal stimulus dollars, this revenue may drop by close to \$1 million in 2012.

*NP-Buildings*’ 12-member Board has been described by its former Board Chair as working professionals without significant ties to “the deep pockets,” operating more as a governance Board than as a fund-raising Board. He revealed the Board splits almost evenly between those who are “corporate” and those who are “non-corporate” and consciously makes efforts to maintain this “public-private” composition when replacing Board Members. He further added this division requires the Executive Director must constantly strive to balance slower, more pragmatic approaches to sustainability desired by some with more aggressive, idealistic approaches desired by others. He also shared there are three levels within the Board terms of influence: first, the Executive Director, Chair, Treasurer, and Secretary; second, approximately six active and engaged members, and; third, members who have problems even

showing up to meetings. Due to its mission, this Board has considerable real estate experience though this expertise is primarily limited to the construction and technical areas. Financially, the Board and the Executive Director have run NP-*Buildings* very conservatively. The Executive Director volunteered one of his proudest achievements is that in over 30 years “we’ve actually never had to fire someone because we didn’t have adequate resources. Now have we been lucky? I’m sure. But I would also argue that it’s been pretty good strategic thinking and management”.

NP-*Buildings* began as a grass roots organization dedicated to sustainability (then known as appropriate technology) in 1978. Ten years into their history and then with only four to five person staff, NP-*Buildings* purchased a condemned Victorian mansion in a transitional neighborhood for \$9,400 to act as their headquarters. Joked the Executive Director, “...we couldn’t park cars (there) at night because the batteries wouldn’t be in them the next morning”. Funds to buy the house came from 10, \$1,000 individual loans that the organization eventually replaced with a mortgage from a local community organization. As the Executive Director remembered, funds for building materials came from “Who’s got money on their credit card?” and fifty people “swung a hammer” to renovate the facility for use by the organization. For many years this facility aligned the interests of NP-*Buildings*’ stakeholders with its low operating costs and urban location.

#### 6.4.2 Process

By early 1994 NP-*Buildings*’ staff had increased to approximately ten persons and had outgrown the old mansion. The facility now began interfering with NP-*Buildings* accomplishing its mission. No longer aligning with NP-*Buildings*’ mission or the interests of its internal stakeholders, the Executive Director began searching for alternatives. Fortunately, the city in

which NP-*Buildings* operated was in the midst of planning for a large citywide event in two years. In response to this event, funds were becoming available for a variety of uses. Commented the Director “. . . everyone in the world started thinking, ‘Well, how can I jump on this wagon?’” Desiring to take advantage of these dollars and facing the need for a new facility, the Director took on the role of the Initiating Actor in enrolling the internal stakeholders. To align various interests and aid in the enrollment of NP-*Buildings*’ heterogeneous networks, the Executive Director redefined the problem NP-*Buildings* faced from not only how to expand to meet the organization’s space needs but also how to best promote NP-*Buildings*’ mission. He engaged Expert Actors, architects and contractors, to design and price a \$2M working model of a home to demonstrate readily available sustainable construction, design, and product technologies. The Board and corporate sponsors were excited about the idea of this model home but had concerns about NP-*Buildings*’ ability to pay for such a facility. As such, they approved moving forward contingent upon the Director convincing them that sufficient funds were available to complete the model. Hence enrollment of the Internal Actors became contingent upon enrollment of the External Actors including government energy agencies, city officials, and corporate and foundation donors.

The Executive Director “didn’t know jack about capital campaigns” and quickly hired a fund-raising consultant to develop a feasibility study and assist him in securing funds for the headquarters. With help from the Inscribed Actors of the feasibility study, plans and budgets, he began the process of enrolling the external stakeholders. To enroll these Actors, the Executive Director used what he called the strategy of the stone soup. In the fable of the stone soup, two starving vagabonds put a stone in a pot of water. They then tell those they meet along the road, “Hey, we’re making stone soup” and promise they will share their soup with them if they drop

into the soup whatever vegetables or meat those they meet can spare. Wanting to share in the soup, these persons drop their vegetables or meat into the pot. Starting with only a stone and water, the fable ends with the vagabonds having enough soup not only for themselves but also to share with others. For *NP-Buildings*, this stone soup strategy involved the Executive Director the Inscribed Actors, and key Board Members approaching government energy agencies (with which they had a good working relationship) and various foundations. In their presentation, they suggested other potential donors had expressed their financial support for completion of the model home but *NP-Buildings* needed the agency's or foundation's help to complete the "soup". This fund-raising group also met with producers of various sustainability products and by the end of the campaign had received donations of products from over 100 companies. As the Director reflected, "We were able to get companies to donate things because our mission directly connected with their mission of selling energy and environmentally friendly products". To create a sense of urgency and hurry the process of enrollment, *NP-Buildings* stressed the need for the new center to open simultaneously with the city's grand event in 1996 in order to share in the national attention the city would receive because of the event. Simultaneously, the Executive Director also convinced city officials to lease to *NP-Buildings* the land for the project emphasizing the recognition the city would receive from having such a model center dedicated to sustainability. Due in part to the urgency created by the desire to open the center simultaneously with the city event in mid-1996, the Internal and External Actors quickly accepted their roles but even before this had completely occurred, mobilization began. The project was fast-tracked and the Director remembered "designing as we were building and raising money and getting donations as we were going. It was crazy". Mobilization was successful and in July 1996 the new headquarters and model home opened its doors.

By early 2002, however, once again the facilities were no longer aligning with the needs of NP-*Buildings* or with its mission as perceived by the Director and new Board Chair. NP-*Buildings*' staff had grown and the model home was being used increasingly not as a residential model but rather as an administrative office. In addition to satisfying this physical need for expansion, the Board Chair suggested NP-*Buildings* also promote its mission in the commercial arena by developing a model office building to exhibit sustainable commercial construction and design ideas as well as sustainability products. Looking back on the importance of this re-definition of the problem, the COO reflected, "Having a place to exhibit our mission has become a big part of who we are". NP-*Buildings* then chose a "green" architect through a competitive process involving several architects. The Director, top management, and key Board Members, the Initiating Actors, worked with this chosen architect and contractors, the Expert Actors, to produce preliminary designs and eventually agreed upon a final plan they estimated to cost \$3M. Supported by the Inscribed Actors of plans, renderings and costs, this group presented this vision to the full Board. As the then Board Chair recalled, the Board was receptive of the idea with most of the discussion centering around design issues and more specifically the "green" roof. As before, the Board was supportive but concerned about the financial impact upon NP-*Buildings* as well as the relatively short ground lease with the City. Enrollment of the Internal Actors once again became contingent upon successful enrollment of the External Actors.

Seeking the enrollment of NP-*Buildings*' external stakeholders, the Initiating Actors once again hired a fund-raising consultant to produce a feasibility study for NP-*Buildings*' capital campaign. Working with the consultant and the Inscribed Actors (which now included the feasibility study), these Actors began approaching various potential donors to contribute to the model building. Simultaneously, the Executive Director also began negotiations with the city on

extending the land lease. Without the urgency of the citywide event, however, this time the external enrollment proceeded much more slowly. Different stakeholders made various design changes to the building. Though the Director was successful in receiving city approval of a new land lease in 2002, the city never signed the lease and within only one year began disputing the terms of the lease, a dispute which continues through today. *NP-Buildings* received early commitments of \$1.5M but these were contingent upon them raising an additional \$1.5M from other sources. It was not until end of 2005 that *NP-Buildings* was successful in securing these matching commitments, many of which consisted of donated products or services in-kind. Once the various External Actors had accepted their roles, the Internal Actors fully accept theirs. Mobilization now began but like enrollment it, too, moved much slower. The Executive Director recalled six contractors were involved in the construction process including different contractors for site work, the building of the shell, and finishes. In addition, the then Board Chair told of the difficulties in coordinating the timing and temporary storage of donated materials. In particular, he remembered the challenges in the delivery and temporary storage of a large metal canopy from a demolished BP station that became the building's large solar panel and patio cover. In short, lacking urgency and with a complex construction process, the actual construction took two years to complete. In 2008, *NP-Buildings* had the soft opening of the three-story, 10,000 square foot building, though they did not celebrate its official opening until August 2009. This second translation process had taken close to six years to complete.

### 6.4.3 Outcome

*NP-Buildings* now was promoting its mission with both a working residential model and a working commercial model, a structure 90% more energy efficient and using 84% less water than other buildings of similar size. Moreover, the model commercial building also provided

needed office and training space. The interests of *NP-Buildings'* heterogeneous stakeholders had once again been punctualized into a black box, the two model buildings. Signs already exist, however, that in the near term the diverse stakeholders' interests may once again diverge re-opening this real estate black box. *NP-Buildings'* administrative space needs persist and it continues to use its residential model building to satisfy those needs. The organization requires additional classroom space for some of its programs. In addition, *NP-Buildings* realized some of the exhibited technologies in the model were already outdated even before the building's construction was completed. As such in 2010, the Executive Director convinced the Board to embark upon yet another capital campaign to raise \$1 million for an endowment to maintain and update the technologies and support building science research. Given the poor real estate economy, fund-raising has been difficult. As of December 2011 *NP-Buildings* had received a commitment from a major fund for \$.5 million but still was seeking to raise the remainder from other donors. In addition, the land lease with the city remains in dispute. In 2011, the Director and management sought the pro bono advice of a national real estate brokerage firm on this issue. According to a broker-consultant from this firm, *NP-Buildings* asked the firm's advice on determining the value of their real estate assets (a difficult assessment given the short time remaining on the city's land lease) and defining alternative real estate strategies moving forward. These strategies now include purchasing the land (complicated by the city's possible plans for the adjacent land); extending the ground lease with a right of first refusal; or, a "scorched earth" option of demolishing the buildings on city land and moving elsewhere should the city not renew the lease. To date this organization has not reached agreement with the city and the Board has not taken any action on any of these strategies. Further reflecting the black box's fragility, in October 2010 *NP-Buildings* entered into a 3-year lease with a 3-year option on a renovated diaper laundry facility to house its weatherization and green building training programs.

According to the COO, he may have to move this facility at the end of this lease because NP-*Buildings* will not be able to afford the rent. Lastly, the possible retirement of the cofounding Executive Director in the next five to six years may also alter NP-*Buildings*' mission and hence its real estate needs.

## 6.5 Real Estate Decision-Making in NP-*Volunteers*

### 6.5.1 Antecedents

NP-*Volunteers* is a medium-sized, nonprofit organization that “builds community and meets critical needs through volunteer service and civic engagement”. NP-*Volunteers* accomplishes this mission through programs that include providing nonprofits and schools with teams and youth for volunteer purposes; tutors and mentors for students in public schools; and, professionals offering pro bono services to nonprofits. Its current Executive Director has held her position only since November 2008 when she came on board in part to help restore the financial stability of NP-*Volunteers*. NP-*Volunteers*' co-founding Director, however, is the daughter of a prominent former United States Senator. According to the former Board Chair, with her political and business connections, she was the “rainmaker” of NP-*Volunteers* for over ten years and remains involved through her role as Director of the national organization to which NP-*Volunteers* is affiliated. This national organization helps to define and innovate the service profile of NP-*Volunteers* as well as those of its other 250 volunteer service affiliates operating in 16 countries throughout the world.

NP-*Volunteers* was founded in 1989 when two students from a Northeastern graduate school gathered a dozen friends and colleagues to create an organization modeled after a nonprofit a friend of theirs had started in New York City. Since that gathering, NP-*Volunteers* continued to grow in revenue and staff until 2006. By that year, revenues had increased to \$11.1

million creating a \$4.9 million surplus of revenue over functional expenses. After that point, however, NP-*Volunteers*' financial condition has deteriorated. As the former Board Chair recalled due to financial mismanagement and a "rogue employee", by 2008 revenue had dropped to \$5.1M with a deficit of close to \$1.2M. Revenues have continued to decline through 2010 to \$3.5 million but through drastic cuts in expenses and a reduction in staff to 50 persons, NP-*Volunteers*' deficit has almost been eliminated though their financial condition remains tenuous. From a program perspective, in 2010 NP-*Volunteers* made a surplus of approximately \$.6M through operating a federal program providing tutors to public school students, but lost almost an equal amount through its other activities. Still, NP-*Volunteers* operates as a much larger organization even with this reduced revenue interacting with over 400 nonprofits and schools and 37,000 volunteers in its role of matching nonprofit and school volunteer needs with volunteer skills and motivations.

NP-*Volunteers* has a large Board and Board of Advisors. These Boards function primarily as fund-raising boards with Members chosen for their social prominence and political connections. Interestingly in the context of this study, neither of these Boards have prominent real estate professionals as Members and thus internally NP-*Volunteers* lacks commercial real estate expertise. According to a former Board Chair, the Board only becomes involved on "strategic" issues with the Executive Director, the Board Chair, and a few key Board Members making or at least framing most decisions. In addition to its prominent Board Members, NP-*Volunteers* receives support and recognition from several large corporate sponsors including GE, Accenture, AirTran Airways, Coca Cola, Home Depot, Delta Airlines, Newell Rubbermaid, and Radiant Systems.

In 2001 NP-*Volunteers*' office was located in the basement of a large synagogue which was used at night as a homeless shelter. Nonetheless, the size of the space was adequate for its small staff; its location was proximate to downtown and convenient to both its external stakeholders and staff; and, its inexpensive rent was in line with NP-*Volunteers*' scarce resources. Thus, though the space was less than ideal, it did align the heterogeneous interests of its stakeholders.

### 6.5.2 Process

By the end of 2001, however, the alignment of networks creating this black box began to unravel. The situation with the homeless shelter increasingly began to interfere with both NP-*Volunteers*' mission and image and its staff was growing. In addition, the co-founding Director was about to leave NP-*Volunteers* and take over as head of the national organization. According to the Board Chair, before she left she wanted to “leave the local organization . . . an asset, a hard asset”. Facing a strong economy resulting possibly in a more favorable fund-raising environment, NP-*Volunteers* began a search for a new headquarters.

NP-*Volunteers*' Director, Board Chair and top management became the Initiating Actors in this search for a new facility. The first possible relocation considered was an abandoned public school of which NP-*Volunteers* was aware because of its working closely with public schools. The Initiating Actors liked the school's location and believed they could purchase it inexpensively and with flexible terms. In mid-2002, NP-*Volunteers* placed a bid to purchase the school despite some concern over the cost of needed renovations. A condominium developer wanting to convert the school to lofts out-bid them, however, and the leadership team decided to take a step back and look more closely at their needs.

The Initiating Actors engaged Expert Actors including a fund-raising consultant and a real estate broker to help them better define the problem and establish themselves as the obligatory passage point for the solution to the problem. The fund-raising consultant performed a feasibility study and counseled NP-*Volunteers* that any capital campaign would take at least three years and that donors were far more likely to give if the donors were giving to an identified building. In a presentation in September, 2002, the real estate broker discussed with the Executive Director, Board Chair and a few key Board Members the pros and cons of three possible alternatives: leasing space, purchasing and renovating an existing building, or constructing a new building. As part of this discussion, the broker warned of the problems of building ownership including maintenance and managerial issues and the relative inflexibility to react to future expansion needs. She also outlined two basic phases in the search for a new facility. Phase I of the search involved the search for viable alternatives including determination of NP-*Volunteers*' objectives; identification of search criteria; basic evaluation of each alternative based on that criteria and meeting NP-*Volunteers*' objectives; and, an initial calculation of the financial impact upon the organization of each chosen alternative. Phase II involved making a final selection from this preliminary list of alternatives through market surveys, tours, detailed comparative analysis, and review of architectural and legal concerns.

By November, the Initiating Actors had evaluated over 47 properties with the help of a pro bono architect and the broker, and narrowed the choice to two alternatives. In January 2003 the broker on behalf of the Initiating Actors presented these two alternatives to the full Board, asking for approval to proceed with negotiations on the slightly more expensive of the buildings. In this internal enrollment process, the recommended building and its features became influential Inscribed Actors. The leasing brochure of the newly renovated, two-story building advertised it

as “creative loft office space” with exterior walls of brick and corrugated metal and an interior of exposed brick and granite rubble walls with skylights and large windows. In addition to these pleasing aesthetics, the facility had the parking NP-*Volunteers* needed; was located near to downtown and their existing facility; and at 40,000 square feet was twice the space needed today allowing for future growth and providing lease revenue from other tenants until the space was needed. Further, the broker pointed out the recommended project was properly zoned and newly renovated.

Still, the Board had serious concerns about the financial risks despite the allure of the building. If NP-*Volunteers* purchased the building, its annual operating costs would nearly double and their architect estimated renovation costs might exceed their tenant allowance by \$160,000. In addition, though they were intending to offer \$4M, the broker told the Board the purchase price could be as high as \$5.1 million. The broker remembered “. . . they were very, I’m going to use the term, they were very scared to commit the organization to anything financially that would be beyond their means”. The broker suggested insisting upon a lease for their existing needs with an eventual purchase option on the building to mitigate this financial risk. This option structure would give NP-*Volunteers* the three years the fund-raising consultant estimated NP-*Volunteers* would need to raise the funds and, as the broker recalled, “even if they never triggered the purchase option they would be happy in the space and the rent affordable”. Reflecting back on this process and the lack of real estate expertise on the Board, the then Board Chair also reflected, “Like in any deal, there were always people who wanted to kibitz and say, ‘Can you get a little better price? Can you get a little more of this, a little more of that?’ but there were no dissenting voices. There weren’t people asking hard questions about operating expenses or about ongoing maintenance”. Despite their concerns, the Board approved moving

forward with the negotiations based upon a lease purchase structure with the basic deal points and strategy outlined in the broker's presentation. With the Internal Actors enrolled relatively quickly, the Initiating Actors working closely with the broker and an experienced real estate attorney began negotiations with the seller. By May 2003, NP-*Volunteers* had signed a five-year lease with a set purchase option to be exercised no later than July 2006 and moved into their new, leased headquarters two months later.

The Initiating Actors now moved forward with the enrollment of the heterogeneous External Actors as they kicked off a capital campaign to purchase the building. The campaign went well given a strong economy; social connections of the co-founding Director and the Board; guidance of a fund-raising consultant; a convincing feasibility study; and, NP-*Volunteers'* high visibility within the community. By the end of 2005, NP-*Volunteers* was successful in convincing the External Actors to accept their roles receiving from them pledges totaling \$7 million. These pledges provided enough funds to not only purchase the building but also pay for the fund-raising effort, fund future build out, and set up a maintenance reserve. With Internal and External Actors having accepted their roles, mobilization to purchase the building began. In January 2006, the broker discussed with NP-*Volunteers'* leadership the management and leasing issues involved in purchasing the building including operating information needed from the seller; management fee and staffing; building operating reports needed; and insurance. After somewhat contentious dealings with the owner (who by that time wanted NP-*Volunteers* to pass on the option), in July 2006 NP-*Volunteers* closed upon the building. As part of this transaction, NP-*Volunteers* put a first mortgage on the building, the repayment of which coincided with pledges that were to be received over the next five years. They also hired a professional property management firm to lease the vacant space in the building and manage its operations. In

December of that year, NP-*Volunteers* leased space on the second floor of the building to its national organization intending to not only share the operating costs of the building but also create a symbiotic relationship with the national organization moving forward. It seemed the interests of the heterogeneous stakeholders had converged and a black box had been formed.

This convergence, however, never quite formed. The former Board Chair recalls by the next year due to a “combination of bad operational management, and I would call it, a rogue employee” NP-*Volunteers* was experiencing severe financial difficulties. Having tapped their donor base in the capital campaign that had just ended, reaching out to its donor base was not perceived to be an option. The management called an emergency Board meeting to approve entering into a second mortgage on the building to ease the problem. The Board approved this recommendation. In addition, in an effort to reduced its operating expenses the management decided to operate the building themselves. Despite this and other actions, the nonprofit’s cash flow deficit ballooned to \$1.2 million by the end of 2008 and NP-*Volunteers* replaced its Executive Director.

By late 2009, the management and Board began to perceive of the building as a financial burden. The building’s cash flow was negative after deducting out operating expenses and the debt service on the two mortgages. As the former Board Chair admitted, part of the problem also stemmed from the overly generous terms on the lease with the national organization and the failure of NP-*Volunteers*’ management to “set up the basic separate accounts, proper records, and time management to really understand the operating expense and management of the building”. He and the Executive Director asked the broker who had been involved in the original building lease and purchase transaction to (pro bono) review the building operating expenses and the allocation of those expenses to other tenants since 2007. In her review, the broker discovered

NP-*Volunteers*' accounting for the property had been poor, not knowing what expenses to include in its requested reimbursements and comingling building operating expenses with NP-*Volunteers*' organizational expenses. Without property management expertise, NP-*Volunteers* had grossly undercharged its tenants and had born a disproportionate share of the building expenses. In an email in November, she outlined these findings and recommendations to correct them.

While the broker's recommendations would improve building cash flow, their implementation would not solve the cash flow problem. In an email on November 15, 2009 to the Board Chair and the Executive Director, the former Board Chair outlined the options to resolve the situation and hopefully align the interests of the various stakeholders. These options involved variations of selling the building to a third party, renegotiating the loan, and giving the building to the national organization in return of release of the debt and a favorable long-term lease for NP-*Volunteers*. As stated in the email, he had a "strong preference" for the last alternative. In 2010, the new Board Chair led a process to sell the building to the national organization in return for a combination of enough cash to pay off the debts on the building and a 20-year lease for NP-*Volunteers*. The Board swiftly approved this transaction, executing the final documents in 2011 thereby marking the end of what the former Chair termed a "very messy process".

### 6.5.3 Outcome

NP-*Volunteers* now had a long-term lease in the building it once owned and its stakeholders' interests had become punctualized into a black box, a long-term lease in a building they once owned. The building reflected the image the organization wished to convey to its clients and donors. Its location was convenient to its nonprofit and government clients. It made

possible a symbiotic relationship with its physically adjacent national organization. The lease terms were affordable and with the debt retired it helped to achieve the Board's desire for financial stability. With no ownership, the management was relieved of the burden of operating and leasing the building. Lastly, though NP-*Volunteers* is sub-leasing its excess space today, this excess space may be the expansion space NP-*Volunteers* needs tomorrow. In short, finally it appears the interests of its heterogeneous stakeholders have punctualized into this black box.

Future threats to this convergence of interests stem primarily from two sources. First, while it may be symbiotic having the national organization in the same building, it also creates certain inter-organizational tensions. Second, NP-*Volunteers*' financial position remains precarious and even with the affordable lease, management and the Board may have to make continued adjustments to its service profile, operation, and staff to survive. It is possible these adjustments will also affect the alignment of interests that has created the real estate black box that exists today.

## 6.6 Cross Case Analysis

### 6.6.1 Antecedents

A review across the cases reveals certain similarities in the antecedents for each of the real estate decision-processes studied. First, all four organizational structures were complex and flat with blurred external boundaries. To accomplish their missions, each organization was dependent upon external organizations including government agencies and other nonprofits to accomplish their missions. NP-*Disabilities* collaborated closely with other nonprofits to operate its twenty group homes. Government agencies and other nonprofits referred and qualified clients for NP-*Meals*. Many of NP-*Buildings*' sustainability programs were linked with government programs. Part of NP-*Volunteers*' mission was to provide volunteers for other nonprofits.

Further complicating how they approached their missions, NP-*Disabilities*, NP-*Meals*, and NP-*Volunteers* worked intensively with volunteers; NP-*Buildings* closely cooperated with corporate sponsors and producers of sustainable products, and; NP-*Meals* operated a “for-profit” business. Second, and perhaps even more important, a very experienced and dedicated Executive Director was at the helm of each of these complex organizations before and during most of their translation processes. The Directors of NP-*Meals*, NP-*Buildings*, and NP-*Volunteers* were also cofounders and NP-*Disabilities*’ Director had been on board for over 20 years. From the start, each Director internally had the trust and respect of its board and externally was very closely identified with his or hers respective organizations. Third and also notable, whereas NP-*Buildings* had an “ideological” strategic plan and NP-*Meals* added real estate to its plan when “sh-t hit the fan”, none of the four organizations had developed formal strategic plans which directly addressed real estate strategy and needs.

A review of each of these organizations’ real estate decision-making processes also reveals some important differences in their antecedents. At the beginning of the process, the economy was strong in the cases of NP-*Disabilities*, NP-*Buildings*, and NP-*Volunteers* but weak and deteriorating in the case of NP-*Meals*. NP-*Volunteers* and NP-*Buildings* were very close in size with close to fifty employees whereas NP-*Disabilities* had only six paid staff members and NP-*Meals* had over one hundred. The growth patterns of these staffs also varied. At one point NP-*Disabilities* had increased to over forty persons and then dropped back to only six persons. NP-*Meals* had experienced explosive growth, whereas NP-*Buildings* and NP-*Volunteers*’ growth had been much more moderate over the years. Also, missions differed with NP-*Disabilities*, NP-*Meals*, and NP-*Volunteers* having human service missions and NP-*Buildings* having a social mission (sustainability). To accomplish these, each organization had very different service

profiles and used volunteers in varied ways. NP-*Disabilities* and NP-*Meals* directly and extensively used volunteers in their operations. In contrast, NP-*Volunteers* used fewer volunteers in their operations, but indirectly worked with thousands of volunteers, while NP-*Buildings* used very few volunteers at all. Their boards were also very dissimilar. NP-*Disabilities*' board was socially cohesive; lacked real estate experience; and, was emotionally involved in the operation as a result of many of the Board Members being caretakers of developmentally disabled persons. NP-*Meals*' board was more diverse; had some real estate experience; and, was comprised of a mixture of fund-raising and professional Board Members. NP-*Buildings*' board was split between "corporate" and "non-corporate" members; had some real estate experience (though primarily construction related); and, consisted primarily of professionals or corporate members. Lastly, NP-*Volunteers*' board was less diverse than the other three organization's boards; had little real estate experience; and, consisted primarily of prominent social and political members.

## 6.6.2 Process

### 6.6.2.1 Heterogeneity of Interest – Human and Non-Human Actors

The processes in each of the four cases involved heterogeneous actors and actor networks, both human and nonhuman, interacting, forming, and then falling apart over time.

The study observed four major human actor networks:

- Internal Actors (staff and Board Members);
- Initiating Actors (usually the Executive Director, top management, and key Board Members);

- External Actors (including building owners, lessors, clients, collaborative nonprofits, volunteers, government agencies, corporate sponsors, and funding sources such as major donors and foundations); and,
- Expert Actors (both paid and pro bono service providers including brokers, fund-raising consultants, lawyers, architects, and general contractors).

In addition, the research also revealed two influential non-human actor networks; the Invisible Actors and the Inscribed Actors. The Invisible Actors (local, state, and government policies, foundation and major donor requirements, future growth assumptions, and the nonprofits' varied missions) were those non-human intangible actors that physically were not present, but nonetheless exercised considerable influence throughout the decision-making process. Without the first meeting with a human government official, Medicaid Waiver requirements in the services provided by NP-*Disabilities* and NP-*Meals* helped to determine government contributions to their programs and hence in part the feasibility of their proposed projects. Government energy policies and perceived grant availability were essential to NP-*Buildings*' plans. A government philosophy of integration (not segregation) of the developmentally disabled into the community severely limited NP-*Disabilities* moving forward with its one-stop shop. Uncertainty in the federal government's funding of one of NP-*Volunteers*' programs played an important part in its decision-making process. Likewise, in all four cases prior to interacting with the first member of a foundation, the desires and requirements of foundations and major donors directly influenced the Initiating Actors' problem definitions and their ability to enroll Internal Actors. Similarly, an unchallenged assumption of continued growth acted strongly in aligning actors, especially Internal Actors. The missions, too, acted to bring together Internal Actors and External Actors in their desire to provide human services and

in the case of *NP-Buildings* helped to align Internal Actors with those External Actors providing sustainable products.

Equally important non-human networks were the tangible Inscribed Actors (including budgets, cases for support, feasibility studies, renderings, schematics, leases, and identified buildings). These actors were created in the translation process when interests of the heterogeneous networks were inscribed into material objects. In all the cases, Initiating and Expert Actors inscribed their interests and beliefs in renderings, plans, budgets, cases for support, and feasibility studies that once created became persuasive actors in enrolling Internal and External Actors. In the case of *NP-Volunteers* and *NP-Meals*, the identified buildings themselves became influential actors. Similarly with *NP-Disabilities* the visited multi-purpose facility re-kindled their desire to have a “one-stop shop” and with *NP-Volunteers*, the lease with a purchase option played an important role in convincing the board and external actors to move forward. In short, interacting heterogeneous tangible and intangible non-human actors interacting played key roles in the observed real estate decision-making processes.

#### **6.6.2.2 Black Boxes – De-Punctualization**

Though very physically different, *NP-Disabilities*’ worn office space, *NP-Meals*’ split campuses, *NP-Buildings*’ restored Victorian mansion and *NP-Volunteers*’ synagogue basement all represented a tenuous alignment of the interests of their heterogeneous actors. Each of these facilities’ attributes aligned with the interests of their internal and external stakeholders. The low rent aligned with the interest to remain financially sustainable given very scarce resources; the size and design were adequate to meet the desire to operate efficiently and effectively; and, the location was convenient to meet the needs of volunteers, clients, and staff. In short, though not perfect, a black box of aligned interests had been created.

This coming together was shaky and tenuous, however. Despite the low rent, the spaces became too small and inefficient and began interfering with achieving the nonprofits' missions. The interests of the various stakeholders began to diverge. Different events then triggered the unraveling of their alignment. For NP-*Disabilities*, the trigger was a visit to a nearby facility and a windfall from the sale of a piece of land. NP-*Meals*' unraveling was the result of "busting at the seams". NP-*Buildings*' process was activated by the desire to take advantage of the citywide event in NP-*Buildings*' first process (in which the residential model was built) and the want to expand into the commercial arena in their second process (in which the commercial model was developed). Finally, NP-*Volunteers*' process was set off by physical space needs and the Director wishing to "leave the local organization . . . an asset, a hard asset" before she departed to head the national organization. Nonetheless, regardless of the trigger, the interests of the organizations' stakeholders began to diverge. This divergence of interests opened their respective black boxes and in an effort to create ordering effects and come back together as a whole, translation processes commenced.

### 6.6.2.3 Problemization

The observed translation processes began with the Initiating Actors, aided by the Expert Actors and influenced by the Invisible Actors, defining the problem of meeting their real estate needs in two basic ways. The Initiating Actors of NP-*Meals* and NP-*Buildings* defined their problems as simply meeting a need. For NP-*Meals*, the decision-makers defined the problem only as the need to double its capacity and, if possible, utilize the existing facility (due to the cost of duplicating the kitchen facilities) and merge the two locations. For NP-*Buildings*, the question became how to meet their needs for additional space requirements and simultaneously promote their mission. For NP-*Disabilities* and NP-*Volunteers*, however, the Initiating Actors characterized the problem not mainly as a need but more importantly as a desire for something

more; i.e. a dream. For NP-*Disabilities*, the wish was not merely to find a larger space to carry out their defined mission but moreover to build a multi-purpose facility to fulfill the far greater unmet needs of the developmentally disabled in their community. For NP-*Volunteers*, the aspiration was to not only to meet its space requirements but moreover to secure an attractive office providing twice the needed space for continued growth; a home for their national organization; and, additional revenue to help fund their organization. In both cases, these dreams supplanted their real needs for an increase in physical space and a more efficient design. Nonetheless, the Initiating Actors from the start directly affected their ability to enroll External Actors and their eventual outcomes by defining the problem upfront as either need or dream.

#### **6.6.2.4 Internal Enrollment**

Enrolling the Internal Actors went relatively quickly in all four cases. The Initiating Actors not only defined the problem but also established themselves as the obligatory passage point for other actors in solving those problems. These Actors in all cases used the feedback, guidance, and information from the Expert Actors and the influence of the Inscribed Actors consisting of alluring renderings and plans as well as convincing budgets and financial projections. Initiating and Internal Actors engaged in serious discussions centered on the proposed solutions' design, feasibility, and financial effect upon the organization. In the case of NP-*Meals*, one Board Member with considerable real estate experience aggressively questioned the Initiating Actors and "asked the hard questions". The study found no evidence in any of the cases, however, where the Internal Actors challenged the Initiating Actors' characterization of the problem or where they engaged in debates not simply about the decision at hand but moreover on property strategies that align with and help to achieve the organization's overall mission. Whether the Initiating Actors had defined the problem as satisfying immediate business needs or satisfying a dream also appeared to make little difference in the success or pace of

Internal Enrollment. Likewise, whether the space need was high or low seemed inconsequential. Though the research found no direct evidence as to why these conditions had little effect upon internal enrollment, it may be possible the Internal Actors simply recognized some action was necessary to meet their organization's space need regardless of the extent of the need or whatever other objectives the Initiating Actors were trying to achieve by their proposed solution.

#### **6.6.2.5 External Enrollment**

The ease varied with which the Initiating Actors enrolled External Actors. The Initiating Actors more easily enrolled the non-funding External Actors such as collaborative nonprofits, clients, and volunteers by meeting and aligning their interests primarily through accommodations in the criteria of design and location of new facilities. However, these Initiating Actors discovered foundations, major donors, and government agencies far more difficult to enroll. For these External Actors the Inscribed Actors of the comprehensive cases for support and feasibility studies were far more influential than alluring renderings, plans, and identified buildings. In each case, these External Actors aggressively challenged the Initiating Actors and were very powerful given these four nonprofits' scarce resources and capital needs. In fact, as mentioned above, the requirements, expectations, and policies of these funding Expert Actors became Invisible Actors operating throughout the translation processes and further enhancing the power of these External Actors. The funding External Actors also appeared more open to their roles when the space needs appeared high as in the case of NP-*Meals* and NP-*Volunteers* or when the space needs may have been low but there was some other compelling business reason (such as promoting the organization's mission) to consider funding. They did not seem open to accepting their funding role when the proposal involved a low need and a "dream" as in the case of NP-*Disabilities*.

#### 6.6.2.6 *Interessement*

In all of the cases except for NP-*Disabilities* with its low space needs and “dream” decision driver, the Initiating Actors were eventually successful in convincing the External and Internal Actors to accept their roles though each of the Actors often made their acceptance contingent upon the other. Boards (Internal Actors) made their approvals contingent upon securing adequate outside funding. Likewise, in interviews with a fund-raising consultant and a major foundation, foundations and major donors (External Actors) often make their acceptance contingent upon full board participation. The pace of this acceptance varied in each of the cases. In the case of NP-*Disabilities*, the Initiating Actors pursued external acceptance for over six years before finally giving up on the one-stop shop. This pace contrasted sharply with quick Internal Actor acceptance (board approval) to pursue a new, larger leased space. For NP-*Meals*, internal acceptance moved more swiftly by the need to seize the opportunity of leasing the adjacent building, but external acceptance took almost three years. Aided by the urgency created by the city event, both internal and external acceptance took less than a year for NP-*Buildings*’ residential model building, but without this pressure required almost three years for their commercial building. Similarly, NP-*Volunteers*’ internal and external acceptances took approximately three years to occur.

#### 6.6.2.7 *Mobilization*

Once External and Internal Actors had accepted their roles and funding secured, mobilization generally proceeded quickly. This pace seemed independent of the extent of each organization’s space needs or their decision driver. From board approval to move-in took NP-*Disabilities* less than seven months. For NP-*Volunteers*, once the capital campaign was successful, the purchase option was exercised in a matter of months. NP-*Buildings* built and moved into its residential model in approximately one year. It remains to be seen how quickly

NP-*Volunteers*' mobilization will occur, but important to note NP-*Buildings*' mobilization process in developing its commercial model took over three years in part due to the use of pro bono services and donated products.

### 6.6.3 Outcome

#### 6.6.3.1 Punctualized Black Boxes

The translation process required to align the interests of the heterogeneous actors took over six years in NP-*Disabilities*' first process; has taken (thus far) four years in NP-*Meals*' case; spanned two years and six years, respectively, in NP-*Buildings*' two processes; and, required almost eight years for NP-*Volunteers*. By the end of these somewhat drawn-out processes, however, once again their facilities represented the punctuated interests of their internal and external stakeholders. For NP-*Disabilities* this punctualization finally occurred when enrollment of the external funding sources was no longer necessary after the Initiating Actors finally dropped their dream of a one-stop shop. The new rent, though higher, still aligned the external and interest interests of keeping NP-*Disabilities* financially sustainable while accomplishing its mission. The space's design was adequate to meet management's desire to operate efficiently and effectively and the expansion afforded new opportunities to expand the mission with activities such as shredding program for the developmentally disabled. Lastly the location, not far from the old space, remained convenient to meet the needs of volunteers, clients, and staff. Likewise, for NP-*Meals* their new facility will meet the financial concerns of the internal and external stakeholders by not having to incur the costs in moving or disrupting the existing operation. Using their existing location also keeps the facility convenient to clients, volunteers, and collaborative nonprofits. By doubling their production capacity, the new building will satisfy their high space requirements and immediate business needs. This increased capacity will

also converge the interests of NP-*Meals*' growing clientele and the overall community needs as perceived by the foundations and major donors. Lastly, by consolidating the administrative and production functions, this structure will satisfy the efficiency and cost requirements of NP-*Meals*' management and board. In the case of NP-*Buildings*, their facilities' convenient urban location aligned the interests of many of their stakeholders. Moreover, these model buildings also converged internal and external interests by meeting the immediate business needs foreexpanded space and promoting their mission of sustainability.

For NP-*Volunteers*, however, interests were punctualized into a new black box only after years of struggle. The Initiating Actors had defined their problem as meeting their substantial need for expanded space along with a “dream” of purchasing a building that symbolized a new image and satisfied not only their space requirements but also the space needs of their national organization. It seemed all interests aligned once NP-*Volunteers* purchased their conveniently located, attractive, loft building with twice their space needs. Very quickly, however, financial problems, added debt, and lack of expertise in managing and leasing the building caused these interests to diverge and the black box remained open. Only by “selling” the building to its national organization and entering into a long-term lease with that organization did the heterogeneous interests finally converge when the terms, design, and size of the leased space allowed NP-*Volunteers* to accomplish its mission and remain financially viable with the scarce resources available to it.

#### **6.6.3.2 Black Box Threats**

Almost as soon as the interests of the heterogeneous stakeholders came together, there were signs they may come apart again. NP-*Disabilities*' outcome is relatively stable having met their low space needs and after temporarily dropping the pursuit of their one-stop shop dream.

Still cracks in the punctuated homogeneity of interests can already be seen with the persistent “Dawn of the Dead” dream of a one-stop shop; the continued pressure of the higher rent against lower contributions due to the poor economy; and, the near-term possible retirement of its 25-year Executive Director. NP-*Meals*’ black box should be stable for the near term having satisfied its immediate business needs but may be opened by the recent illness and possible resignation of its longtime “visionary” Director as well as the continued rapid growth in its clientele. NP-*Buildings*’ models have met their immediate business needs of satisfying low space requirements and promoting their mission. Nonetheless, their stakeholders’ interests may diverge with their unsettled land lease with the city; current desire for more administrative and classroom space; the near term retirement of its co-founding Director; and, the need to update the technologies in its residential and commercial models (A \$1m capital campaign is already underway to create an endowment for this purpose). Finally, NP-*Volunteers*’ outcome remains unstable. Their high space needs and decision driven by a dream in part contributed to purchasing a building that was twice the space they needed resulting in the building becoming part of their financial problems. Even after losing ownership of the building, threats exist which may diverge the punctuated interests of NP-*Volunteers*’ stakeholders in their leased space as evidenced by their current sub-leasing of this space as they continue to face financial challenges.

#### **6.6.4 Cross Case Analysis Summary**

In summary, eventually each of these processes resulted in acceptable outcomes where the heterogeneous interests of stakeholders once again aligned and punctualized into new black boxes but this alignment appears to be fragile. The cases began with the similar antecedents of complex structures, strong Directors, and the absence of strategic plans that directly addressed real estate strategies but differed in the strength of the economy at the time the process began,

past growth patterns, missions, and board compositions. Each of their processes began with depunctualization of their black boxes when their facilities no longer aligned the heterogeneous interests of their stakeholders. NP-*Meals* and NP-*Volunteers* both had relatively high space need requirements and NP-*Disabilities* and NP-*Buildings* had far smaller space needs. Their Initiating Actors, however, defined the problems they faced differently. In NP-*Disabilities* and NP-*Volunteers*, dream drove their decisions while for NP-*Meals* and NP-*Buildings* immediate business needs were the primary driver. Regardless enrollment of Internal Actors moved relatively quickly in all four cases, often contingent upon enrollment of the External Actors, and these Internal Actors did not appear to challenge the characterization of the problem or the strategic issues involved. Enrollment of External Actors varied with non-funding External Actors needs met relatively easily by design and location considerations. The needs of funding source External Actors, however, were far more difficult to meet. With a low space requirement and an internal decision driven by a dream, these funding source External Actors were not open to enrollment or acceptance of their roles in the case of NP-*Disabilities*. These Actors were open, however, to accepting their roles in the other three cases with these nonprofits' high space needs or decisions driven more by the satisfaction of immediate business needs than dream. The pace of the acceptance of the roles for all Actors varied, with perceived urgency sometimes a factor in accelerating the acceptance. Lastly, mobilization seemed to move quickly in these cases though the use of pro bono services sometimes slowed its pace.

## 7 DISCUSSION

As discussed earlier, a review of the literature on real estate decision-making found few process studies that empirically examined real estate decision-making processes in organizations. Moreover, this review found little research on real estate decision-making processes in the

context of nonprofit organizations and no studies using the Actor Network Theory as a lens to view these processes. In an effort to address these gaps, this engaged scholarship research used ANT to analyze the real estate decision-making processes in four, small, charitable organizations to answer the question: How do stakeholders interact to make real estate decisions in small, charitable organizations? In doing so, it provides two important contributions. First, it examines the processes through which real estate decisions were shaped in four small, charitable organizations thereby helping understand the complex and dynamic process of creating real estate decisions in the context of nonprofit organizations. Second, it demonstrates ANT can be a valuable framework through which to analyze the complex, socio-technical process of real estate decision-making.

### **7.1 Real Estate Decision-Making in Small, Charitable Organizations**

This research found certain foundational trends across the observed real estate decision-making processes as well as important differences. In general, the results showed decision-makers in these cases lacked formal strategic plans to guide their decisions but did use logical pathways and criteria to define problems and to search, evaluate and choose among alternatives. Nonetheless, the study also discovered these processes were both bounded rational and political. As such, understanding these complex processes requires appreciating how several heterogeneous actors with diverse interests interact, maneuver and negotiate to eventually come together and converge their interests into a fragile real estate black box.

Each of the observed processes began without formal, strategic plans explicitly addressing property strategies despite the positive outcomes posited when managers are guided in their real estate decisions by comprehensive real estate strategies that are aligned with the

overall strategies of the organization (Nourse and Roulac 1993; Roulac 1995; Roulac 1996; Roulac 2001; Acoba and Foster 2003; Allard and Barber 2003; Lindholm, Gibler et al. 2006; Ali, McGreal et al. 2008; Heywood and Kenley 2008; McDonagh and Nichols 2009). As found previously with smaller nonprofits (Tucker, Cullen et al. 2005) and founder- and family-based for-profit organizations (Nourse 1992), planning processes often were based on ad hoc procedures and often took a back seat to immediate concerns and a daily life characterized by a fire-fighting mindset. Though NP-*Buildings* had a “philosophical” strategic plan and NP-*Meals* addressed real estate in updating its plan when “sh-t hit the fan”, the decision-makers in these cases did not initiate the decision-making processes by tracking milestones and using an implementation framework that they updated as part of a plan (Acoba and Foster 2003). Moreover, perhaps owing to a lack of an explicit strategic plan to guide them, decision-makers defined their problems differently and the important drivers of these organizations’ decisions varied in response to additional space needs (See Figure 4.2-1). For example, though NP-*Meals* and NP-*Volunteers* both had a high need for additional space, the primary driver for NP-*Meals*’ became meeting their immediate business needs (McDonagh and Nichols 2009). For NP-*Volunteers*, on the other hand, the key driver developed into a “dream” of acquiring a “creative loft” space office building twice the size of its space needs, made more desirable by providing additional projected revenue to the organization. Likewise, NP-*Buildings* and NP-*Disabilities* both had lower needs for additional space yet (like NP-*Meals*) NP-*Buildings*’ most important decision driver was to satisfy the immediate business needs of acquiring its needed space and promoting its mission while (similar to NP-*Volunteers*) NP-*Disabilities* followed a “dream” of greatly expanding its mission and developing a one-stop shop. This is consistent with previous studies that have shown nonprofits have less clarity as to what they are about and have no accepted lead indicators of performance (Rodrigues and Hickson 1995). Thus, lacking common

lead indicators and without formal strategic plans to guide their decisions, greater roles may have been played in their real estate decision-making processes by sources of power and the political and economic dynamics in their wider social systems (Bielefeld 1998) resulting in the decisions of NP-*Disabilities* and NP-*Volunteers* being driven more by dream than by need.

Further, without formal strategic plans internal decision debates tended to center on operational rather than strategic issues. Financial concerns including minimizing acquisition, finance, and operating costs dominated the discussions in each of these organizations. Indeed, these concerns were so great in the cases of NP-*Meals* and NP-*Volunteers* that stakeholders described their projects as financially “scary”. To alleviate these concerns, the leadership in all four cases consulted fund-raising experts to determine the likelihood of raising the needed capital and the boards demanded cash flow projections to feel comfortable about their ability to sustain the projects. In addition to these financial deliberations, the management and boards also debated design issues to improve efficiency and productivity, attract customers (donors), and create symbolic statements. These design debates were particularly acute for NP-*Buildings* in their desire to form physical symbolic statements by constructing working models of sustainability. Arguably, by making these operational financial and design decisions, the observed decision makers were implicitly adopting the real estate strategies of reducing costs, increasing productivity, and promoting marketing messages (Lindholm, Gibler et al. 2006). Further, through their decisions to own or enter into long-term leases rather than negotiate short-term leases (though for NP-*Disabilities* owning ultimately was not an option) these organizations effectively were rejecting flexibility as a beneficial strategy to manage variability and risk associated with a dramatic escalation or compression of space needs (Nourse and Roulac 1993). In short, for these four observed nonprofits it was not real estate strategies that were explicitly

guiding real estate decisions, but rather real estate decisions that were implicitly determining real estate strategies.

Though real estate strategies did not appear to guide these observed decisions processes, this study did find that decision makers in each of these cases followed logical pathways in their decision-making. In each nonprofit the key actors more or less followed the sequential but iterative steps as suggested by previous research (Schmenner 1982; Johnston and Lewin 1996; Rabiński, DeLisle et al. 2001). Every process began with a first stage of internally determining spatial needs and defining the problem followed by a second stage of searching for, evaluating, and choosing among alternatives. The leadership in all four cases used architects and contractors to help determine spatial needs. Except for NP-*Buildings* (which later did engage a real estate consultant to help with their city land lease), these decision makers hired real estate brokers to find acceptable alternatives and used these brokers and architects to help evaluate the alternatives. Decision makers also seemed to use logical criteria of cost (including renovations), location, and proximity to clients, customers, other nonprofits, suppliers, existing location, and mass transit in their site evaluation processes (Schmenner 1982; Rabiński, DeLisle et al. 2001). However, with their altruistic missions and resulting service profiles these four nonprofits did base their decisions more upon meeting the needs of diverse groups than solely financial criteria (Schwenk 1990) and decision-makers weighted these criteria differently in each case. Consistent with the research on smaller firms (Mazzarol and Choo 2003), for NP-*Disabilities* closeness to the decision maker's home was a top consideration as was access to mass transit for use by their clients. For NP-*Buildings* and NP-*Meals*, these considerations were far less important with proximity to their existing facilities given a much higher priority. Further, in the case of NP-

*Volunteers* a downtown location and convenience for its volunteers and nonprofits were key criteria.

Nevertheless, even with the decision-makers using mostly logical criteria and following rational strategies and pathways, all of the examined processes were bounded rational in that the decision makers were not omniscient, were unaware of all alternatives, had great uncertainty about exogenous events, and sought to satisfy not maximize in their choice of alternatives (Simon 1979). These nonprofits attempted to examine many, but arguably not all, alternatives and made their decisions with great uncertainty about relevant exogenous events especially with regard to fund-raising potential and government funding. The decision-makers in all of the processes were unable to calculate consequences perhaps most clearly illustrated by the case of NP-*Volunteers*' where severe financial problems emerged only one year after making the decision to purchase their building. Lastly, the choice of alternatives had more to do with selectively satisfying and balancing various needs and interests of stakeholders, with maximizing each party's interest being nearly an impossible task. The management in each of these cases strived to balance the concern of their boards to remain financially viable; the funding requirements of foundations and major donors; the efficiency and productivity needs of its operation and employees; and, the convenience of their clients, volunteers, suppliers, and collaborative nonprofit and government agencies. Moreover, the leaders in each of the observed nonprofits had other interests to satisfy specific to their operations and mission. To meet the needs of their developmentally disabled clients, NP-*Disabilities*' management had to find an alternative which was handicap-accessible and located on a city bus line. Training significant numbers of volunteers required the leaders of NP-*Meals* and NP-*Volunteers* to include large teaching facilities into their designs. Lastly, NP-*Buildings* pleased their corporate sponsors and

promoted their products by incorporating these sponsors' sustainable products into their buildings' designs. In short, the observed real estate decision-making processes for these small, charitable nonprofits were logical and bounded rational.

In addition to being bounded rational, like organizational buying these were decision processes carried out by individuals, in complex interaction with other people in the context of a formal organization, and as such they involved not only logical and "rational" economic criteria but also such variables as emotion, personal goals, and internal politics (Webster and Wind 1972). As political processes they involved stakeholders engaging in cooptation, coalition-forming, and using information to enhance their power and with ultimately the most powerful among them determining decisions (Eisenhardt and Zbaracki 1992).

In these political processes, perhaps the strongest of the stakeholders were those organizations such as foundations, major donors, and government groups which provided part of the funding for these nonprofits' proposed real estate projects. Regardless of the nonprofit or the greatness of its real estate need, their success in moving forward was contingent upon meeting the requirements of these funding sources. As the Treasurer and General Counsel of a major foundation explained, in every proposal a nonprofit organization needs to convince the foundation of more than just the nonprofit's need. A nonprofit's request must also demonstrate the proposed project will benefit the community; meet the interests of other government agencies, major donor and foundations; has sufficient community support and funding; and, if granted, will leave the nonprofit financially sustainable. Further, the foundation sometimes feels the best thing they can do "is to say 'No' (in order to) save them from themselves". Indeed, these actors were willing to fund in three of the observed cases when they perceived the requested need for expanded space was high or when satisfying immediate business needs

seemed to be driving the decision. They were not willing to fund in the case of NP-*Disabilities*, however, where the space needs were low and the proposed request seemed driven more by dream than need. Regardless, the power of the funding sources revealed itself in each of these cases. For NP-*Meals*, NP-*Buildings*, and NP-*Volunteers*, a “yes” decision by these outside funding groups allowed their projects to move forward. In NP-*Disabilities*, a “no” decision killed their dream of a one-stop shop. Further, these external actors’ influence operated in all stages of each examined real estate decision-making process whether they were physically present or not. This invisible influence came about not only from the experienced leadership in these nonprofits having a basic understanding of the requirements of the funding sources but also from the role played by the fund-raising experts which emphasized the importance of meeting these requirements throughout their consulting engagements.

Second only to the subtle but strong power held by the external funding actors, the nonprofit’s leadership group played a vital role in their real estate decision-making processes. All of these cases had strong influential Directors who quarterbacked the process usually combined with certain key persons from top management and their boards. The Director and these key persons were involved in every stage of the process from problem definition through mobilization and were essential to the success of the enrollment of internal and external stakeholders. Further, given their complex, flat structures these groups understood the importance of the politics of participation and the involvement of diverse groups (Rodrigues and Hickson 1995) as well as meeting those needs and not simply maximizing financial performance (Schwenk 1990). As shown by the design and location considerations for NP-*Meals* and NP-*Volunteers*, these leaders remained focused on the needs and perceived benefits of the volunteers and matching those with the organizations’ need (Bussell and Forbes 2006). Indeed, as

discussed above these lead players also realized the necessity to accommodate various stakeholders interests in their evaluation of alternatives including those of collaborative nonprofit and government organizations in the weighting given to location criteria in each of these cases (Erenburg and Schuldt 1986).

In addition to recognizing the importance of involving the entire range of interests and meeting their needs, the Director and key management and Board Members also realized the value of engaging appropriate specialists in the decision-making in their non-business settings (Rodrigues and Hickson 1995). Bringing in these experts (including fund-raising consultants, architects, contractors, real estate brokers and lawyers) greatly helped to leverage the position of those leading the process even if in certain cases these providers may have slowed down the process because of the pro bono nature of their work (Solender 1997). Moreover, these consultants teamed with the leadership to create renderings, plans, budgets, projections, cases for support, and feasibility studies. Once created, these material items or “props” became very influential in the activities of cooptation, coalition forming, and use of information to enhance the power of individual stakeholders and networks in a political process.

In contrast to the other actors in these observed processes of real estate decision-making, the board itself seemed far less effective. A nonprofit organization’s effectiveness depends upon its board’s effectiveness (Herman and Renz 1999) and this effectiveness is dependent on the board’s clarity of roles and responsibilities, the appropriate mix of skills and experience, the availability of time, the alignment of vision with management, and the periodic reviews of the board’s collaboration with management (Cornforth 2001). The boards in these observed cases lacked guidance from a formal strategic plan; availability of time (with these boards meeting only monthly or bi-monthly); and, real estate skills and experience (with the exception of one

member of the Board of Advisors for NP-*Meals* and the technical real estate knowledge on NP-*Buildings*' Board). Perhaps because of these limitations, the boards' effectiveness was diminished. Regardless if the organization's space requirement was high or low or if need or dream drove the proposed solution, the boards relatively quickly approved moving forward. "Hard questions" and debates tended to center around issues of money (costs of the project, funding, and the capital campaign) and merit (i.e. design issues) with far less attention given to mission (Krug and Weinberg 2004) and the strategic direction of capital (Larson 2005). Even in the "contribution to money", the boards accepted cash flow projections which turned out to be overly optimistic in the cases of NP-*Disabilities* and NP-*Volunteers*. These under-estimated expenses and over-estimated revenue may have resulted in these processes by these boards focusing on minimizing deficits rather than strongly scrutinizing and identifying revenue opportunities (Krug and Weinberg 2004). Due to the retrospective nature of this research, it was admittedly difficult to accurately assess the role of both affective conflict (emotional in nature) and cognitive conflict (substantive in nature) in members' understanding and decision outcomes and quality (Engle 2011); but it appeared agreement in itself was an important goal (Rodrigues and Hickson 1995) especially with the socially cohesive board of NP-*Disabilities*. In short, these boards were of limited effectiveness in the observed processes perhaps due to little guidance from formal strategic plans and a lack of available time and real estate expertise. Combined with a focus upon minimizing deficits and a desire to reach agreement from the beginning these factors may have restricted the Board Members to asking only "hard" questions on financial and design issues and less upon demanding vital answers to underlying strategic issues.

Lastly, these bounded rational and political processes varied greatly in their lengths and resulted in somewhat fragile outcomes. Depending upon the need for external funding, urgency,

the use of pro bono services and the health of the economy at the start of and during fund-raising, these processes took a matter of months for NP-*Disabilities* to lease and occupy its new space to over eight years for NP-*Volunteers* as it struggled with fund-raising and financial issues. In fact, in all cases just the time required for any necessary fund-raising effort was anywhere from one to almost three years. Moreover, at the end of these sometimes-lengthy processes the stability of the resulting outcomes may prove to be temporary. With the purchase or leasing of a building or space simply representing the temporary convergence of the interests of various heterogeneous actors, these “black boxes” are only as stable as the alignment of the involved interests. In all of these nonprofits, this alignment is vulnerable to possible near-term changes in leadership. In addition, NP-*Disabilities*’ and NP-*Volunteers*’ convergences are threatened by strained financial resources; NP-*Meals* interests may diverge due to increasing demand for its services; and NP-*Buildings*’ model facilities are already partially obsolete due to rapid changes in building technologies and products. Moreover, fragility may have been exacerbated in those cases where dream drove the decision. NP-*Volunteers* continues to shed unneeded space it took on and a significant number of the board members of NP-*Disabilities* still wish to resurrect the pursuit of the one-stop shop. In short, underlying forces are already at work such that the current facilities will no longer meet the needs of their organizations thereby initiating new real estate decision-making processes.

In summary, this study examined the processes through which real estate decisions were shaped in four small, charitable organizations thereby helping understand the complex and dynamic process of creating real estate decisions in the context of nonprofit organizations. In its investigation of these organizations, it found that unlike the majority of larger, for-profit organizations today (McDonagh and Nichols 2009; Gibler and Lindholm 2012), these small

nonprofits did not have formal strategic plans that aligned their real estate decisions with their overall strategies and mission. Without these plans, in two of the cases “dreams” became the drivers of the decision as factors other than actual need influenced their decision-making processes which when combined with a low space need in the case of NP-*Disabilities* decreased the willingness of the foundations, major donors, and government agencies to fund their proposed project. In all cases, the lack of strategic plans explicitly addressing real estate strategies somewhat turned the planning process on end with real estate decisions implicitly determining real estate strategies rather than these strategies directing decisions. Nonetheless, just as with for-profit organizations the decision-makers in the studied processes tended to follow logical pathways with logical criteria in defining problems, identifying, evaluating, and choosing among alternatives. Still, the study also found these processes to be bounded rational and political with the stakeholders engaged in politics and with ultimately the most powerful among them determining decisions. Most powerful among these stakeholders were those external groups that provide funding and financial support to these resource-strapped organizations, actors that were influential even when not physically present. A small network of persons usually consisting of the Director, top management, and key Board Members were key to enrolling both internal and external stakeholders and leveraged their strength by engaging the help of experts and by creating new non-human actors such as renderings, plans, budgets, and feasibility studies. Less effective among the players, however, were the boards that provided valuable feedback on design and financial issues but not upon the larger strategic questions involved. Lastly, the processes to align the interests of several heterogeneous stakeholders into an acceptable real estate outcome usually took many years to complete. Moreover, each resulting outcome reflected the fragility of this alignment in these small, charitable organizations,

a fragility that seemed to be exacerbated when the decisions were driven by dreams rather than simply meeting immediate business needs.

## 7.2 Actor Network Analysis of Real Estate Decision-Making

As discussed above, the real estate decision-making revealed in the four observed processes were found to be not only bounded rational and using logical criteria but also messy and political with individuals engaging in cooptation, coalition-forming, and using information to enhance their power. Moreover, as the literature suggested and this research observed, the decision-making for all four nonprofits required satisfying the needs of a wide and diverse group of stakeholders. To reach acceptable outcomes, how a decision was made and who was involved was often very important (Rodrigues and Hickson 1995). Moreover, these processes involved the interaction of both human and nonhuman actors that acted and were acted upon. As such, ANT (Callon 1986; Latour 1987; Law 1992; Latour 2005) served as a valuable framework in understanding these real estate decision-making processes with its focus upon how heterogeneous human and nonhuman actors negotiate, maneuver, and form alliances with other stakeholders with the aim of aligning interests and generating ordering effects.

First, ANT's underlying assumption of interacting heterogeneous stakeholders helped to identify key players in the process and was particularly helpful in the context of these particular nonprofits with their many diverse stakeholders including management, staff, Board Members, funding sources, volunteers, collaborative nonprofits, government agencies, clients, and providers. As such, this lens assisted in identifying the powerful role played by the External Actors, the supportive role of the Expert Actors, and the less effective role of the board and other Internal Actors. ANT's construct of the Initiating Actor was also useful in this context. With this

construct, ANT made possible seeing how the Director, top management, and key Board Members early on established themselves as the obligatory passage point in resolving their respective real estate problems. Indeed, in each of *NP-Disabilities*, *NP-Meals*, *NP-Buildings* and *NP-Volunteers* this same leadership group defined problems and solutions; identified internal and external roles for other actors; enrolled these actors into those roles; convinced them to accept their roles; and, once accepted, mobilized the various networks to complete the process.

Second, the four stages of the translation process (problemization, enrollment, interessement, and mobilization (Callon 1986)) facilitated the examination of these multifaceted real estate decision-making processes. The first stage of problemization paralleled the logical pathways suggested in the literature (Schmenner 1982; Johnston and Lewin 1996; Rabianski, DeLisle et al. 2001) with the Initiating Actors in each case engaging Expert Actors (i.e. specialists) to help define the problem and then search, evaluate, and choose among various alternate solutions. Having chosen an acceptable alternative, these Actors then worked to enroll other actors internally with board approval and externally with funding commitments. Once the Initiating actors were successful in obtaining these approvals and commitments and getting other actors to accept their roles (interessement), mobilization began to complete the process. Further, just as Callon argued (1986) it is important to stress these stages were observed to be iterative, often not perfectly sequential, and could cease at any time. *NP-Disabilities* process ceased, for example, when they were unable to convince external funding sources to accept their roles and support the one-stop shop project. Likewise, given the urgency of opening their residential model concurrent with the start of the citywide event, in *NP-Buildings'* process to develop their residential model the enrollment, interessement, and mobilization stages were not sequential but rather almost simultaneous.

Third, ANT's focus on the importance of non-human elements in a socio-technical process was particularly helpful in this study of real estate decision-making. In all of the observed processes, several material artifacts (the "props" as NP-*Meals*' Senior Director of Resource Development referred to them) were created including budgets, projections, building plans, architectural renderings, cases for support and feasibility studies. The Initiating Actors used these artifacts on many occasions and in many presentations to enroll the support of Internal and External Actors. As such, these documents not only embodied certain ideas, values and intentions of their creators but also prescribed a program of action for human actors and were observed to be as influential as most human actors. Indeed, in the cases of NP-*Meals* and NP-*Volunteers*, identified buildings themselves became actors that helped to convince and enroll other actors. In addition, even the observed effect of the absence of a material object such as a formal strategic plan illustrated the importance of recognizing the essential role played by non-human actors in these processes. Further, the ANT lens aided in revealing how the characteristics of a physical space or building including location, size, design and appearance were not important in themselves but rather in how they satisfied the needs and converge the interests of the stakeholders of the organizations. In the end, the facilities chosen by the organizations came about to satisfy those needs and as such were not just fixed entities but moreover represented the connections between people, technologies, and documents (Steen 2010). Viewing these nonprofits' physical facilities as connections and convergence or punctualization of diverse interests (i.e. as black boxes), also helped to show their fragility as the needs and interests of organization and its heterogeneous stakeholders change and diverge over time.

Thus, this is the first known study to use ANT as an analytic tool to examine the real estate decision-making process in an organization. One of the major assumptions underlying ANT is that processes consist of heterogeneous human and nonhuman actors maneuvering, negotiating, and eventually coming together to create ordering effects. As such, ANT worked very well in examining these nonprofits' decision-making processes that were found to be bounded rational and political with many stakeholders interacting to satisfy their diverse interests. This application of ANT was informed by previous studies examining such diverse areas as scallop population regeneration, accounting, engineering, adjusting to wheelchair use, health services, use of medical devices and music production (Callon 1986; Hennion 1989; Bloomfield 1991; Robson 1991; Singleton and Michael 1993; Prout 1996; Suchman 2000; Gomart 2002; Winance 2006). Moreover, as with research involving IT change and implementation (Bloomfield, Coombs et al. 1992; Hanseth, Monteiro et al. 1996; Mahring, Holstrom et al. 2004; Cho, Mathiassen et al. 2008), ANT proved to be particularly helpful in analyzing the social-technical process known as real estate decision-making where leased spaces, buildings, and various material artifacts all play important roles and stable outcomes are contingent upon a convergence of interests in a physical object. Indeed its use in this study suggests ANT may prove to be a valuable lens in looking at other real estate processes involving interacting, heterogeneous actors including real estate development, leasing, brokerage, and construction processes.

## **8 PRACTICAL IMPLICATIONS**

Being an in-depth study of only four cases, this research's findings cannot be generalizable over the population of nonprofits. Nevertheless, certain implications from these

findings may be helpful to the leadership of small, charitable nonprofits in managing their future or existing real estate decision-making processes.

First, this study illustrates a small nonprofit like most organizations may benefit from creating a formal strategic plan (Nourse and Roulac 1993; Roulac 1995; Roulac 1996; Roulac 2001; Acoba and Foster 2003; Allard and Barber 2003; Lindholm, Gibler et al. 2006; Ali, McGreal et al. 2008; Heywood and Kenley 2008; McDonagh and Nichols 2009). The plan does not have to be long and involved but top management and boards need to address real estate concerns in any such plan given the relative importance of real estate as both a strategic asset and a significant operating expense. More importantly, any strategic plan explicitly needs to align the mission of the organization with real estate strategies. Though the ultimate objectives may be more varied than the for-profit goals of revenue and profitability growth (Lindholm, Gibler et al. 2006), the management and Board Members should give explicit consideration not just to real estate strategies reducing costs, increasing productivity and promoting marketing and sales efforts, but also to increasing the value of assets, innovations, employee satisfaction, and, perhaps most importantly, flexibility (Nourse and Roulac 1993; Lindholm, Gibler et al. 2006). Once established the plan also needs to be revisited and updated. As this research suggests, reacting with ad hoc procedures only when real estate needs become urgent may turn the planning process on its head. Without a clear strategy it ultimately may be the real estate decisions that determine the real estate strategies that in turn will affect the nonprofit's mission. Furthermore, foundations are increasingly requiring a formal plan as part of their approval processes. Indeed, recognizing the benefits of a strategic plan, two of the four organizations observed in this study, *NP-Meals* and *NP-Buildings*, are now in the process of creating such plans and strategies.

Second, the findings suggest nonprofit leadership should focus on the effectiveness of their boards and consider actively seeking Board Members or board advisors with real estate experience. Having a member on its board of advisors who asked the “hard questions” was clearly helpful to NP-*Meals* in their decision-making process. As also demonstrated in the case of NP-*Meals*, a real estate developer may be a preferred candidate given their background in looking at real estate as an asset and their general knowledge of real estate markets and transactions and more technical knowledge on construction and architectural matters. Further, while financial and design concerns are very important, these board members and top management must remain focused on their organization’s essential purposes. They must strive to measure existing and proposed programs based upon money, merit, and mission asking not only are we doing the right things financially (money) and are we doing the right things in terms of quality (merit) but moreover are we doing the right things (mission) (Krug and Weinberg 2004). That is, even if well designed and affordable, is the proposed solution the best way to accomplish our mission? In this study, for example, had the leadership of NP-*Disabilities* deliberated in the beginning on the multiple ways they could do “the right things” to help the developmentally disabled in addition to the one-stop shop, they might have decided to simply lease the space they needed and spent six years pursuing ideas other than simply the one-stop shop. Lastly, the experience of NP-*Volunteers* and NP-*Disabilities* also suggests boards and management should heavily scrutinized any proposed real estate decision which appears to be driven more by dream than needs, greatly expands the nonprofit’s mission, or projects revenues or benefits from activities in which the nonprofit has little or no expertise (e.g. property management or leasing).

Third, this study emphasizes the need for nonprofit management and boards to be very cognizant of the significant hidden costs involved in pursuing the purchase and funding of a

large commercial asset or renovation. The observed processes in these cases took many years from the time the need was triggered to when an acceptable outcome had been reached that converged the interests of all the diverse stakeholders. In these processes, the same top leadership pursuing the purchase and funding of the building or renovation was also primarily responsible for accomplishing the nonprofit's overall mission. The Director, top management, and key board members spent significant time and focus in defining, searching, evaluating, and choosing real estate alternatives followed by fund-raising, design, and construction efforts. As they focused on these efforts, these leaders were far less able to focus directly upon their missions. In short, for many years in these organizations their real estate became not only a means to their mission but almost an end in itself. Therefore, nonprofit managers and their boards need to debate seriously the strategic costs of such a blurring of focus before making a major real estate decision that requires large capital funding.

Finally, improving organizational effectiveness in nonprofits is dependent upon the use of appropriate practices (Herman and Renz 1999) and aligning those practices with the values, mission, stakeholder expectations and context of the organization (Herman and Renz 2008). The success of a decision-making process requires knowing the expectations and interests of these stakeholders and incorporating them and balancing them in any real estate strategy and decision. It also requires the leadership to determine what actors should participate in the real estate decision-making process and, if so, when, how, and to what extent. This research suggests the importance, therefore, in involving many stakeholders in the process including the experts (Schwenk 1990; Rodrigues and Hickson 1995). After top management and key Board Members have determined the best real estate strategies to accomplish their mission, from the beginning they should combine efforts with a team of real estate experts including commercial real estate

architects, contractors, and brokers to assess internal needs, define the problem and search for feasible alternatives. To help evaluate and choose among these alternatives, this team should consider adding a fund-raising consultant to the team and seek feedback from major donors and foundations. Once the team chooses an alternative, securing internal and external support may require leadership to include participation by other Board Members or individuals due to political contacts, social relationships, time availability, expertise (such as legal expertise) or other criteria. For NP-*Meals*' this was accomplished by management and their fund-raising consultant laying out a "victory plan" to outline the process and defined the roles of each of the parties in achieving the fund-raising goal. Lastly, though all phases require top leadership's attention, mobilization may involve including additional participants such as pro bono contractors or other contributors of goods and services.

## 9 CONCLUSION

### 9.1 Summary

This in-depth examination of the real estate decision-making processes in four small, charitable organizations has revealed important insights and helped understand these processes in the context of nonprofit organizations in general. The results suggest that without a formal strategic plan, these four nonprofits' real estate decisions implicitly determined their real estate strategies rather than their strategies guiding their decisions. Further, this investigation revealed quite lengthy processes that were complex, bounded rational, and political and involved heterogeneous actors interacting, maneuvering, negotiating and creating alliances. Acceptable outcomes were contingent upon satisfying the diverse interests of many diverse stakeholders including management, staff, boards, collaborative nonprofits, government agencies, private funding sources, volunteers, and clients. In the real estate decision-making processes of these

resource-weak organizations, the investigation showed the powerful position of the funding sources; the vital importance of the Director, top management, and key Board Members; and, the less effective role played by the respective boards. In addition to these human actors, the study also showed how material artifacts such as cases for support, feasibility studies, renderings, plans, budgets, and presentations created in these processes became important actors in themselves. As engaged scholarship, the findings of this research suggest practical implications for nonprofit managers in real estate decision-making. These suggestions include the value to nonprofits in creating strategic plans; having Board Members with real estate expertise; explicitly considering several real estate strategies such as flexibility to guide decisions; being aware of certain “hidden” costs; and, choosing carefully who is involved and when including real estate experts and fund-raising consultants. Lastly, this research demonstrates how ANT can be a valuable framework in examining the socio-technical, political process of real estate decision-making.

## 9.2 Limitations

As is always the case, this research has certain limitations that may offer opportunities for future studies. First, using a case study approach this research has the advantages of attention to context, dynamics, and multiple stakeholder perspectives (Mason 2002). However, involving only four cases its findings are not generalizable from sample to population. Second, this study is limited to private, smaller charitable organizations, somewhat decentralized in their decision-making, and engaged in providing social services in the Southeastern United States. As such, changes in the findings may occur in studies involving public, cultural, or educational nonprofit institutions or that differ from the examined nonprofits in size, location, degree of centralization, mission, environment, organizational structure, or other idiosyncrasies. Third, interviews based

upon past events may have biased this study with events filtered out that do not fit or minority views being censored, though the researcher attempted to mitigate this bias where possible through triangulation and verification using multiple data sources. Fourth, while it proved to be a valuable framework for looking at these processes, ANT is not the only lens through which complex processes may be studied. Indeed, future studies may provide interesting insights on this data using other lenses or theories such as institutional theory (Scott 1987), structuration theory (Giddens 1986), social network theory (Granovetter 1973), and the garbage can theory (Cohen, March et al. 1972).

## 10 APPENDICES

### 10.1 Actor Network Theory Constructs

<b>Actor Networks</b>	Related actors in a heterogeneous network of aligned interests
<b>Actors/Actants</b>	Any material, human or nonhuman provided it is granted to be the source of action
<b>Translation</b>	The process of generating ordering effects
<b>Enrollment</b>	Creating alliances to mobilize support upon actors
<b>Inscriptions</b>	Translations embodied in medium or material objects
<b>Black Box</b>	Actor networks that have become punctualized and act as a single actant once formed. They are transient and are “re-opened” when alignment ceases.
<b>Punctualization</b>	Process of aligned actor-networks becoming black boxes. Once formed they act as single actants
<b>Irreversibility</b>	Once translations become materialized into inscription, it becomes impossible to return to past alternative possibilities
<b>Obligatory Passage Point</b>	Initiating Actors convince other actors that the initiating actor represents the “point” through which the problem may be resolved.
<b>Problemization</b>	First stage or “moment” of translation in which problems, solutions, and roles are defined
<b>Interessement</b>	Second stage or “moment” of translation in which actors try to convince other actors to accept roles proposed for them
<b>Enrollment</b>	Third stage or “moment” of translation in which roles are accepted by various actors
<b>Mobilization</b>	Fourth stage or “moment” of translation in which enrollment is turned into support and allied spokesmen now speak with one “voice”

## 10.2 Theoretical Replication Logic

Figure 10.2-1 High vs. Low Space Requirement

<b>Process</b>	<b>High Space Requirement (NP-Volunteers and NP-Meals)</b>	<b>Low Space Requirement (NP-Disabilities and NP-Buildings)</b>	<b>Conclusion</b>
<b>Problemization</b>	With higher growth expectations concerned with future growth as well as current needs	With lower growth expectations, problem focus less on meeting future space needs and more upon other concerns such as the multipurpose center or the working models	High space needs leads may lead to satisfying future growth needs being a greater part of the defined problem
<b>Internal Enrollment</b>	Need evident. Relatively open to proposed roles except for design and financial concerns	Need evident. Relatively open to proposed roles except for design and financial concerns	High or low space needs make little difference
<b>External Enrollment</b>	Need evident. Relatively open to proposed roles and both organizations doubling their space	Need evident. Open to NP-Buildings' model but not NP-Disabilities going from 1,200 to 20,000 s.f.	High space needs or other business need (e.g. promoting mission) make external enrollment easier
<b>Internal Interesement</b>	Successful but contingent on external interesement	Successful but contingent on external interesement	High or low space needs make little difference
<b>External Interesement</b>	Successful but contingent upon internal interesement.	Successful for NP-Buildings' model (contingent on internal interesement) but NP-Disabilities going from 1,200 to 20,000 s.f. is not successful	High space needs or other business need (e.g. promoting mission) make external interesement more likely
<b>Mobilization</b>	Relatively quick. NP-Meals may be slower due to use of pro bono contractor services	Quick for NP-Building's residential model but slower when pro bono services and products used on commercial model. Quick for NP-Disabilities and leased office space	High or low space needs make little difference in mobilization
<b>Black Box/Outcome Stability</b>	NP-Meals should be stable in near term. NP-Volunteers instability in part due to buying a building twice as large as they needed based on future needs	NP-Disabilities and NP-Buildings relatively stable in near term though future threats exist	High current space needs and planning for future space needs which may never occur may contribute to instability

Figure 10.2-2 Need vs. Dream Decision Driver

Process	Need Decision Driver (NP-Buildings and NP-Meals)	Dream Decision Driver (NP-Disabilities and NP-Volunteers)	Conclusion
<b>Problemization</b>	Defined as meeting immediate business needs of space and promoting mission	Defined as meeting more than business need (multi-purpose building, image and space for national organization)	Defining problem as other than immediate business need opens up process to other influences
<b>Internal Enrollment</b>	Need evident. Relatively open to proposed roles except for design and financial concerns	Need evident. Relatively open to problem definition and proposed roles except for design and financial concerns	Need or dream driven makes little difference in internal enrollment
<b>External Enrollment</b>	Need evident. Recognize immediate business needs	Open to NP-Volunteers problem definition but not NP-Disabilities	Dream-driven decisions may make external enrollment more difficult
<b>Internal Interestment</b>	Successful but contingent on external interestment	Successful but contingent on external interestment	Need or dream-driven makes little difference in internal interestment
<b>External Interestment</b>	Successful but contingent upon internal interestment.	Successful for NP-Volunteers but contingent on internal interestment. Unsuccessful for NP-Disabilities	Dream-driven decisions may be less likely to be accepted by external actors
<b>Mobilization</b>	Relatively quick but slowed when NP-Buildings used pro bono services and product	Relatively quick for NP-Volunteers and quick for NP-Disabilities after decision is made to lease office space	Need or dream-driven makes little difference in mobilization
<b>Black Box/Outcome Stability</b>	NP-Meals should be reasonably stable in the near term. NP-Buildings should be reasonably stable in the near term	NP-Disabilities reasonably stable in near term but future instability may result from persistent dream. NP-Volunteers instability due to contraction that may be due in part to their past decision “dream” decision driver giving them a larger building than they needed	Dream-driven decisions may lead to less stable outcomes or future threats to stability

## 10.3 Data Analysis: Within Case Analysis

Figure 10.3-1 NP-Disabilities

<i>Antecedent</i>	<i>Description</i>	<i>Consequence</i>
<b>Context</b>	Strong economy with a dynamic environment caused by changes in government policies and philosophies.	Strong economy makes fund-raising perceived to be easier. Dynamic environment creates uncertainty and historically has required continuous innovation by board and management to accomplish mission.
<b>Mission</b>	To provide opportunities for developmentally disabled persons and their caregivers.	Mission of providing human services is a more personal and emotional mission due to day-to-day interaction and long-term relationships with clients.
<b>Service Profile</b>	Built and operates over 20 group homes and 1 respite home, advocacy and informational services. In the past operated school and client servicing and monitoring. Works locally with disabled clients and caregivers.	Group home experience provides some residential real estate expertise in construction and maintenance. Service profile has had to change to adapt to changes in its environment. Focus is local.
<b>Size and Structure</b>	6-person staff requiring high volunteer use and collaboration with other nonprofits and government agencies.	Flat, complex structure with many heterogeneous stakeholders.
<b>Growth</b>	Fluctuated from 40 persons when providing client-monitoring services to six today. Stable since about 2002. Higher growth expectation with one-stop shop but lower expectation with short-term lease.	Past growth and contraction occurred only with changes in service profile not in number of clients served.
<b>Board</b>	Members in part are motivated to be on Board due to being a caretaker for a DD person. Meets monthly.	Board is emotionally involved and socially cohesive. Has limited time and lacks commercial real estate and fund-raising expertise.
<b>Leadership</b>	Same Executive Director for over 27 years,	Director is influential externally and internally, a source and funnel of information, and the leader of most past innovation.
<b>Strategic Plan</b>	No strategic plan. Long Range Planning Committee only focused on developing the one-stop shop.	Real estate decision to move seek one-stop shop implicitly formed real estate strategy. Strategy did not direct decision.
<b>Real Estate Circumstance (2004)</b>	Leased office space is inexpensive and well-located but worn and cramped. Needs are only for general office but desire is a 30-year dream of a new, multipurpose center.	Existing office aligned with scarce resources and service profile though not ideal. Need was for a slightly larger, more efficient office space but dream drives decision to pursue multi-purpose facility to expand the service profile and satisfy a perceived “horrible need” in the community.

<i>Process</i>	<i>Description</i>	<i>Time</i>	<i>Consequence</i>
<b>Black Box Trigger</b>	Visit to another nonprofit's facility and a windfall profit from the sale of a property reignited a 30-year desire to build multi-purpose center.	Early 2004	Existing facility no longer perceived as aligned with the mission or meeting the needs of heterogeneous stakeholders. Dream of one-stop shop and projected revenue from the shop become strong drivers for change.
<b>Problemization</b>	Problem defined as how to develop a one-stop shop.	Mid 2004	Problem defined not by strategy and as more than just meeting immediate business needs.
<b>Internal Enrollment</b>	Director, Assistant Director, and key Board Members (Long Range Planning Committee) lead the effort. Committee uses fund-raising consultant, broker, architect and contractors to create budgets, plans, and renderings. Criteria concerned with proximity to the Director's home and current location, cost, and mass transit. Board quick to approve pursuit of center but has financial and design concerns. Final approval contingent on raising funds.	Late 2004	Long Range Planning Committee becomes the Initiating Actor. The Initiating Actors create Inscribed Actors and bring in Expert Actors that assist in enrollment. Actors follow logical procedure and criteria to identify alternate solutions to the defined problem. External Actors requirements are Invisible Actors influencing enrollment through the fund-raising consultant and board's financial concerns.
<b>External Enrollment</b>	No formal feasibility study but developed case for support. Held meetings with political officials, fund-raising consultant, and potential major donors seeking feedback and financial and political commitment.	2004-2008	Scarce resources require external enrollment of funding sources. The Initiating Actors bring in Expert Actors and create Inscribed Actors that assist in enrollment. No urgency perceived by External Actors. Enrollment proceeds slowly.
<b>Interessement (Failed)</b>	Donors concerned about the financial ability of nonprofit to handle this project. Government has philosophical differences (integration no segregation desired). Lacking external funding and facing a souring economy, board did not approve moving forward.	2009	Powerful External Actors fail to accept their roles and Internal Actors then fail to accept theirs. Process returns to Problemization.
<b>Problemization</b>	Research Team collaboratively worked with board and staff and concluded slightly larger efficient leased office space rather than a one-stop center may better serve the mission.	Jan-Aug 2010	A re-definition of the problem leads to a decision to pursue a leased office alternative.
<b>Internal Enrollment, Interessement and Mobilization</b>	Board approved seeking new expanded, leased space, broker hired, alternatives identified, one alternative chosen, and NP-Disabilities occupies new offices.	Sept 2010-Feb 2011	With the new problem definition not requiring external enrollment of funding sources, enrollment moves quickly. Roles are accepted and mobilization proceeds swiftly.

<i>Outcome</i>	<i>Description</i>	<i>Consequence</i>
<b>New Black Box</b>	5-year lease of new expanded, leased facility.	Heterogeneous stakeholders' interests and mission needs align. Medium-term lease makes return to other past alternatives irreversible. Some flexibility.
<b>Threats to Alignment</b>	In near term the Executive Director and key Board Members may retire. The one-stop shop idea is still alive and paying the increased rents on the larger space is currently a struggle. Changes in the service profile may also occur.	Future threats to stakeholder alignment exist.

**Figure 10.3-2 NP-Meals**

<i>Antecedent</i>	<i>Description</i>	<i>Consequence</i>
<b>Context</b>	Declining economy with a dynamic environment caused by changes in government policies and philosophies.	Declining economy makes fundraising difficult. Dynamic environment creates uncertainty.
<b>Mission</b>	Helps people prevent or better manage chronic disease through comprehensive nutrition care by providing home-delivered meals and nutrition education.	Mission of providing human services more personal and emotional due to day-to-day interaction.
<b>Service Profile</b>	Home delivery of over 5,000 meals per day and nutritional counseling. Also operates a “for-profit” home-delivery meal service (1/3 of revenue).	“For-profit” operation creates more businesslike perspective. Focus is local.
<b>Size and Structure</b>	125-person staff working alongside 18,000 volunteers. Collaborates with other nonprofits and government agencies for qualifying clients and other services. 9 out of 10 clients are below the poverty line.	Complex structure with many heterogeneous stakeholders.
<b>Growth</b>	Expanded through client growth, acquisition of business, and by entering into nutrition education. In last 10 years increased from 800 to 5,000 clients.	Rapid growth made controlled planning difficult and resulted in continual, ad hoc and temporary fixes. Continued growth assumed going forward.
<b>Board</b>	Diverse 12-member board with an active executive committee. Professional not fund-raising board. Has board of advisors including prominent business and political person. Meets bi-monthly.	Executive committee works with Director to lead the organization. Board of advisors provides a source of political influence and business (including commercial real estate) expertise. Board has limited time.
<b>Leadership</b>	Executive Director was also one of the first employees. Described as “visionary”.	Director is influential internally and externally, a source and funnel of much information, and a leader of most innovation.
<b>Strategic Plan</b>	Strategic plan did not address real estate until the need was evident.	Strategy did not direct real estate decision. Real estate decisions made ad hoc based on need.
<b>Real Estate Circumstance (2007)</b>	Owns production facilities and leases administrative space. Facilities were “busting at the seams” with little parking and storage.	Existing facilities for years aligned interests of heterogeneous actors and with scarce resources and mission though not ideal. Increasing inefficiencies and insufficient size threatens this alignment.

<i>Process</i>	<i>Description</i>	<i>Time</i>	<i>Consequence</i>
<b>Black Box Trigger</b>	Rapid growth in number of clients created a need for specialized production, general office and training space. Desire for consolidation of administrative and production functions.	Early-2007	Existing facility no longer perceived as aligned with mission or meeting needs of heterogeneous stakeholders.
<b>Problemization</b>	Problem defined as how to double production capabilities with adequate meeting space, parking, storage and, if possible, consolidate the administrative and production functions.	Early-2007	Problem not defined by strategy but by immediate business need.
<b>Internal Enrollment</b>	Director, Resource Director, and key Board Members lead the effort. Fund-raising firm retained. Leadership sought help of broker, architect and contractors to create budgets, plans, schematics, and renderings. Criteria concerned with proximity current location and cost factors. Feedback sought from fund-raising consultant and major donors. Board had financial and design concerns but quickly approved moving forward with lease negotiations. Final approval contingent on raising funds.	Early-2007 To Mid-2008	Director, Resource Director, and key Board Members become the Initiating Actors. The Initiating Actors bring in Expert Actors and create Inscribed Actors that assist in enrollment. Actors follow logical procedure and criteria to identify alternate solutions to the defined problem. External Actors requirements are Invisible Actors influencing enrollment through the fund-raising consultant and board's financial concerns.
<b>External Enrollment</b>	"Mini-feasibility" study developed. Meetings held with fund-raising consultant and potential individual donors and foundations. Negotiated long-term lease.	Mid-2008 to Early-2012	External enrollment needed to help provide scarce resources but slow due to economy.
<b>Interessement</b>	Capital campaign dragged on for over 30 months and required lease re-negotiation but eventually was successful.	Mid-2008 to Early-2012	Powerful External Actors accept their roles and Internal Actors then accept theirs.
<b>Mobilization</b>	Architectural, legal, and contractor services engaged. Groundbreaking scheduled and construction estimated to take 12 months.	Early-2012 to Mid-2013	Mobilization underway but may move more slowly due to "pro bono" contractors.

<i><b>Outcome</b></i>	<i><b>Description</b></i>	<i><b>Consequence</b></i>
<b>New Black Box</b>	Continue to own building and a long-term lease on an adjacent facility. Renovations underway to link the two facilities to improve the efficiency and image.	Heterogeneous stakeholders' interests and mission needs align. New long-term lease makes return to other past alternatives irreversible. Limited flexibility.
<b>Threats to Alignment</b>	Executive Director is ill. Demand for services continues to grow. Pro bono services may lead to cost overruns and delays.	Future threats to stakeholder alignment exist.

**Figure 10.3-3 NP-Buildings**

<i>Antecedent</i>	<i>Description</i>	<i>Consequence</i>
<b>Context</b>	Strong economy (2002) and improving economy (1996). Emerging “green” movement and big city event in early 1990’s.	A strong and improving economy makes fundraising easier. City event increases availability of government grants.
<b>Mission</b>	Originally promoted sustainable homes but expanded in early 2000’s to include communities and commercial buildings.	Leadership innovates and expands mission to meet perceived community needs of external stakeholders.
<b>Service Profile</b>	Education, technical assistance, research, and advocacy on sustainability issues. Almost 40% of revenues come from fees for service and corporate sponsors.	Service profile requires a balance of corporate and non-corporate interests. Focus is in services but not scope.
<b>Size and Structure</b>	60-person staff with a few interns but low volunteer use and \$6.6 M budget. Collaborates with other nonprofits, government, and businesses. Corporate and government clients.	Complex, flat structure with many heterogeneous stakeholders.
<b>Growth</b>	Rapid growth from 10 employees in early 1990’s to early 2000’s then stabilizes. Near term contraction possible.	Past expansion due to expansion of mission and services as it moved into the commercial arena. Moderate to low growth expectations.
<b>Board</b>	Board split between corporate/non-corporate members with many members from construction industry. Professional not fund-raising board.	Board has technical real estate expertise. Split requires Director to balance constantly interests of corporate and “altruistic” members.
<b>Leadership</b>	Strong, influential, co-founding, “visionary” Director.	Director is influential externally and internally, a source and funnel of much information, a mediator of interests, and a leader of most innovation.
<b>Strategic Plan</b>	“Philosophic” strategic plan (2002) does not specifically address real estate issues.	Formal strategy did not direct real estate decisions.
<b>Real Estate Circumstance</b>	In 1994 owned a renovated house in a transitional neighborhood. In 2002 owned residential model building but leased land from the city.	Existing facilities until 1994 aligned interests of heterogeneous actors and with scarce resources and mission though not ideal. Need to promote mission, increasing inefficiencies and insufficient size threatened this alignment. By 2002 facilities no longer physically adequate.

<i>Process</i>	<i>Description</i>	<i>Time</i>	<i>Consequence</i>
<b>Black Box Trigger</b>	Need for additional space, a desire for a sustainable residential model, and increased grant possibilities due to city event.	Early-1994	Existing facility no longer perceived as aligned with mission or meeting needs of heterogeneous stakeholders.
<b>Problemization</b>	How to meet training and general office needs and promote mission by developing sustainable models.	Early-1994	Problem defined not by strategy but by meeting immediate business needs including promotion of mission.
<b>Internal Enrollment</b>	Director became the Initiating Actor. Board was supportive and approval quick with financial and design concerns. Architect used to design model residential building and fund-raising consultant retained. Criteria concerned with proximity to current location and cost factors.	Early-1994 to Mid-1994	The Initiating Actor brings in Expert Actors and created Inscribed Actors that assist in enrollment. Actors follow logical procedure and criteria to identify alternate solutions to the defined problem. External Actors requirements are Invisible Actors influencing enrollment through the fund-raising consultant and board's financial concerns.
<b>External Enrollment</b>	Formal feasibility study created. Meetings held with government energy agencies, foundations, and corporate sponsors. Negotiations held with city regarding land lease.	Mid-1994 to Mid-1996	Initiating Actors using Experts and Inscribed Actors follow "stone soup" strategy to achieve external enrollment.
<b>Interessement</b>	Signed long-term land lease with city and secured \$2M in commitments.	Mid-1994 to Mid-1996	Powerful External Actors accept their roles while other Actors are being enrolled and while mobilization is occurring. Pace of interessement helped by perceived urgency of opening simultaneously with the city event.
<b>Mobilization</b>	Residential model home built quickly.	Mid-1995 To Mid-1996	Mobilization begins without all External Actors accepting their roles. Less complex construction process for residential structure and early design speeds mobilization.

<i><b>Process (continued)</b></i>	<i><b>Description</b></i>	<i><b>Time</b></i>	<i><b>Consequence</b></i>
<b>Problemization</b>	Needed administrative space and wanted to develop a model sustainable office building: Problem again defined as how to meet training and general office needs and promote mission by developing sustainable models.	Early-2002	Though a “philosophic” plan exists, formal strategic plan does not guide decision which again is directed by meeting immediate business needs including promoting the mission.
<b>Internal Enrollment</b>	Director, top management, and key Board Members led the effort. Quick Board approval but again Board had financial and design concerns and with the length of city land lease. Used “green” architect and contractor to design and price building. Engaged fund-raising consultant. Criteria concerned with proximity to current location and cost factors	Early-2002 to Mid-2002	The Initiating Actors bring in Expert Actors that create Inscribed Actors that assist in enrollment. Actors follow logical procedure and criteria to identify alternate solutions to the defined problem. External Actors requirements are Invisible Actors influencing enrollment through the fund-raising consultant and board’s financial concerns.
<b>External Enrollment</b>	Formal feasibility study created. Corporate sponsors and major donors contacted. Entered negotiations with city on extending the lease. \$1.5M in commitments contingent on raising additional \$1.5M.	Mid-2002 To Early-2006	External enrollment moves more slowly. Initiating Actors follow “stone soup” strategy using Expert and Inscribed Actors.
<b>Interessement</b>	\$3M in commitments received. City approved lease (but remains in dispute).	Early-2006	Powerful External Actors finally accept their roles. No perceived urgency slows acceptance. Corporate donors of services and products acceptance due in part to perceived mutual economic benefit.
<b>Mobilization</b>	Construction was slow in part due to coordination of donated products and pro bono construction services	Early-2006 to Early-2008	Slow mobilization pace reflects “cost” of pro bono products and services and problems of coordination of roles of actors even after they have accepted them.

<i>Outcome</i>	<i>Description</i>	<i>Consequence</i>
<b>New Black Box</b>	Owns a model residential building and a model office building on city-owned land. Also entered into short-term lease to house new program.	Heterogeneous stakeholders' interests and mission needs align. Ownership makes return to other past alternatives irreversible. Limited flexibility.
<b>Threats to Alignment</b>	In the near term, the Director may retire. City land lease remains in dispute and negotiations continue. Models require constant updating of technologies. Continue to need training space and in near term will need space to house new program when short-term lease expires.	Future threats to stakeholder alignment exist.

Figure 10.3-4 NP-Volunteers

<i>Antecedent</i>	<i>Description</i>	<i>Consequence</i>
<b>Context</b>	Strong economy in 2002.	A strong economy perceived to make fundraising easier.
<b>Mission</b>	“Builds community and meets critical needs through volunteer and civic engagement”.	Mission of indirectly providing human services is less personal and emotional.
<b>Service Profile</b>	Acts as a “broker” to match volunteer needs of nonprofits with volunteers’ needs. Also operates public school tutor/mentor program and provides pro bono professional expertise to nonprofits.	Highly visible in the community due to its exposure and involvement with many nonprofits, volunteers and government agencies.
<b>Size and Structure</b>	50-person staff now. Provides 37,000 volunteers for over 400 nonprofits and schools. Affiliated with a network of 250 similar organizations across 16 countries. School mentor/tutor program is a federal program. \$3.4M revenue (2010).	Complex structure with many heterogeneous stakeholders.
<b>Growth</b>	Grew steadily until 2007 when operating losses and contraction began. Revenues now approximately ½ of what they were.	Past facility needs were based upon expectation of continued steady growth but contraction occurs instead.
<b>Board</b>	A large Board and Board of Advisors consisting of prominent social, business, and political members but no real estate professionals.	Board is primarily a social and fund-raising board with major decisions made by Director, top management, and key Board Members. Organization has little commercial real estate experience.
<b>Leadership</b>	Influential, well-connected, co-founding Director left organization in 2002 but still heads national organization. In 2008, current Director brought in to handle financial problems.	In 2002, (and afterward due to heading national organization) founding Director is influential both internally and externally. Current Director has had to focus on financial issues.
<b>Strategic Plan</b>	No strategic plan (2002).	Strategy did not direct real estate decision. Real estate decisions made ad hoc basis.
<b>Real Estate Circumstance (2002)</b>	Up until 2002, leased office space in the basement of a synagogue that they shared with a homeless shelter.	Existing facilities for years aligned interests of heterogeneous actors though not ideal.

<i>Process</i>	<i>Description</i>	<i>Time</i>	<i>Consequence</i>
<b>Black Box Trigger</b>	Need for larger, more efficient general office and training space and a desire for better image, space for national organization, and Director legacy.	Late-2001	Existing facility no longer perceived as aligned with mission or meeting needs of heterogeneous stakeholders. Desire/dream a strong driver for change.
<b>Problemization</b>	How to meet general office needs, national organization's needs, provide additional revenue and improve image.	Mid-2002	Problem defined not by strategy and as more than just meeting immediate business needs.
<b>Internal Enrollment</b>	Director, top management, and key Board Members led the effort, A broker, fund-raising firm and architects are retained. Budgets, drawings, and presentations created. Search criteria included proximity to existing location and cost factors. Board has financial and design concerns but quickly approve moving forward on lease/purchase.	Mid-2002 to Mid-2003	The Initiating Actors bring in Expert Actors that create Inscribed Actors that assist in enrollment. Actors follow logical procedures and criteria to identify alternate solutions to the defined problem. External Actors requirements are Invisible Actors influencing enrollment through the fund-raising consultant and board's financial concerns. Lease/Purchase option allows negotiating documents without enrollment of external funding sources.
<b>External Enrollment</b>	Formal feasibility study created and major donors approached with aid of fund-raising consultant.	Mid-2003 to Late 2005	Initiating Actors use Expert and Inscribed Actors to enroll External actors.
<b>Interessement</b>	Capital campaign was successful.	Late-2005	Powerful External Actors accept their roles that with no urgency takes over 2 years.
<b>Mobilization</b>	Closed on building and hired management firm and signed lease with national organization within 6 months of end of fund-raising.	Early-2006 to End-2006	Mobilization moves quickly after capital campaign is successful.

<i>Process (continued)</i>	<i>Description</i>	<i>Time</i>	<i>Consequence</i>
<b>Black Box Trigger</b>	Building too big for needs and becomes a financial burden due to two mortgages placed on property, poor management and accounting (after firing professional management firm), and bad economic lease with national organization.	Late-2007 to Late 2009	Existing facility no longer perceived as aligned with mission or meeting needs of heterogeneous stakeholders. Lack of real estate professionals in operating the building compounds the problem.
<b>Problemization</b>	How to contract and reduce the financial burden of the owned office building.	Late-2009	Problem defined not by strategy but by meeting immediate urgent business need.
<b>Internal Enrollment</b>	Board Chair, Director and top management engaged broker. Looked at alternatives to sell, pay off debts, and give to national organization. Budgets and projections reviewed.	Late-2009 to Early-2010	The Initiating Actors bring in Expert Actors that create Inscribed Actors that assist in enrollment. Actors follow logical procedures and criteria to identify alternate solutions to the defined problem.
<b>External Enrollment</b>	Leadership shared budgets, projections, and broker's advice with national organization and lenders and discussed options.	Late-2009 to Early-2010	Initiating Actors use Expert Actors and Inscribed Actors to enroll External actors.
<b>Interessement</b>	Board, national organization, and lenders agreed with leadership's recommendation.	Mid-2011	Powerful External Actors accept their roles quickly due to urgency of financial situation.
<b>Mobilization</b>	Building ownership transferred to national organization, debt paid off, and organization entered into a long-term lease with national organization.	Late-2011	Mobilization moves quickly due to urgency of financial situation.

<i>Outcome</i>	<i>Description</i>	<i>Consequence</i>
<b>New Black Box</b>	Long lease entered with reasonably favorable terms after having to “sell” building.	Heterogeneous stakeholders’ interests and needs align. Long-term lease makes return to other past alternatives irreversible. Limited flexibility.
<b>Threats to Alignment</b>	Friction with national organization residing in the adjacent space and continued financial problems affect space needs. Currently subleasing part of their leased space to reduce rent.	Future threats to stakeholder alignment exist.

## 10.4 Data Analysis: Cross Case Analysis

Figure 10.4-1 Cross Case Analysis-Antecedents

<i>Antecedents</i>	<i>NP-Disabilities</i>	<i>NP-Meals</i>	<i>NP-Buildings</i>	<i>NP-Volunteers</i>
<b>Context</b>	Strong economy.	Weak economy.	Strong economy.	Strong economy.
<b>Mission</b>	Human services	Human services	Sustainability	Human services
<b>Service Profile</b>	Operates and builds group homes, advocacy, and information for DD.	Deliver meals and nutrition education and operates “for-profit” meals operation.	Education, technical assistance, and advocacy on sustainability issues.	Matches volunteers w/NP volunteer needs and operates public school tutor/ mentor program.
<b>Size and Structure</b>	6-person staff. High volunteer use. Collaboration w/other NP’s/government. Local. Disabled clients and their caregivers.	125-person staff. High volunteer use. Collaboration w/other NP’s/government. Local. Poor clients and “for-profit” customers.	60-person staff Low volunteer use. Collaboration w/other NP’s/ government. Local (national scope) Corporate and government clients.	50-person staff High volunteer use. Collaboration w/other NP’s and government. Local w/national affiliation NP’s and government clients.
<b>Growth</b>	Fluctuated from 40 to 6 persons over time but no growth recently. High growth expectation (2004).	Rapid growth in last ten years at almost 13% per year. High growth expectation (2007).	Rapid then stable for last 4 years. Near term may contract slightly. Moderate growth expectation (2002).	Rapid then dramatic shrinkage in last 4 years due to financial problems. High growth expectation (2002).
<b>Board</b>	Members are also caregivers to DD. Little commercial real estate expertise. Not a fund-raising board.	Diverse board and board of advisors. Some commercial real estate expertise. Not a fund-raising board.	Split corporate/non-corporate members. Technical commercial real estate expertise. Not a fund-raising board.	Prominent social and political members Little commercial real estate expertise. Social/fund-raising board.
<b>Leadership</b>	Tenured, influential Director.	Strong, influential, “visionary” Director.	Strong, influential, “visionary” Director.	Strong, influential, well-connected Director (2002).
<b>Strategic Plan</b>	No strategic plan (2004).	Strategic plan (2007) did not address real estate.	“Philosophic” strategic plan (2002).	No strategic plan (2002).
<b>Real Estate Circumstance</b>	Small, worn leased office space in Class “C” building (2004).	Production and office functions split between owned building and leased offices (2007).	Owned residential model building but leased land (2002).	Leased office space shared with homeless shelter (2002).

Figure 10.4-2 Cross Case Analysis-Process

<i>Process</i>	<i>NP-Disabilities</i>	<i>NP-Meals</i>	<i>NP-Buildings</i>	<i>NP-Volunteers</i>
<b>Black Box Trigger</b>	Need for larger, more efficient general office space. Desire for one-stop shop after visit to facility and windfall profit. Desire/dream becomes strong driver.	Need for specialized production, general office and training space. Desire for consolidation of administrative and production functions. Meeting business needs becomes strong driver.	Need for additional general office and training space. Desire for residential (1994) and commercial (2002) model buildings. Meeting business needs becomes strong driver.	Need for additional general office and training space. Desire for better image, national affiliate space, and Director legacy. Desire/dream become strong driver.
<b>Problemization</b>	How to develop a one-stop shop.	How to double production capabilities and, if possible, combine with administrative functions.	How to meet training and general office needs and promote mission by developing sustainable models.	How to meet general office needs, national organization's needs, and improve image.
<b>Internal Enrollment</b>	Quick. Fund-raising firm consulted. Financial and design concerns. Renderings/schematic plans are actants. Initiating Actor: Director/top mgt/key Board Members.	Quick. Fund-raising firm retained. Financial and design concerns. Renderings/schematics/building are actants. Initiating Actor: Director/top mgt/key Board Members.	Quick. Fund-raising firm retained. Financial and design concerns. "Model" buildings strong actants. Initiating Actor: Director/top mgt/key Board Members.	Quick. Fund-raising firm retained. Financial and design concerns. Renderings/schematics/building are actants. Initiating Actor: Director/top mgt/key Board Members.
<b>External Enrollment</b>	6 years No formal feasibility actant.	2.5 years. "Mini-feasibility study" actant.	1 yr (1996)/ 2 yr (2002) Formal feasibility study actant.	2 years. Formal feasibility study actant.
<b>Interessement</b>	Roles not accepted. No urgency.	Roles accepted. Urgency.	Roles accepted. Urgency (1996). No urgency (2002)	Roles accepted. No urgency (2002). Urgency (2011).
<b>Mobilization</b>	Failed first time but moved quickly in 2010 by dropping one-stop shop and pursuing the leasing of general office space.	Just now beginning but could be slower than expected given use of "donated" services of contractors.	Quick due to citywide event (1996) but second time (2002) was slow due to donated services and products.	Quick when closed on the building after capital campaign was successful and quick with lenders and national organization due to financial distress.

Figure 10.4-3 Cross Case Analysis-Outcomes

<i>Outcomes</i>	NP- <i>Disabilities</i>	NP- <i>Meals</i>	NP- <i>Buildings</i>	NP- <i>Volunteers</i>
<b>New Black Box</b>	Medium term lease in Class B Building. Close to former space. Flexibility .	Own one building/long lease on the other. Behind former space. Limited flexibility.	Own 2 buildings (land lease). Lease small space. Buildings adjacent. Limited flexibility.	Long lease after forced to “sell” building. Close to former space. Limited flexibility.
<b>Threats</b>	Director may retire. Increased rent creates financial challenges. Future changes in profile may occur. One-stop shop dream still lives.	Director is ill. Possible cost overruns and slow construction may result from “donated” services. Continues to grow rapidly.	Director may retire. City land lease continues in dispute. Need to update model technology. Shorter-term lease on weatherization programs will expire. Current need for training space.	Friction with adjacent national organization. Financial problems continue to affect space needs evidenced by subleasing space to reduce rent.

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## 12 VITA

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