UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER'S THESIS

DEVELOPMENT OF STRATEGY FOR AIESEC LJUBLJANA 2016-2020

Ljubljana, May 2016   MATEVŽ MARTINČIČ

AUTHORSHIP STATEMENT

The undersigned Matevž Martinčič, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), declare that I am the author of the master's thesis entitled Developing Strategy for AIESEC Ljubljana, written under supervision of prof. dr. Adriana Rejc Buhovac.

In accordance with the Copyright and Related Rights Act (Official Gazette of the Republic of Slovenia, Nr. 21/1995 with changes and amendments) I allow the text of my master's thesis to be published on the FELU website.

I further declare
- the text of my master's thesis to be based on the results of my own research;
- the text of my master's thesis to be language-edited and technically in adherence with the FELU's Technical Guidelines for Written Works which means that I
    - o cited and / or quoted works and opinions of other authors in my master's thesis in accordance with the FELU's Technical Guidelines for Written Works and
    - o obtained (and referred to in my master's thesis) all the necessary permits to use the works of other authors which are entirely (in written or graphical form) used in my text;
- to be aware of the fact that plagiarism (in written or graphical form) is a criminal offence and can be prosecuted in accordance with the Criminal Code (Official Gazette of the Republic of Slovenia, Nr. 55/2008 with changes and amendments);
- to be aware of the consequences a proven plagiarism charge based on the submitted master's thesis could have for my status at the FELU in accordance with the relevant FELU Rules on Master's Thesis.

Ljubljana, _____   Author's signature:_____

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

INTRODUCTION

Managing not-for-profit organisations is a challenge in its own right. There are lots of problems that arise, having to deal with social, environmental and economic issues on the one hand, and staying financially sound on the other, while also delivering to customers what they want. In the midst of all that are people, usually volunteers, who devote themselves to the organisation's cause, but are not full time workers (Merrell, 2011).

The most common problems in not-for-profit organisations stem from lack of investment in organisational capacity as: 'Anything invested in capacity is considered lost to direct service. Ironically, that thinking may lead to decreased service delivery and, ultimately, reduced funding' (Niven, 2008, pp. 30-31). In general, not-for-profits are vastly undercapitalized, understaffed, and poorly managed. Some may argue that this is because of the environment, as it is rapidly changing. There is considerable concern that the third sector (community-based not-for-profit entities) may lack the capacity and technical expertise to keep up with change and thereby contribute to an enriched and healthy quality of life. Many small, community-based groups are organisationally fragile. Many large groups are stretched to their limits. As demand for community-based services grows, as new needs are identified, and as new paradigms for exchange and interaction emerge, the non-profit sector is continually challenged to devise ways to increase and strengthen its capacity (De Vita & Fleming, 2001, p. 5). More and more people find it as an internal flaw of an organisation. Specifically, not investing in your own capacities; whether it is technical assistance, organisational development, leadership development, institutional strengthening, management assistance or capacity building (Draper, 2000, p. 33).

Why that doesn't happen is usually because the organisation is not aligned to its goals. The act of resetting aspirations and strategy is often the first step in dramatically improving an organisation's capacity. But a new aspiration or strategy can only be transformative if it is then used to align the other aspects of organisational capacity. If done thoroughly, this alignment process provides a tight institutional focus and a road map for the organisation to use with both internals and externals, which helps keep everyone on track during the long and difficult process of building capacity (McKinsey & Company, 2001, p.15). With that, the goal setting along with vision, mission and values creates the core around which to build. The mission part is especially important as it establishes the reason why a non-profit exists. Without a clear sense of purpose, it is easy for not-for-profits to head in many directions and accomplish very little. A clear mission statement is vital when applying for grants (Bostwick, 2009). Additionally, attracting donors and retaining them is connected to it. It should be an organisation's priority to well-define the message of who and what they are. In this way the organisation convinces contributors of the value of its mission and its ability to spend their money wisely to meet that mission (Chmielewski, n.d.).

Another major part of the organisational problems comes from measuring performance. You cannot achieve something big without occasionally comparing, setting and measuring different indicators about your performance. As Osborne and Gaebler (1992, p.1) point out in their book entitled Reinventing Government: 'What gets measured gets done.' 'It is difficult to know whether you are winning or losing, unless you are keeping score' (Hatry, 1978, p. 28). Unlike for-profit organisations, not-for-profits usually have difficulty keeping focus on the mission, vision, values and measuring their performance at the same time. This is due to conflicting objectives, as members and donors of these organisations often have a lot more diverse interests than those in for-profits. That is why developing systems of measurement is a challenging process (Epstein & Rejc Buhovac, 2009, p. 4).

The core issue here is concerned with the question: What to measure? Usually not-for-profits tend to track their performance by metrics concerned with money raised, members growth, number of customers and people impacted. Which is fine, as these metrics are certainly important, but they don't measure the real success of an organisation in achieving its mission (Williamson & Sawhill, 2001). Thus, measurement is closely tied to strategy, as mission fulfilment is dependent upon goals and objectives that organisation sets out for itself. Encompassing all those metrics tracking the performance should be the most important measurements that are closely tied to mission. Why organisations often fail to do that is because most not-for-profit organisations fail to agree on a clear-cut set of objectives. Instead, they accept a broad and unquantifiable idea as a goal. Managers and board members usually fail to quantify goals and develop yardsticks for measuring progress towards achieving them (Snyder & Harvey, 1987). There is also the constantly changing environment, which forces organisations to adapt swiftly. One such source of change is the rise of intangible assets. Technological advances and changes in workplace environment have put people and their intellect on top as the main competitive edge. Physical assets, the things that you can measure with ordinary accounting techniques, now account for less than one fourth of the organisational value (Blair, 2000).

Efforts in complete measurement system result in a large amount of metrics that are not that important. Most of our organisations do not have one very specific, measurable mission, so we measure lots of things (Simon, 2015). The problem is, because not-for-profits work for social cause, they do not compete like regular businesses do in a single bottom line of profits, revenues. Instead, there is no bottom line (Drucker, 1990, p. 82), or there are several, according to others. This is because no price mechanisms are in place that can aggregate the interests of clients, staff, volunteers and other stakeholders that can match costs to profits, supply to demand and goals to actual achievements (Anheier, 2000, p. 6). In accounting, the Triple bottom line framework has gained ground in recent years, incorporating three dimensions of performance, namely: social, environmental and financial. These three dimensions are also called people, planets and profits, respectively. But it is not hard to define the triple bottom line. The hard thing is to measure it. There is not one common unit of measurement. Profits are measured in local currency, while social

impact/capital is subjectively chosen. Some argue that all measures should be somehow monetized, others view triple bottom line as an index. Even though this proposition seems logical, it is very hard to implement, as it all too much depends on the point of view of the organisation itself (Slaper & Hall, 2011).

Along with the difficulty of defining what metrics to use, the frequency of measuring is also in question. Most not-for-profits would agree that measurement is not done frequently enough to demonstrate real results. Likewise, many organisations struggle with performance measurement and management. In fact, 80% of respondents in one study reported making changes in their performance management system during last three years. For 33% of those organisations, the change was described as a major overhaul (Niven, 2008, p. 38).

The main aim of my master's thesis is to help AIESEC in Ljubljana develop a clear strategy that addresses the major issues within the organisation. To achieve its purpose — Peace & Fulfilment of Humankind's Potential (general AIESEC vision), AIESEC in Ljubljana needs to develop a clear mission along with goals, objectives, initiatives and measurements. For a number of years, AIESEC Ljubljana, not-for-profit student organisation, has struggled on a yearly basis to plan and achieve its goals, without adequate knowledge in strategy. Thus, planning was more based on current desires, lacking actual measurements and historical outlook. Persistent lack of strategy has lead the organisation to deal with the issues at hand, rather than having a long term outlook of what it strives to achieve. This usually means 'firefighting' issues, which, in the long run, always leads to more crisis management. A change in that is necessary, strategic view must become top priority for the organisation. Each new generation of leaders should build upon predecessors' legacy. That is why, a 2016-2020 plan is a necessity, if AIESEC Ljubljana hopes to change its course and increase impact to a larger scale. Developing a wholesome strategy through the Balanced Scorecard strategic management tool promises to solve most of these problems, as its holistic approach and conciseness give a better perspective throughout the organisation on how to deal with such issues.

Methodology includes three stages. It was done through separate sessions with the current Executive Board. Each session contained parts of strategy creation. The first stage was to determine the desired mission and vision statements. This was done by putting things in perspective of where they currently are along with historical data. Based on that, the vision of AIESEC Ljubljana in 2020 was formed. The second stage consisted of strategy making based on strategic issues inside the organisation. It led us towards objectives and activities we needed to take. The final stage included creating a strategy map, assigning cause and effect paths, and choosing appropriate performance metrics.

In the first part of my master's thesis, I review and discuss the literature on strategic management in not-for-profit organisations, along with the problems that surround

managing them. As a solution to those issues I present the Balanced Scorecard and its benefits. In the next chapter, I describe AIESEC from its fundamentals: history, structure, main programs and size; to the very core of what AIESEC is about (values, vision, impact). This sets up the ground on which strategic management in AIESEC can be inspected. I look up at the performance of AIESEC in Slovenia first, then observe the same in AIESEC Ljubljana. I relate the findings with the current evaluation of the state of AIESEC in Ljubljana, describing key issues that need to be changed. Both were done by semi-structured interview with the current Local Committee President – Jan Walliser, and internal data AIESEC Ljubljana members could hand out to me. Since this only gives the perspective of current state, I also look into past strategic management practices in AIESEC Ljubljana, with the view of three former, influential leaders describing the state during their time in AIESEC and relating it to the present. The core of this part is deciding about which problems to focus on. I wanted to clearly understand the mechanics of where the problems were created and how to address them.

In the second part, which is the essence of my master's thesis, I work on the strategic issues with the current Executive Board. To provide the reader with an inside look, I describe the methodology of my sessions in detail. The majority of the work was preparing working materials, figuring out key questions and structuring the flow of the sessions that were staged on a weekly basis. I provided the team with the information on how to implement each of the steps in their teams so that the strategy can effectively be cascaded by them throughout the organisation. Next few sections contain the output of our effort to create a strategy for AIESEC Ljubljana. For strategy development and implementation, I use the Balanced Scorecard methodology for Government and Nonprofit Agencies (Niven, 2008). It offers a step-by-step approach, and we followed the guidelines given by the author. Finding purpose and envisioning the desired state consists of mission and vision creation. Strategy creation follows that and leads from basic strategic issues to the strategy map and all its perspectives and objectives. The final section is comprised of measurements that we created in order to give support and check on different objectives.

I end the master's thesis with a discussion of how plausible the execution of this strategy is, and a conclusion that summarises key findings and results.

1   STRATEGY   DEVELOPMENT   IN   NOT-FOR-PROFIT ORGANISATIONS

1.1   Not-for-Profit Organisations

Not-for-profit institutions constitute a major part of the third sector of economy – organisational forms located between private, for-profit world and the government (concept shown in Figure 1). Third sector (which includes non-government, non-profit and not-for-profit organisations) performs important functions in Western societies (Anheier & Seibel, 1990, p. 8). It has also been called voluntary sector or philanthropic sector (Pynes, 2009, p. 11). Organisations inside provide social services, contribution to arts, research and education, and, increasingly, help shape and formulate policies at local, regional, national, and even international levels. They play a growing role in the development of countries. Even though the third sector has distinct features, it is not independent of the government and the private sector. While it is obviously based on subsidies and other financial transfers, people's careers often overlap between the three sectors (Anheier & Seibel, 1990, p. 16).

Figure 1. The Position of the Non-Profit Sector in the National Economy by Pestoff (The Welfare Triangle)
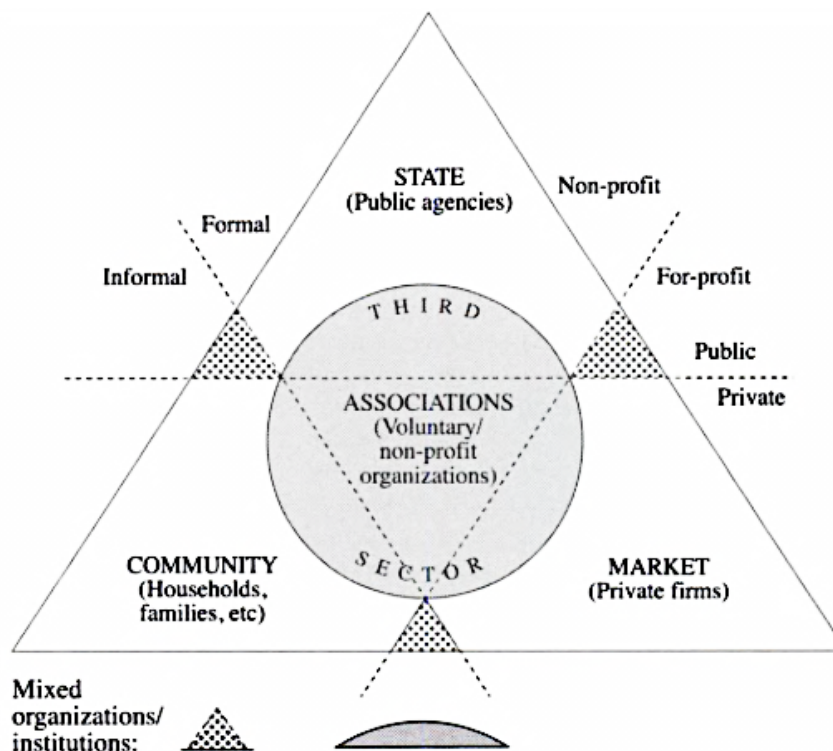
Source: V. Pestoff, *Third sector and co-operative services — An alternative to privatization,* 1992, pp.21-45.

Because organisations inside the third sector do not seek financial revenues, but rather create social gains, commercialism in the not-for-profit/third sector is seen as a paradox

(Weisbrod, 1998, p. 1). The popular view is that people in these organisations are attracted by ideals of selfless service and work fulfilment, and have chosen to avoid the competitive nature of profitmaking firms, and the impersonality of government bureaucracy (Mirvis & Hackett, 1983, p. 3). Not-for-profits are supposed to be different from private firms, for which commercialism is their lifeblood. But actually that is not the case. As they are competing increasingly with for-profits, the competition is made even more complex by the fact that, at the same time as not-for-profits are moving into activities that have previously been the domain of profit companies, private firms are expanding into traditionally not-for-profit areas. Even if they do not compete, not-for-profit organisations look towards the private sector for cooperation and financing (Weisbrod, 1998, p. 1). The term 'non-profit' (which applies to not-for-profit organisations as well) is actually vastly misunderstood. It is not about having or not having a profit. It is whether an organisation's mission is to undertake activities whose goal is not primarily for profit. No one should own the shares of the organisation and all profits generated should be recycled back into the organisation (Fritz, 2015). So, the fundamental difference between a for-profit and not-for-profit organisation is where it can source its capital. A for-profit can raise money from private investors, for which it must give equity or dividends to shareholders; ultimately, they expect a return on investment. A not-for-profit, on the other hand, can seek donations from individuals, foundations and corporations. Such stakeholders generally expect a 'social return' on capital (Chen, 2013).

Another difference between for-profits and not-for-profits comes from their tax status. In most countries, not-for-profits are exempt from income taxes and might even be cleared from paying local or regional taxes. These organisations are, simultaneously and in part as a consequence of this tax relief, subject to some governmental limits on how their revenues can be used. Any financial surplus from operations cannot be distributed to those in control of the corporation, leaders, staff or members. This provision is known as nondistribution constraint (Oster, 1995, pp. 4-5). Furthermore, there is a distinction between non-profits and not-for-profit-organisations. 'Not-for-profit' is used in preference to 'non-profit' in order to emphasize that a defining criterion is the intention of the organisation to not make profits for private gain. While it is possible that the organisation will in fact produce a profit from time to time, it is not the principal purpose of it (The International Center for Not-for-Profit Law, 2016).

Composition of not-for-profit sector is very different from country to country. In the United States (hereinafter: US), the not-for-profit sector consists of almost half of organisations that are Health Care based. Other two major sources are Education and Religion, which amount to about 34% together (James & Rose-Ackerman, 1986, p. 6). This is partly because the US does not have public health care (Oster, 1995, p. 6). In Sweden, Education and Culture are the dominant ones, as more than 70% of not-for-profit expenditures is spent on them (James & Rose-Ackerman, 1986, p.6). Figure 2 shows the composition of the United Kingdom's (hereinafter: UK) voluntary sector.

Figure 2. The Five Largest Employment Industries in the UK Voluntary Sector Compared to Other Sectors, March 2014 (% of Total Workforce)
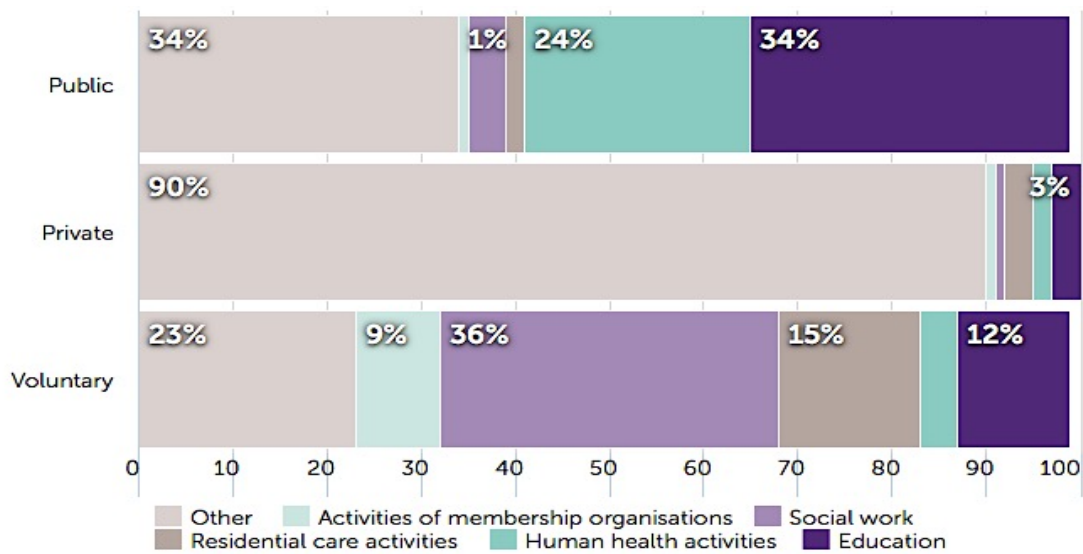
Source: NCVO, *UK Civil Society Almanac,* 2015.

Not-for-profits are also, typically, labour intense. Machines cannot substitute for not-for-profit employees (Pynes, 2009, p. 4). Many adults work as volunteers, giving on average five hours per week besides their regular job. This is due to the fact that most staff inside these organisations are there because they have their principal allegiance to a cause, rather than to the organisation (Oster, 1995, p. 7). Volunteers are, according to research, usually women, whites, married persons, those with higher income and education (Figure 3 displays gender differences among volunteers in the UK). Their prevalent age is between 35 and 54 years (Powell & Steinberg, 2006, p. 169).

Figure 3. The UK Voluntary Sector Employees by Gender, 2004 to 2014 (Headcount, Thousands)

Source: NCVO, *UK Civil Society Almanac,* 2015.

7
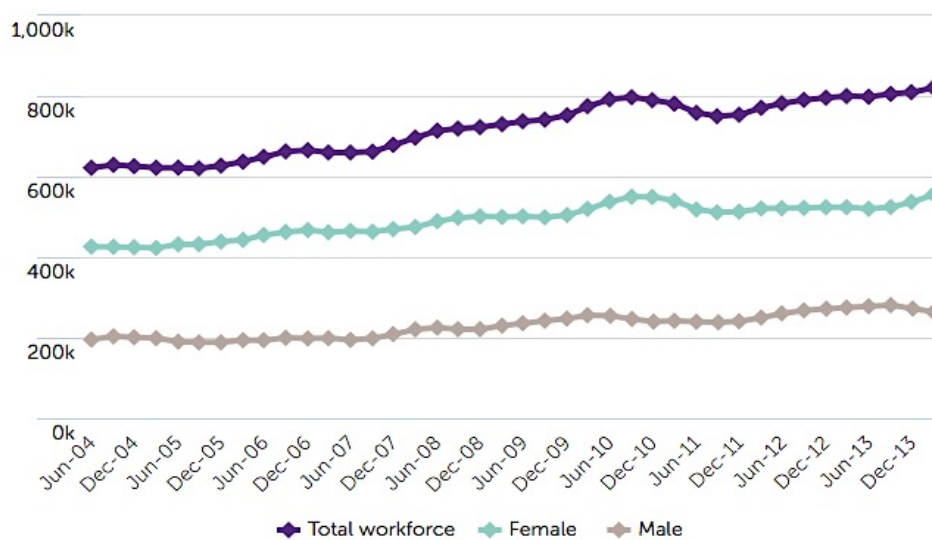
Compared to profit sector, the not-for-profit sector also does better when it comes to discrimination. Race and gender differences are very small. Male/female pay differential, along with better opportunities to engage in work that leads to more development of skills were important factors for women that work in these organisations. Additionally, the third sector offers better non-wage compensation; more cooperation than competition, flexibility in scheduling work, stability of employment and better upward career mobility (Powell & Steinberg, 2006, p. 165).

The third sector is large. Not-for-profit organisations earn hundreds of billions of $ in revenue in the US each year. In some sectors, it is the dominant organisational form, like religion and arts (Oster, 1995, p. 3). To use an example, in the UK, the estimate is that the voluntary sector contributes £11.7 billion to the UK gross value added (hereinafter: GVA), similar to GDP – gross domestic product, equivalent to 0.8% of the whole UK GVA. The voluntary sector makes a contribution to the UK economy comparable to other sectors: for example, the GVA of agriculture is £8.3 billion. The voluntary sector is also a major employer. An estimated, 765,000 people in the UK work in voluntary sector organisations. This is 2.7% of the UK workforce, and compares with 25% who work for public sector employers, and 72% who work for private sector employers. The workforce is roughly the same size as the number of people employed in restaurants and catering in the UK (National Council For Voluntary Organizations, 2012). But even those estimates might be wrong as the British voluntary sector could be contributing up to three times as much GDP as official figures suggest, according to a United Nations-backed project to create consistent accounts for the not-for-profit sectors in countries around the world (Ainsworth, 2009). Similar significance is found all across Western societies. In Sweden, it is attributed with fostering a widespread social change towards progressive economic, social and cultural policies (Muffels, 2001, p. 90), while in Italy, the third sector is increasingly viewed as a primary employment source for the entire country (Antonelli & De Liso, 2004, p. 228).

The US attribute approximately 10% of GDP to the third sector. Donating to private religious organisations remains the most popular American cause, and all religious organisations are entirely privately funded, because the government is limited from establishing or prohibiting a religion under the First Amendment (Gunn, 2004, p. 2). In 2010 alone, the not-for-profit sector contributed $804.8 billion to the US economy, while employing 10.7 million workers, which is about 10% of the US workforce. That is ten times more compared to agriculture industry (Lambert, 2013).

Not only is the third sector large, it is also growing. In 1976, Daniel Bell predicted that the third sector would become the predominant sector in society, as the knowledge class overcame the effects of the private sector (Bell, 1976, p. 147). Indeed, virtually all of America's major social movements, civil rights, environmental, consumer, women's or conservative, have had their roots in the not-for-profit sector. The growth of this

phenomenon is all the more striking, given the simultaneous decline in the more traditional forms of political participation, such as voting, party affiliation and union membership. In the developed countries, for example, a significant expansion of citizen activism has been evident for several decades (Salamon, 1994). From 2000 to 2010, the number of not-for-profits in the US has increased by 24%. In the same time period, revenues grew 41% and more than 600,000 new jobs were created. Not-for-profits actually employ the third largest workforce in America, behind retail and manufacturing. In spite of the recession, the not-for-profit sector kept on adding jobs at an average rate of 1.9%, while the private sector lost jobs at a rate of 3.7% per year (Lambert, 2013).

This growth can be explained by increasing tensions to expand the voluntary sector. It springs from a wide variety of pressures, from individual citizens, outside institutions and governments themselves. It reflects a distinct set of social and technological changes, as well as a crisis of confidence in the capability of the state (Salamon, 1994). The increase has also been attributed to the shift of responsibility for services previously provided by government to the third sector (Kingfisher, 2002, p. 59). With competitive wages and benefits, strong job growth, and diverse opportunities, the not-for-profit sector is becoming the sector of choice for many professionals dissatisfied in their for-profit sector careers (Lambert, 2013).

Table 1 shows growth in the number of volunteers among the European Union countries. We can see that a large majority of members had an increase during the ten year period.

Table 1. Trends in the Number of Volunteers in the EU, from 2000 to 2010

Trend	Trend over the past decade (prior to the economic crisis)
Increase	Austria, Belgium, Czech Republic, Denmark, France, Greece, Italy, Luxembourg, Poland, Spain
Modest Increase	Estonia, Finland, Germany, Hungary, Romania, Slovenia
Stable/ fluctuation	Bulgaria, Ireland, Latvia, Lithuania, Malta, the Netherlands, Sweden
Decrease	Slovakia
Unclear/ No comparable information	Cyprus, Portugal, the United Kingdom

Source: EAC-EA & DG EAC, *Volunteering in the European Union,* 2010, p.8.

1.1 Issues in Not-For-Profit Organisations' Strategic Management

All organisations, no matter their size, industry, intent, impact, benefit from having a strategy that describes the value that an organisation intends to produce, the means it will rely on to produce that value, and how it will sustain itself in the future. Although the

majority of well-developed and commonly relied upon models for developing organisational strategies come from the private sector (Moore, 2000), recent years have shown that not-for-profits and public organisations have started to engage in strategic planning. That is because resource scarcity and service demands place great pressure to apply planning techniques (Eadie, 1983, p. 447). But, the models coming from private world do not suit the needs of the third sector. The value that these organisations produce lies in the achievement of social purposes for which no revenue stream is readily apparent rather than in creating wealth for shareholders or satisfaction to their customers (Moore, 2000). Because they pursue a different outcome, as a consequence, in the not-for-profit sector, we have more questions about what the governance structure should be. The organisation has no shareholders or owners, so this creates questions about what the financial goals of the organisation should be, about how the managers can be motivated, and about whose views about the structure and operation of the organisation should prevail (Oster, 2015, p. 4). The issues that not-for-profit organisations stumble upon are somehow unique, compared to the profit sector.

1.1.1 Issues in attracting and retaining employees

The first set of challenges comes from attracting and retaining the right people. Not-for-profit organisations depend on two resources to fulfil their mission. One is money, the other is leadership, which is actually just as vital and perhaps even scarcer (Tierney, 2006). Indeed, employees are an agency's most important organisational asset. Workers define the character, capacity to perform and represent the knowledge of the organisation (Pynes, 2009). Having volunteers who are prepared to contribute more time to the cause and stay involved longer significantly reduces recruitment costs (Wymer & Starnes, 2001). Many not-for-profit organisations struggle to attract and retain talented people they need to convert funds into impact. As the number of not-for-profits is growing, so is the need for talented people. In 2016, assuming growth rates from previous years staying the same, the not-for-profits will require 78.000 new senior managers in the US. That is 4 times more than in 1996. But unlike businesses, not-for-profits cannot create their own supply of leaders. Most not-for-profits are too small to provide meaningful career development opportunities for their members. So they go on the market in search of a new talent, which is costly and risky. Without extra time and money to invest, not-for-profits cannot compete with businesses (Tierney, 2006).

Despite the lack of internal capability to generate leaders, the core of the problem lies in the management part. According to a study, which looked into 9 recommended practices of volunteer management (supervision and communication with volunteers, liability coverage for volunteers, screening and matching volunteers to jobs, regular collection of information on volunteer involvement, written policies and job descriptions for volunteers, recognition activities, annual measurement of volunteer impact, training and professional development for volunteers, and training for paid staff in working with volunteers), only regular

supervision and communication of volunteers have been adopted by a majority of not-for-profit organisations. The likelihood of adopting a certain practice depends on the size and needs of the organisation. Larger organisations usually have most practices in effect. Those interested in greater retention of volunteers should invest in recognizing volunteers, provide them training and professional development, screening volunteers and matching them to organisational tasks. Besides management practices, an organisation should also focus on building a culture that welcomes volunteers and supports them (Hager & Brudney, 2004, p. 1). To change the culture means to also remove layers of approval that weigh down an organisation's ability to move quickly. Not-for-profit planners begin too often with the needs of their own organisation and not with the people they serve. That is why changing a culture should also include adopting the type of customer focus mentality (Boschee, 2001, p. 18).

The problem of retaining employees transcribes into issues with succession planning. With not-for-profits growing in both size and number, a looming leadership deficit is a cause for concern (Froelich, McKee & Rathge, 2011). Whether a transition occurs due to an unexpected vacancy or the anticipated transition of a long-tenured leader, being ready with a plan in place can help a not-for-profit endure the inevitable challenges of leadership transition (National Council of Nonprofits, n.d.).

Evidence suggests that voluntary organizations often indulge in inadequate succession planning. Smaller organizations, especially, often perceive a lack of resources to devote to such planning, additionally compounded by their thin ranks of internal talent for grooming a successor (Ip & Jacobs, 2006). Even if they developed a succession plan, it typically only addresses the position of executive director/chief executive officer (hereinafter: CEO). That is why, today, most nonprofit leaders are made by chance, stepping up to new responsibilities in a crisis or learning quickly on the job when tenured staff person suddenly leaves. This pattern puts organizations and their missions at risk. Moreover, without intentional succession planning, eager, young talent often leaves the organization and even the sector (Hansen-Turton, 2014, p.104).

1.1.2   Issues in measuring performance

Although the measurement of performance is not a simple matter in any kind of organisation, it is even more complicated for not-for-profit organisations. Financial measures are the focal point in for-profit organisations, not only because profits can be measured easily, but also because they are a good indicator of both market-need satisfaction and the capacity of the company to run itself efficiently. But that is different with not-for-profits. These organisations have defined themselves not around their financial returns but around their mission, or the services they offer. The clients receiving them and the professionals delivering them may make very different judgements about their quality, and donors may hold still another standard. And 'doing good' is a matter of

societal values about which there may be little or no consensus (McKevitt & Lawton, 1994, p. 220).

The extent to which not-for-profits incorporate performance measures into their operations varies from case to case. There are some that do, and some that do not. Usually, everybody understands the importance of performance measures, but some organisations are just too preoccupied with daily crises management to incorporate them. Not-for-profit managers identified several obstacles that obstruct the implementation of such measures. The first obstacle comes from developing a broad consensus (1) of which performance measures are appropriate. They should be applicable to both internal and external use. Logistics and cost (2) are another major obstacle that deters implementation of performance measures. This especially applies for sizable organisations, as a large, decentralized system with thin operating margins has considerable costs and has difficulty in implementation, even though it is essential. Time (3) is the third. To get everyone on board and to really commit them to the effort takes enormous amounts of time for meeting and reaching consensus (Flynn & Hodgkinson, 2001, p. 49).

Apart from that, designing and implementing effective performance measurement systems is a very challenging process, in terms of both addressing a number of methodological issues and managing organisational and institutional change. Even though some workable systems might be in place, they usually fall apart before being completed. This often happens because the measurement systems were not designed appropriately to serve a particular cause or they were just not implemented effectively in ways that build commitment (Poister, 2003, p. xvii).

1.1.3 Issues in strategic planning

Not-for-profit organisations started to engage in strategic planning in the middle of 1980s, as they were becoming interested in management techniques. Since then, strategic planning is a necessary endeavour for all organisations. Yet, not-for-profit staff is often frustrated that the strategic plan is actually never used, while others might feel the strategic plan is simply a validation of what the staff is already doing or has decided. At the same time, managers often get going on new ideas long before the strategic plan is adopted, and by the time the document is finished, it can feel like old news (Masaoka, 2011). The purpose of planning is not to write a plan, but to increase the ability to serve your mission. A successful plan is a usable plan – one that informs the organisation's activities as well as its long-range view, and one that yields meaningful improvements in effectiveness, capacity and relevance (Mittenthal, 2002, p. 2).

There are many reasons why not-for-profit organisations tend not to engage in proper strategic planning. One might argue that strategic planning will be of little use if the costs of the process are likely to outweigh the benefits of having it, or if the time and money

might be better used elsewhere. While these concerns may be justified, the purpose of strategic planning is to produce fundamental decisions and actions, and, as practice shows us, strategic planning should not take more than 10% of ordinary work time available. The cost of that time hardly ever outweighs the benefit of strategy. Additionally, small not-for-profit organisations typically rely on intuition and vision of their leaders instead of formal strategic planning processes. These reasons are often excuses used to avoid what should be done (Bryson, 2011, p. 19).

It can also help leaders of organisations to think, learn and act strategically. Research showed that planning that has a broader focus (especially long-range goals) is more useful and effective (Crittenden & Crittenden, 2000). As the environment of public and not-for-profit organisations has become increasingly uncertain and more tightly interconnected in recent years, affecting society, not-for-profit organisations must respond to that by thinking strategically like never before. They must translate their insights into effective strategies to cope with the changes. They must develop rationales necessary to lay the groundwork for adoption of these strategies. As they grow, they also need to build the capacity for ongoing implementation, learning, and strategic change (Bryson, 2011, p. 1).

1.2   Balanced Scorecard as a Solution to Strategic Management Issues

Balanced Scorecard strategic management tool has been around for over 25 years. As it came from the profit sector, it originally expanded over the simple financial indicators to also include the intangible assets. But not-for-profit leaders find that they can do much more than create a framework for measuring the performance of their organisation. Instead, they find they can use it to transform the organisation's strategy, set measurable goals and design a timetable for execution. Through Balanced Scorecard, they can focus on measuring and observing the cause and effect relationships between objectives, and have a good report on initiatives. Instead of guessing what kind of campaigns, events and services they should organize, they will have substantial evidence on which to base their decisions (Hartnett & Matan, 2011).

Common benefits that not-for-profit organisations can expect include saving costs and resources. Because of constant tracking, it gives you a chance to react quicker to problems, when things are not going according to plans. Organisational adjustments can be made before issues accumulate, resources drain and costs increase. Another benefit is, because it features the four main perspectives, it balances competing concerns. The organisation cannot be tied to just financial goals and at the same time ignore development and growth of its members. The Scorecard ensures that all of these perspectives are simultaneously addressed (De Silva, 2012). Besides that, it clarifies strategies, communicates strategic objectives, schedules tasks and assigns responsibility for implementation. This allows the not-for-profit to become more proactive (Hartnett & Matan, 2011). Above all, it gives the organisation a sense of purpose as all the strategy is based around the organisation's

mission or vision. In the words of Niven, 'while you are accountable for the efficient allocation of funds that is not your ultimate aspiration. You exist to serve a higher purpose' (Niven, 2008, p. 32).

Even though Balanced Scorecard, like all management tools, can bring change into the organisation, it is certainly not a panacea for all organisational ills. Ultimately, leaders need to understand the limitation of each technique and seek to complement it with other tools. Managers need to also adapt their organisation's internal conditions to enable it to implement the Balanced Scorecard. Among other things, they need to develop norms that encourage participation among those affected by the initiative (Othman, Khairy, Zizah, Nor & Noradiya, 2006, p. 66). The Balanced Scorecard itself is not magic and will be less effective if implemented in a barren context, essentially, a context that does not have the requisite norms (Szulanski, 1996, pp. 31-32).

2 AIESEC LJUBLJANA

2.1 Corporate Governance, Organisational Structure and Activities at AIESEC

Most of the following section is based on descriptions found on AIESEC web pages (About, 2016).

AIESEC was officially founded in 1948, after the Second World War, with the intent to create friendly relations among the devastated countries. It was originally present in seven countries in Europe, and its leaders were Jean Choplin (France), Bengt Sjøstrand (Sweden), and Dr. Albert Kaltenthaler (Germany). At the time, the mission was 'to expand the understanding of a nation by expanding the understanding of the individuals, changing the world one person at a time.' With the expansion over all continents, AIESEC grew to become a global platform for young people to explore and develop their leadership potential. It is a non-political, independent, not-for-profit organisation run by students and recent graduates of institutions of higher education. AIESEC is not a subsidiary or a dependent entity of any other bodies in its work, sustainability or decisions. The organisation spans across 126 different countries and territories. Its members strive to better themselves and the communities around them, and are interested in world issues, leadership and management. Anyone aged between 18 and 30 years who is a student or a recent graduate can become a member of AIESEC. AIESEC, in Slovenia, initially started in 1953 in Ljubljana, as a part of AIESEC Yugoslavia. It was renamed to AIESEC Slovenia, when Slovenia reached its independence in 1991. Currently, it has three Local Committees in Kranj, Maribor, Ljubljana and one special unit in Koper, with Ljubljana being the most advanced.

AIESEC's core business is to provide exchange and internship opportunities worldwide. It offers a wide spectrum of services and activities. AIESEC facilitates exchange process (finding an internship) and also helps participants to develop themselves as part of a complete customer service (doing personal development plans, preparing them to go abroad, provide support when they are abroad). The main three programs are Global Citizen, Global Talent and Global Leader program.

Global Citizen Programme focuses on sending students to volunteer abroad for 6 to 12 weeks with the purpose of providing education, improving literacy, eradicating poverty, sustainable living, delivering sanitation, human rights and solving other widespread issues. Its indirect impact is to develop responsible young leaders who are self-aware, world citizens, able to empower others and always strive to find solutions. Global Talent program focuses on an international internship lasting from 3 to 18 months. Basically, it gives students a chance to get paid work experiences across the world. It helps facilitate leadership development in young people. In addition, AIESEC with its partners contributes directy and indirectly to youth unemployment by providing internship placements and equipping young people with skills and mindset necessary in order to succed in finding a job. Global Leader program focuses on developing young people that join the organisation as members. It gives them an opportunity to lead a team and generate professional and personal development. The first two programs are based on exchange that AIESEC offers to the rest of youth, while the latter is made for internals that run the operations of AIESEC activities.

The sole purpose of AIESEC is to bring Peace and Fulfilment of Humankind's Potential. That is stated as AIESEC's vision. This vision is not set to a certain future date and serves more as a picture of the world this organization aspires. In order to achieve it, AIESEC has to be present throughout the world. That is why AIESEC is organized in a branch which covers also local communities. From top down we have: AIESEC International (hereinafter: AI): A group of 20 or more individuals who work together on global AIESEC strategies and initiatives; Member Committee (MC): This is the national committee for a given country usually represented by around 5-10 people. They facilitate running of AIESEC, provide coaching/experience to Local Committees and develop strategies on the national level; Local Committee (LC): The actual operations are run by members of a certain committee. It has an Executive Board (hereinafter: EB), which governs different functional areas. AIESEC Ljubljana is currently run by around 20 members. Local Committee President (hereinafter: LCP), who is the equivalent of the CEO, is legally responsible and serves as the organisational leader. He works with his EB towards fulfilling the mission of the local entity by building the right strategy. EB is assembled by Vice Presidents (VP) of certain functional areas, such as Finance, Incoming Exchange, Outgoing Exchange, Marketing, etc. VPs are in charge of their functional area team, a team of new and old members that are not having leadership positions, but rather solely deal with operational issues.

Figure 4 shows the organisational structure of AIESEC. Its hierarchy flows down from AIESEC International and Member Committees, down to Local Committees and their respective members, responsible for actual operations. Internally, the Local Committee is similar to small companies with departments performing different functions and having separate meetings.

Figure 4. Organisational Structure of AIESEC
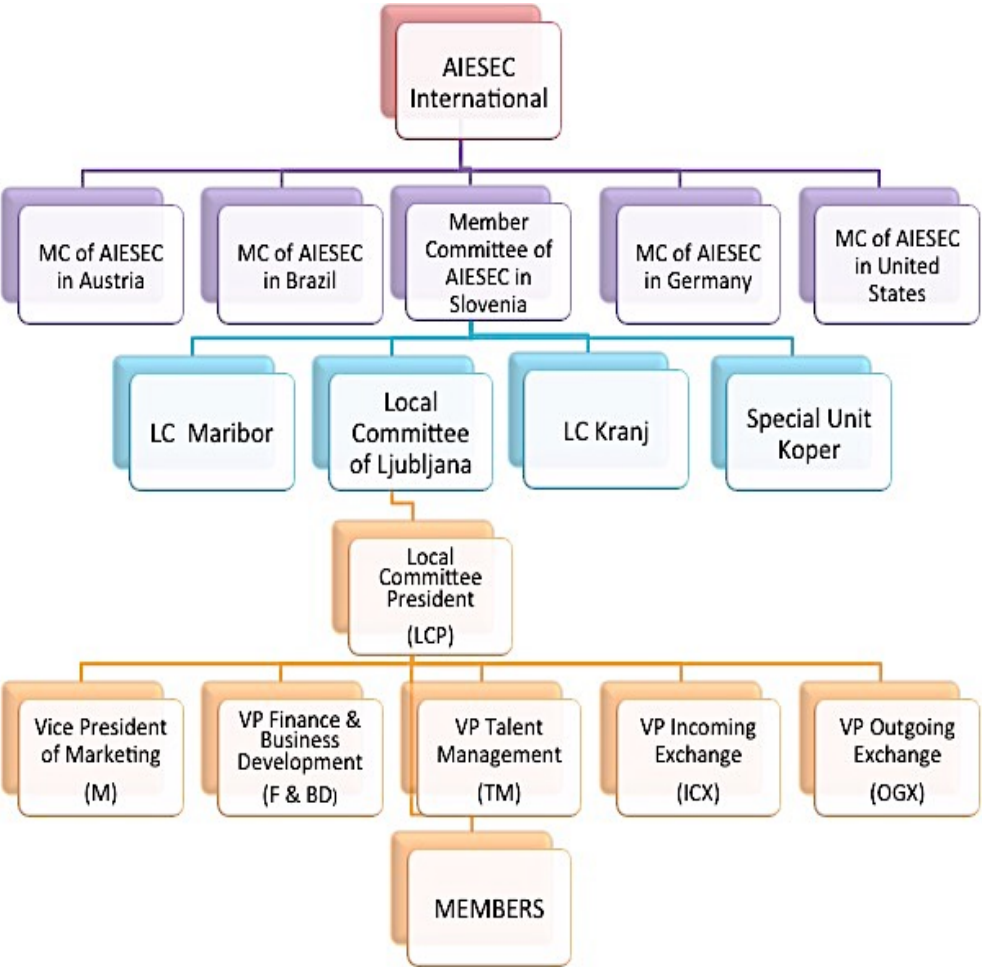
All the leaders of the organisation have their mandate running for a year, after that, they usually switch positions. That means that the flow of governance is in constant motion. This is largely due to short careers of members. Usually AIESEC members are students, especially 2nd and 3rd year, and their experience only lasts a few years, until they graduate. Financially, the organisation has the status of a not-for-profit organisation that is exempt of taxes, but also should not distribute profits of its operations. On the local level, it receives most of the revenues by charging an exchange fee and organizing relevant projects for the community. Another financial source are grants offered by the local student organisation, city or the state. AIESEC members apply for those grants with a program/project, that matches the criteria. Most of the costs come from running operations and paying yearly

membership fees to AI. AIESEC achieves its impact by offering challenging experiences: Students, young people have an option to join the organisation in a team or go on an exchange. The exchange can be either professional or volunteering. Internally, towards its members, the impact is achieved by providing every member of AIESEC opportunities to work on projects and provide them a set of core values that they should live by every day. AIESEC develops the leadership potential of young people by engaging them early on with a values-based environment that shapes their behaviours. Enabling them to be empowered with these AIESEC values throughout their lives, helps them make more responsible decisions that positively impact the world. The core AIESEC values are:

• Striving for Excellence
We aim to deliver the highest quality performance in everything we do. Through creativity and innovation we seek to continuously improve.

• Demonstrating Integrity
We are consistent and transparent in our decisions and actions. We fulfil our commitments and conduct ourselves in a way that is true to our vision.

• Activating Leadership
We lead by example and inspire leadership through action and results, taking full responsibility for developing others.

• Acting Sustainably
We act in a way that is sustainable for our organisation and society. Our decisions take into account the needs of future generations.

• Enjoying Participation
We create dynamic and welcoming environments which stimulate active and enthusiastic participation by our members.

• Living Diversity
We seek to learn from the different ways of life and opinions represented in our multicultural environment. We respect and actively encourage the contribution of every individual.

Usually people who join the organisation come through a series of events where they find out what AIESEC is and how it is different from other organisations. These include Induction seminars, Conferences, Workshops at the local level. Their experience in teams, as leaders, will help them become a more responsible person. Members that are engaged inside the organisation become changed people and use their values, skills and competencies to have a good impact on the society, also in the years after they leave the organisation. Internationally, there are conferences taking place all across the world,

offering AIESEC members the opportunity to connect and learn through interaction with each other.

People going for exchange programmes, whether they go for an internship or volunteering exchange, experience major shifts in their normal routines. This has a great effect on them, changing their values and offering them a chance to get to know more about themselves. By having such a valuable experience, AIESEC hopes they become better people that will activate themselves in the local community and try to tackle certain society's issues. For companies, AIESEC offers, on one hand, an internship program which offers them talents all over the world, and on the other hand, partnerships for some events and projects which would give them media attention and also provide them with networking opportunities. Companies, through engaging with AIESEC, become more aware of problems in the society. If they accept an intern, it also helps them create a more diversified culture inside the company. Primarily most of the activities come from providing exchange. Thus, most of the members have certain tasks in different functional areas to stimulate exchange. With their work, they can gain experience in marketing, finance, public and corporate relations, communication, presentation skills, leadership, team management, etc. Because of their acquaintance with such work, they become more sought for on the labour market after their AIESEC career.

AIESEC Ljubljana, aside from exchange programs, creates projects that try to tackle a certain cause. Two played vital role during recent years. One of them is Cultural Connecting that started in 2008, with the aim to lower intolerance towards different cultures among children and young people. Foreign exchange participants thus come to Slovenian schools and kindergartens and are part of their activities during their voluntary stay. With their presence and actions they enable the kids to experience their first contact with different race, culture and their first possibility to understand a foreign language. The younger the focus group, the more successful the project should be, as they become free of the burden of negative prejudice towards other cultures, races. Shape Your Future is another project that tries to provide guidance to high school students on their path to university. For a few weeks these high schoolers engage and interact with different people, learn valuable soft skills and go through guided workshops that benefit them when considering what they want to do in their lives.

2.2   Current Performance of AIESEC Slovenia

The information in this section is about current and past performance of AIESEC Slovenia. It was acquired from an interview with the current AIESEC Ljubljana LCP, Jan Walliser, and through internal archives they handed out to me. During recent years, the country's performance in exchange was dropping. There was also no consensus on which program would be best for the current state of AIESEC in Slovenia (see Figure 5 for more detail).

Figure 5. AIESEC Slovenia Exchanges, 2010 to 2015
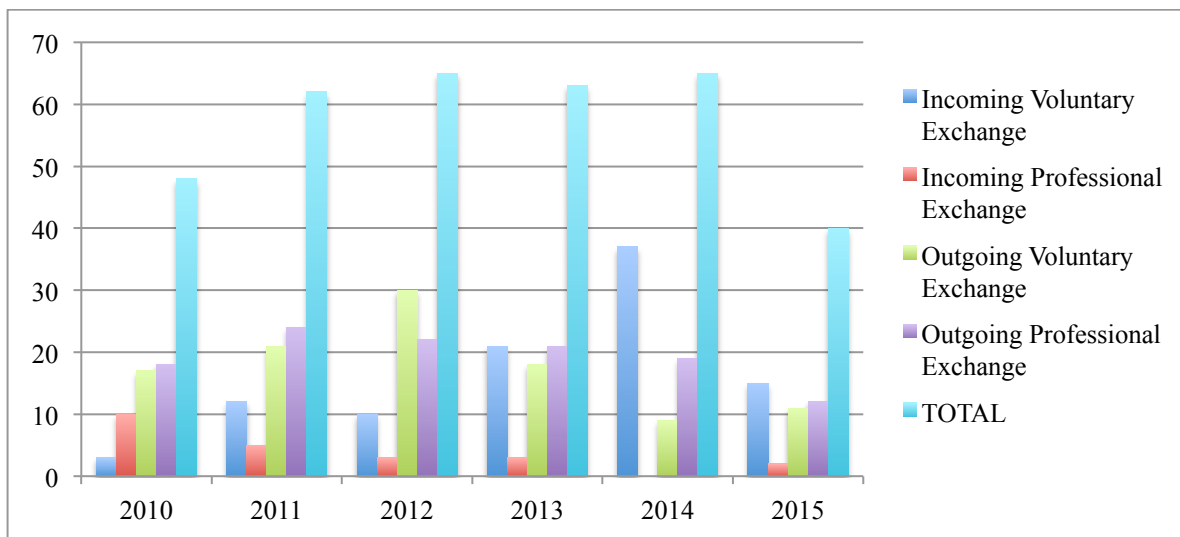
Source: AIESEC Slovenia, personal communication, October 21, 2015.

In the last year, AIESEC in Slovenia had just 40 exchanges, which poses the question whether AIESEC is even relevant in Slovenia. With such low impact on the community and fundamental problems, it is hard for AIESEC to be a visible and reliable institution. Local Committees believe otherwise, but currently only two (AIESEC Ljubljana and AIESEC Maribor) have proper EBs, with AIESEC Ljubljana making about 75% of total exchanges. There are also around 50 members across Slovenian communities and two thirds of those come from Ljubljana. To raise those numbers, not only does AIESEC Slovenia need to focus on placing local people (who are experienced and carry a lot of knowledge about AIESEC in Slovenia) into leadership positions, it also needs to have some sort of a long term plan. The usual AIESEC practice of national committee working on strategy and Local Committees working on operations is proving difficult for Slovenia. While members agree that having native, experienced people in the national committee would help immensely, the average duration of AIESEC career is still, on average, only from 1 to 2 years for leaders. With no one to apply for these important positions, the national teams (Member Committee, hereinfter: MC) were mainly formed of foreigners, who had little knowledge about the local reality. And with no real long term plan, every team introduced something new and thus performance dropped.

Past teams also left a substantial debt. MC teams are usually paid and have an eight hour working schedule, so lack of money provides little incentive for local people to work for AIESEC, rather than seek a job or an internship. Foreigners mainly apply for those positions to improve their resume, not because of internal motivation to help AIESEC in Slovenia. They usually take a few months before they get accustomed to the environment and the local culture and, because they stay only for a year, time is lost. Instead of strategy creation, they too, like LCs, focus too much on the operational issues. Their lack of knowledge in strategy and local reality prove to be the main reason why AIESEC in

19

Slovenia is underperforming. In the long term, AIESEC Slovenia, along with AIESEC Ljubljana, which is its main exchange contributor, aims to move up to cluster 3 among AIESEC entities (right now they are in cluster 4), which means improving exchange performance (see Table 2).

Table 2. AIESEC Clusters Based on Exchange Performance

Outgoing Professional Exchanges	Incoming Professional Exchanges	Outgoing Voluntary Exchanges	Incoming Voluntary Exchanges	Cluster Level
0-15	**0-15**	**0-80**	**0-80**	**4 => Currently**
16-50	16-50	81-300	81-300	3
51-130	51-170	301-750	301-750	2
131+	171+	751+	751+	1

Source: AIESEC Slovenia, personal communication, October 21, 2015.

They need to have at least three out of four predicaments fulfilled to move to another cluster. In order to do that they need to be extremely focused on growing operations.

2.3 Current Performance of AIESEC Ljubljana

The information in this section is about the current performance of AIESEC Ljubljana. It was acquired from an interview with the current AIESEC Ljubljana LCP, Jan Walliser.

Over the past few years AIESEC Ljubljana was in a rebuilding mode with little organisational focus and each generation trying out something new. No continuation brought low results. Past planning processes were done more on the basis of what the EB felt they could achieve, instead of some solid data-backed ground, therefore they lacked knowledge in strategic goal setting. Usually, they overestimated their planned numbers, reason being, that if you set high goals, you will achieve more, even though you will never actually reach that number. Plans were backed by little data they could grasp (SWOT analysis, past year numbers) and forgotten during the year as they dealt with the problems at hand. Most of those plans failed because they did not stick to them. They lost their focus and dealt with many unnecessary issues. Too often, the prevalent state is 'firefighting' – constant problem solving, which causes you to lose sight of your goals.

In the last 12 months AIESEC Ljubljana has done a mediocre job, as the potential for growth is much higher than current performance:

- The performance in terms of exchange clearly dropped as the numbers fell by 30% (25 exchanges in the past year), and they believe the potential is far into the three digits.

20

- Members were also not included enough in the work, doing more of a secretary job, carrying out some unimportant tasks, as EB carried most of the workload. Thus, members did not achieve results, did not develop and lost the motivation and sight of what the organisation tried to do.
- As a whole, the organisation fundamentally wanted to build a base or structure, something that they can build on, in terms of processes, how things are done. They wanted the back office functional areas (Talent Management; Finance; Marketing; Business Development) to support the front office, core business functional areas (Outgoing Exchange; Incoming Exchange). They did not achieve that because of internal disagreements.
- Last year's focus program was on Outgoing exchange, because they strived to better the financial situation. It offers low risk and has high potential for growth. Only 13 Outgoing exchanges were made.
- The focus was also on Talent management, as they were trying to develop it more, to support other functional areas. They clarified Job Descriptions, but they only partly introduced Team Minimums. Buddy System has not yet been undertaken.
- They also tried to evolve and innovate in partnerships, but did not actually reap any benefits of that.

Currently, member wise, they are below average, compared to the peak number of members throughout the year. But not all is bad, because they managed to keep a good amount of old members and, considering the next recruitment is just around the corner, the number of people is still above what the organisation usually has before recruitment stage. Thus, as a whole, the organisation has more than 20 members, which is a relatively stable base to build upon. Ideally, member base would be around 50 people to keep up with the work at hand and also dealing with retention and member development. Because when people leave, processes stall. Table 3 shows the membership information, along with productivity ratio. The latter is not actually that low (AIESEC entities strive to have average productivity of 1), though the majority of exchanges are done by the EB, instead of members.

Table 3. AIESEC Ljubljana Membership Information, 2010 to 2015

Members & Productivity	
Average number of members	**34,5**
Total number of current members	**20**
Desired number of members	**48**
Average productivity	**1,16** (exchanges per member)

Source: AIESEC Ljubljana, personal communication, November 10, 2015.

Bad performance does not stem from not having enough members. The core of the problem lies in the fact that members do not actually understand what the organisation is trying to achieve. Proper strategy does not exist for AIESEC Ljubljana, neither does it exist for AIESEC Slovenia. AIESEC, globally, has good, developed strategies, but they are somehow not relevant for local entities, they are, in essence, more appropriate for developed entities. AIESEC Ljubljana's level of operations is about 5 years behind those entities. Plans are thus very difficult to realise as the organisation lacks base knowledge to create strategy.

AIESEC Ljubljana does not have a mission or vision statement, so they lack organisational clarity in what they try to achieve. They do not know what type of impact they want to create, so they cannot measure how far they have created it. Therefore, performance measurement is done only halfway. There are a few Key Performance Indicators, such as: No of exchanges, People EWA (Engaged With AIESEC; in events), People raised for exchanges from promotions, No of members, Applications for leadership positions, Team minimums, Financials (Profit, Loss, Cash flow). They look at them on a weekly basis, but what these numbers lack is the reasoning behind them. They do not lead to achieving a specific objective that would mark a path towards mission fulfilment. Instead, they offer different, biased aspects, which everyone has their own subjective view about. There was little engagement with the corporate sector because of lack of knowledge, so everyone struggled to present what AIESEC actually does in the right way. What AIESEC Ljubljana offered to companies was not something they were looking for. In addition, they simply did not approach them enough. Finding out their customer's needs and tracking them has also not yet been undertaken. At the moment, there is no system in place to provide them with any performance related measures in this field. They rely on finding out things from conversations with their customers.

The first issue to solve is having a strategy, to figure out what they want to achieve and how. Since the organisation is barely sustainable, next on the list would be optimization of process flows in different functional areas, especially Outgoing Exchange, as that would help them improve their financial position. They need structured, planned processes that are done automatically and focused on customer service. Optimization would allow them to focus on improving other things, like increase relations with sponsors, applying for more grants and developing partnerships. They need to also discontinue all unprofitable activities, because they cannot afford to run them. Most of the problems stem from not having good processes that would deliver on what they promise. Instead, constantly, issues are created on the way to implementation of processes. Conceptually, they might fit, but they never create enough results to know if the problem lies in the process or the content of the program/project. For example, the most important program of Outgoing Exchange was not even promoted enough, neither were there any customer feedbacks taken to find out if the cause of low number of exchange lies in the content. That is why the optimization of process flows is a priority.

2.4 Overview of AIESEC Ljubljana's Past Strategic Management in Selected Periods

This section provides a historic outlook of past strategic endeavours in AIESEC Ljubljana. It is based on the interviews with three former influental members in AIESEC Ljubljana.

2.4.1 AIESEC Ljubljana from 1989 to 1992

Edita Krajnović was a member first, then Vice President of Marketing and Local Committee President in AIESEC Ljubljana 1991-1992. She is currently an entrepreneur, director of the company Mediade d.o.o. Her company is specialized in content marketing.

During Edita's time in the early 1990s, performance of AIESEC in Ljubljana was very good, if not great. Membership was growing immensely, in fact, from 1989, when AIESEC Ljubljana had around 30 people, they grew to have about 100 members in 1992. The members they had were really engaged, dedicated and motivated. Ljubljana was the best among Local Committees, in terms of numbers and also the most advanced. There was also AIESEC in Kranj & Maribor as part of AIESEC in Slovenia.

The main customers in those days were members and companies. For members, they offered exchange, event participation (for instance – Job Fair), conferences, organizing team experience, summer activities, while companies were mostly involved through internships and events. Organisation was focusing on growth and development, at the time. They also wanted to make relationships with the business community. They set up the first Board of Advisors (hereinafter: BOA), which involved Dr. Janez Drnovšek (who was the Prime Minister of the government at the time) and Dr. Danica Purg, and were, in general, really ambitious about who they would have in the BOA, to learn from them. This placed them on the business environment map. Exchange numbers were not as high. This is due to the political situation, connected with the fall of Yugoslavia. It was a time of intense changes, and exchanges were not the primary focus of the organisation.

Internally, it was a learning organisation that did not put much effort in making a strategy. They seldom used strategic tools. As Edita recalled, 'we did not strategize that much. A project came and we all enthusiastically worked on that project. All these instruments about planning were not so developed, or they were but they were not used.'

Projects were done on the spot, with people correcting for their own mistakes when projects failed and improvised when experiencing problems with the execution. During that time, they learned, so they gained more experience in this way. The instruments for measurement were not so developed; compared to AIESEC in Belgrade, Ljubljana was far behind in strategic knowledge and tools. Despite the lack of formal strategy, operationally, they did not 'firefight' issues. Instead, because of high motivation among members, all

problems were dealt with immediately. People dedicated most of their time to AIESEC and had a clear goal of what they wanted to do, so they found a way to execute, in order to achieve it. Because of that, plans, strategies and measurements were only made when needed.

For performance measurement they used only a few key indicators: financials, the number of exchanges and the number of memberships. The reason for such limited amount of metrics lies in the fact that they actually focused more on what type of energy was inside the organisation, which could never be translated in a definite number. They were volunteers, and while work was important and had the primary position, having fun was seen as an underlying precondition in all activities. For recruitment they used physical promotion, then they educated their members. The great performance was in large part due to good 'successorship'. Leaders mentored their members, giving them knowledge whenever they needed it. People were challenged to achieve more and be ambitious about their goals. It was a slow learning process, but members were given a lot of responsibilities so they could learn on their own. Communication was sometimes an issue. Goals were not properly communicated, so members sometimes did not understand what the leaders wanted to achieve. There were also conflicts about how much workload should be put upon members, because AIESEC is, after all, a youth organisation. But the ambition caused the transformation of AIESEC Ljubljana into a more professional organisation, so work prevailed over pleasurable activities, during that time. AIESEC had entrepreneurial spirit, a vision, and was led by visionary people. They strived to be efficient in order to achieve all those goals they set out for themselves.

Compared to AIESEC in her days, AIESEC in Slovenia, in general, now lacks a sense of purpose in Edita's opinion. It is looking to be efficient about nothing. It lacks identity, and people who lead it are usually not experienced enough or have little knowledge about the local reality. Each generation should reinvent the organisation, and AIESEC Slovenia, right now, lost its positioning because of not reinventing itself. It is detached of the spirit of the time, the time which offers great possibilities for young people to make a change in the world.

2.4.2   AIESEC Ljubljana from 2008 to 2010

Nastja Stojanovska was a member, part of the organizing team for the project of Cultural Connecting (which was not related to exchange), part of the organizing team for 55th anniversary of AIESEC in Slovenia, Vice President of Finance for AIESEC Ljubljana, Vice President for Finance for AIESEC Slovenia, Member Committee President for AIESEC Slovenia and Chairman for Internal Control Board for AIESEC International. Her current position is the supply chain analyst for Studio Moderna, a multi-channel marketing company.

Nastja graded performance of AIESEC in Ljubljana, during her days, as mediocre to good. In its 'heyday', when Nastja held the position of VP for Finance in AIESEC Ljubljana, the organisation had around 60 members and did about 30 exchanges per year. They offered several services. They offered experience based learning for members, through workshops, conferences, projects and education from their functional area's VP. To others, they offered a chance to become a member or go on an exchange. The main focus was financial survival/sustainability and increasing the number of exchanges and memberships. Below are a few things that AIESEC Ljubljana achieved during that time.

Positive:

- Increased number of members
- Increase in the quality of membership (not only an increase in the number of people, but in the number of engaged people)
- Retention rate was higher than in the previous years (they also found new positions for people that did not want to take over as leaders, but still wanted to develop inside the organisation)
- Selling to companies increased
- Incoming exchange, in general, was good
- Selection criteria was introduced to membership & exchange
- The brand got better

Negative:

- Bad transition (they had great successors, but not enough stress was put on how to maintain the level of performance, it immediately dropped after the old EB their term)
- Bad relations with the MC (big conflicts at inappropriate times took a lot of energy)

Internally, AIESEC Ljubljana wanted its members to have an impactful experience. Members needed to be educated and then challenged to take different positions. This would raise their responsibilities and allow them to grow. Education of members started as part of the selection, immediately after information meeting (which invited members to myAIESEC day). MyAIESEC day provided part education, part selection (future potential members got to know what AIESEC is about and also went through some tasks, to evaluate them). Next, members got allocated to teams, and started working with their team leader to get specific functional education. During their first two months, there was also a national conference which was mainly shaped to motivate members and also educate them in their functional area operations. After all that, they were ready to start working on their own in the functional area they were situated.

Externally, most of the impact achieved was inside the companies and schools that the Exchange Participants came to, and in the personal and professional growth that students that went on exchange experienced. Brand image got better due to increased advertising and better relations with the corporate sector. AIESEC Ljubljana advertised wherever it was possible and did not hesitate to approach potential clients through modern media. Additionally, they still used physical promotion, classroom presentations, stands and presence at youth events. In spite of so much effort put into getting students, the main focus was still to make contact with companies.

In terms of strategy, Nastja said, 'Nothing was developed beyond our term, we were really focused on our term and growth.' Because of the focus on the passing year, there was no real strategy in place, usually, only plans were made. Therefore, a really long-term view was not present at the time. AIESEC Ljubljana did have a short term vision though, specifically, the vision for AIESEC Ljubljana in 2009/2010 was: 'AIESEC Ljubljana is recognized as a number one choice for high potential and ambitious young people who want to experience quality international internships and leadership opportunities. Reliable cooperation and professional attitude makes us highly respected among our partners. Through our activities we develop socially responsible change agents who are creating positive impact on the society.'

Not having a long-term vision is partly due to bad financial situation. AIESEC Ljubljana was facing debt and needed to maximize its performance in order to repay the creditors. Therefore, only short-term tactics for the duration of each term made sense. They were really focused and were ambitious about their goals. They knew what they needed to do in order to grow, rise, both in members and exchanges. This focus provided clarity, which in turn meant that communicating goals was easier. About 70% of the members knew what the organisation wanted to achieve. The goals they set in the beginning were not achieved though. They were far too ambitious and could not be achieved in a healthy way. The problems and conflicts sometimes also stalled processes, which additionally lowered the execution of goals. Problems were dealt with at hand, when they occurred. That usually meant 'firefighting' issues. This is accredited back to the financial position, because it did not allow them to devote much time to planning or strategizing.

In spite of the prevalent short-term perspective, there was not a lack of strategic knowledge among leaders. Actually, the EB was acquainted with the Balanced Scorecard, but considered it to have too many metrics, which would lower the focus of what they want to achieve. They discontinued a few activities and projects during that time that were not focused on exchange, which shows strategic thought was present. They also used a few strategic tools to help them during goal setting. For strategic planning they used past historical data, SWOT analyses and budgets. Usually, approach was to have team meetings where they brainstormed about different ways to solve problems. For operations, they relied on GANTT charts and pipelines. The key indicators for performance were exchange

metrics, financials and membership metrics. They thought it was sufficient for the need. Information about customer satisfaction came from face to face meetings and the feedback they got from clients. Even with corporate partners, a constant follow-up was the only indicator of how they were doing regarding their customers.

Nastja stated that a long-term strategy would be sensible for AIESEC Ljubljana, but it would be just the start. The reason why each generation underperforms is due to bad succession. Engaging the people that do not want to become leaders to stay in the organisation longer and continue the work of the previous generation is crucial. Therefore, every organisation needs succession planning and member development. A lot of times members either become VPs or they exit the organisation. That is a loss of capable members that usually takes a lot of resources to substitute. Improving this would also make AIESEC members into high quality talents, which companies seek out. A lot of times, when conversing with companies, the unprofessional attitude averts potential sponsors or donors. They do not see a return on their investment, because of the low level of knowledge and ambition that AIESEC members carry. Having bad members really hurts the organisation's image.

Another thing that would benefit AIESEC Ljubljana in the long term would be building on the alumni network. Former members are experienced and offer access to corporate ties that could financially support the organisation. Her wish for the future of AIESEC Ljubljana is to have stable, growing impact to diverse sectors (corporate & non-corporate) and trans-generational inclusion of leaders and members in AIESEC.

2.4.3   AIESEC Ljubljana from 2012 to 2014

Uroš Kermc was first a member of External Relations functional area, part of Organizing Committee for the National Conference, part of Organizing Committee for the AIESEC 60th anniversary, Project Manager for Youth to Business event, Member Committee Vice President for External Relations & Finance. Currently, he is a student of International Full-Time Master Program in Business Administration at the Economic Faculty of Ljubljana, Slovenia.

Uroš Kermc's grade of performance, about the time he was in AIESEC, is good. He acknowledged the fact that some things were not done, but saw the members as productive and achieving their goals. The focus during those years was to increase the number of exchanges and create more partnerships. While those numbers certainly went up, they were still not on the desired level, especially with partners. During its peak, AIESEC had over 30 members and did more than 50 exchanges, although when Uroš was leaving the organisation, the numbers clearly dropped to about 10 members and around 40 exchanges.

EB had a strategy, but more in terms of steps that you have to make in order to achieve the goal. For planning, they used SWOT and similar analyses, rarely historical data. He did not view it as a big problem and saw firefighting as a natural state of affairs for AIESEC. Since people inside the organisation change constantly, and you would need a lot of time to develop a proper strategy, it is only logical that it is a normal occurrence. Also, things do not always turn out the way you predicted, and learning through those experiences is very important.

The biggest issue at that time was the lack of legacy from the previous generations that had already left. There is usually no transition between former and current members, which causes you to always reinvent your approach. Members should be educated and given the information they need, when they get to a certain position. Otherwise, you always start on ground zero. Additionally, members should have a common purpose and not a completely different idea of what AIESEC is about. Another problem area was how AIESEC Ljubljana dealt with externals. For students who go on a professional exchange, the payment system is completely inappropriate; they have to pay a large sum of money in advance, but are not guaranteed to get an internship. To companies AIESEC does not offer a competitive advantage. 'They just do not see the additional value in the investment in this youth organisation', he said.

In general, AIESEC's impact on the local society is mediocre to Uroš. Members who work for AIESEC get the most impact, while outside community only gets to know AIESEC through events and does not have a lot of tangible output. That low impact makes AIESEC irrelevant towards the society. It is time for it to be relevant, but it is not. People do not remember it for what it is, because it is not present enough in the local community. Internally, AIESEC should focus on quality experience for members. It is not about the idea of having 100 people, but having 30 people who are really devoted. Members do not connect society enough to AIESEC, in his opinion. There should be considerably more events that are socially oriented, or those projects/events that are already in place should focus on engaging more people. Also, there needs to be an incentive for companies to partner with AIESEC. When you start partnerships, you should offer the company event participation for free, and all of the next events should carry a fee. The idea is to offer companies something that they are satisfied with, and then they would return and be willing to give some money to AIESEC. A big part of AIESEC should be business. While they are good with exchange, the corporate view is somehow missed.

In the future, for the year 2020, Uroš envisions AIESEC Ljubljana as the number one exchange provider among all student organisations, with at least twice as many partners as they have now.

3 DEVELOPING A NEW AIESEC LJUBLJANA STRATEGY FOR THE PERIOD 2016-2020

3.1 Methodology

Developing a new strategy was done in phases. Methodologically, a few steps were needed before the actual formation of the strategy. The first step was to talk with the current leaders of AIESEC Ljubljana about different ways this strategy could be done, since there are very unique approaches to this issue. The core decision was about who should be involved in the process of making it. Since the term/mandate in AIESEC Ljubljana changed during the process, it made sense to wait and form it with experienced members who were still around when the new term started. We decided it was best if only a handful of members were involved, because there might be too many opinions during the development, which would stall the process. Current EB was the best choice, even though some of them have been in the organisation for less than half a year. They were most interested about fixing current strategic issues, and were officially responsible for the future of the organisation.

The next thing was to figure out which strategy tool would be the most appropriate to introduce a wholesome approach. Since there were many levels of operations running without a clear sense of purpose, a holistic way was needed. There are many strategic tools, and picking out which would be best proved to be difficult. Indeed, when scrolling through strategic books, authors propose different tactics to tackle the issue. But no approach is as holistic and widespread throughout different organisations as the Balanced Scorecard. When I first introduced it to the current LCP, we both held doubts if a long and substantial implementation of such a strategic tool is what we need. But the more we conversed, the more we believed that the root of the problem lies at the very heart of the organisation. Figuring out a sense of purpose, envisioning the desired state, then forming a strategy with the help of a strategy map and introducing performance measures seemed the best choice, as it starts out with the core of who you are and then proceeds to more and more detail.

Once we resolved who and what should be involved in the process, we needed to decide on how to form the strategy. A long implementation process at a remote location, with a lot of time and resources is recommended, but because of the financial situation and the current operational issues the organisation was dealing with, we needed to do it quicker. There was no time for them to read through summaries and past case studies of the Balanced Scorecard implementations. Instead, I needed to facilitate concise and compelling sessions, which would give them the sense of urgency and enough knowledge to understand and be proactive in the process of formulating a strategy. The decision was to have sessions at the end of each week. Initially, we planned on doing six sessions, which would be ideal, but

later on, because of time restraints, there were only three. Table 4 provides a quick overview of activities that we had to make to introduce the Balanced Scorecard.

Table 4. The Sequence of Activities in the Process of Strategy Development

	1st Session	2nd Session	3rd Session
Date	February 28, 2016	March 20, 2016	March 28, 2016
Participants	EB of AIESEC Ljubljana & myself	EB of AIESEC Ljubljana & myself	EB of AIESEC Ljubljana & myself
Subject	Introduction to Balanced Scorecard, Finding Purpose & Envisioning the Desired State	Developing Strategy	Developing Strategic Performance Measurements
Results	• Basic Balanced Scorecard knowledge • Mission • Vision 2020	• Strategic issues analysed • Objectives created • Strategy map	• Measurements • Data dictionary for each measure

3.1.1 The first session – An introduction to Balanced Scorecard, finding purpose & envisioning the desired state

At the beginning of the session we first got to know each other through a personalized ice-breaker game. Next, we looked at the past performance of AIESEC Ljubljana, through graphics and data that was available. I gave them a questionnaire to officially declare there is a need for a change (see appendix). The results proved we were on the right track. After that, I introduced the Balanced Scorecard. We looked at different videos describing what it is and what could be expected from it. Visual representation in pictures brought more eyesight of what was to come. We reviewed it afterwards, to really sink in this complex tool that Balanced Scorecard is. Later, we looked at the different organisational terms like values, mission, vision and strategy to clarify conceptual differences between them. We also made a very simple fictional case study. We formed an organisation called H204U (Water for you), whose mission was to provide clean, drinking water in Africa (see Figure 6). We named different objectives in the four perspectives and assigned relationships between them. We talked about how a story develops through viewing your organisation from the four perspectives and that it really determines how you run your business. Then we took a random objective and appointed appropriate measurements to define its performance. Since they could now completely comprehend the Balanced Scorecard and its components, it was time to start with the opening move towards the formation of the

strategy. We formed the mission and vision with the help of guiding questions and inspirational videos. Then we filled multiple flipcharts, with various, proposed word phrases and proceeded to connecting them into a sensible result.

Figure 6. Balanced Scorecard of a Fictive Not-for-Profit H2O4U
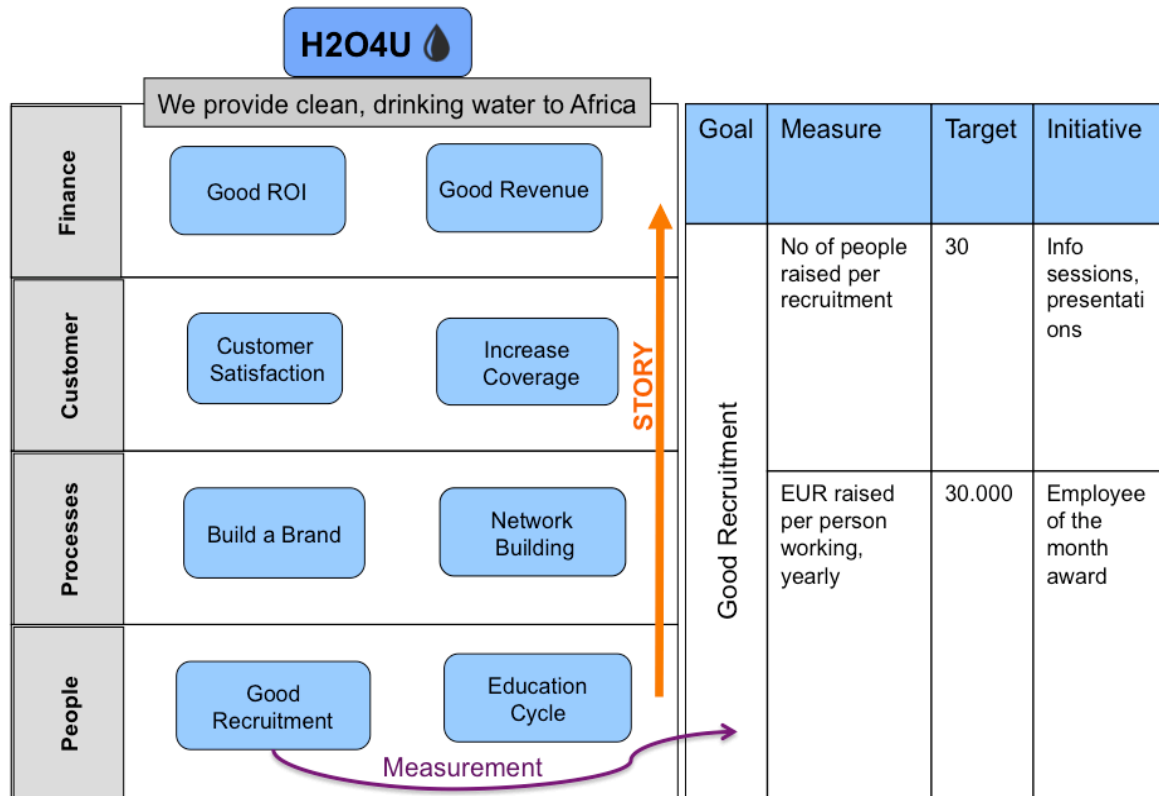
3.1.2 The second session - Developing strategy

The second session was the pinnacle of the whole process. The strategy that we would form could define where the organisation is headed in the next few years, so everyone understood the gravity of the session. To make a strategy we needed to know what strategy is. We looked at various definitions and created a concept that we could all understand. After defining it, we studied the usual approach to strategy formulation. We looked at all the steps in the process and then compared them to AIESEC Ljubljana setting. Were those steps already done, or are they still needed to be made in order to come up with a suitable result?

Actually, what we found out was that most of them have never been performed, and those that were, were not done properly. But, because of time restraints we were hesitant towards making, for example, an environmental scan. It would take months and a series of surveys and other indicators, to really create a background on which to build on. We decided, we were going to use this step later, when making the strategy map, and form objectives out of that. In the end, just the last few steps were really made at the session. We came up with

strategic issues, then formed different strategies, actions that could solve them. After that it was time to head towards the strategy map and putting objectives into the four perspectives. This time around, as opposed to the first session, we really looked into detail of each perspective. The most difficult was the Customer perspective (then renamed into External Relationships), because it was the first one. Bit-by-bit we dissected it, with each question taking significant amount of time. For instance, when we were choosing the best customer value proposition, a lot of proposed objectives, sounded like they could fit under different approaches. So we needed to affirm what is actually AIESEC's position in the market, and what do we want it to become towards customers. Objective setting in other perspectives also took a large chunk of time, because of the difficult connections between the different perspectives.

3.1.3   The third session - Developing strategic performance measurements

Measuring different objectives, came as the last big chapter towards making a complete Balanced Scorecard. I made sure they had the perception of how important measures are by giving them various quotes about performance measurement. After that, we looked at the distinctions between different indicators, where I solidified their knowledge by providing tangible examples. For instance, we looked at the lead and lag types of measures through the simple case of losing weight.

This session was not as informative though, as the previous two were. Mainly, the discussion between possible measurements and its associated advantages and disadvantages have been the main issue. After choosing each measurement, we filled out its data dictionary to clarify the indicator down to its very components. Beyond that point, we only stated a few initiatives or actions that could target up the associated measurement. Unfortunately, there was no time to make the last few steps in Balanced Scorecard introduction. Cascading, creating a software tool for measurement, dashboard data indicator and similar matter, were therefore left out.

3.2   Results

When we decided to collaborate and work on the strategy, there was no official vision or mission in place that we could build upon. Instead, there was a broad idea among members of what AIESEC is about, what it does and how it works. But as Sinek said, 'Every single person, every single organization on the planet knows what they do, 100 percent. Some know how they do it, whether you call it your differentiated value proposition or your proprietary process or your USP. But very, very few people or organizations know why they do what they do' (Sinek, 2010). The key point to any organisation's success is to know its purpose, cause or belief. That is why, the first thing to do when designing a strategy is to form a mission or a vision, that would guide you the rest of the way when

you are making decisions about different objectives, plans, strategies, targets, activities, etc.

3.2.1 Mission

To develop a mission we needed to find a reason why it is essential and why should we form it at this point in time. For that, we had to first assess the state of AIESEC in Ljubljana right now and look at historical trends. Broadly speaking, the underlining issue that the organisation constantly deals with is 'firefighting', due to improper planning, lack of focus and bad transition. Its members resemble children on the beach that build some creation out of sand each year, only to be destroyed by the next wave that comes around. With such an unprofessional approach there is a constant need for AIESEC members to 'reinvent the wheel', and what that causes in the end is little impact. Throughout multiple generations AIESEC in Ljubljana stagnated to the point where it can barely cover for its operations. An assessment was given to the working group (for guidance, see appendix), in order to prove there is an explicit lack of strategic approach in the organisation. With the answers validating the assumption, we proceeded towards introduction of the Balanced Scorecard strategic tool, which gave them the eyesight of what is to come.

Missions really define why certain organisations exist. It comes out of a need that was observed in the society. Missions tend to be short, concise statements that serve as a compass towards the right decisions and actions taken. It should answer who you are, whom do you serve and why do you exist.

When we were discussing different statements and considered each other's point of view, we made sure to stick to the rule of not having more than eight words in the mission, as that leads to creating statements that appeal to no one (Starr, 2012). Long statements also tend to point in the direction of being all things to all people approach. We did not want that. Despite that, we also focused on the question of why we exist, leaving out the rest of proposed questions, to really create a core statement that is simple and clear. Thus, broad statements describing what we are like: 'We are a youth movement' or 'Platform to make exchange', were put out immediately as they were not answering that question. We encircled the actions that best describe what we actually do, such as 'Activating people' and 'Raising awareness'. We also put together common themes and then chose the priorities. In the end, we tried to form a statement. Since we saw the problem of inactive youth all around Slovenia, we envisioned AIESEC as a sort of community that is the voice of youth, and serves as a catalyst for change. Therefore, the end statement was:

We activate youth through experience, to take initiative.

Even though it might sound mechanical at first, it basically answers what we do, how we do it and why we do it in just eight words. That is what we wanted.

3.2.2 AIESEC Ljubljana vision 2020

Designing the vision proved to be more difficult than forming a mission. Balanced Scorecard's second step is to make a vision, which is a visual representation of where an organisation is in the future. It could be placed anywhere in time, but usually visions are really long term. In the third-generation Balanced Scorecard, which corrected for the mistakes of previous generations, the process starts with making a destination statement that is a one or two page document at a defined point in the future, three to five years away, if the current strategy was successfully implemented. So we made the decision that it would be best if we were to design a mix of both. Our vision would represent a word picture, describing what the organisation is, if you were to move into the future. It would be realistic, so someone down the line could confirm if it was achieved or not. To be in accordance to that, we did not want to go too far in the future, and since strategies are usually built for a few years in advance, we decided it would be best if that vision would be placed in the year 2020. Since destination statements are longer and contain a lot more detail than visions, we would make it in a way that would contain numerical information and would describe the state from the view of the four perspectives of the Balanced Scorecard. That is why we decided, it is best, if we formulate it after all the objectives have been formed and strategy is already set. This is what we came up with at the end:

We are a movement of young people that drive change towards active society. Everyone engaged with us are aware of society's problems and take initiative to solve them, while inspiring others to do the same. They become better leaders because of that. We are self-sustainable and able to invest in impactful projects. Our brand is recognized across local community and stands for change in the society. Young people, going on exchange, contact us, as our name guarantees them a life changing experience. More than 90% are satisfied with our programs, thanks to our support and a chance to create projects after their exchange. About 30% of them stay proactive when they re-integrate in the society. We realize over a 100 exchanges per year, most through Voluntary Exchange, and are the main reason why AIESEC Slovenia is in cluster 3 among AIESEC entities. Our processes are efficient because members understand AIESEC. They have enough knowledge and possess necessary skills to perform the tasks they need to do. They thoroughly enjoy their AIESEC experience, and 70% of them go through complete inner and outer journey. Our culture stands out among youth organisations and entices others to join.

3.2.3 AIESEC Ljubljana strategy 2016-2020 – Strategy Map

Strategy formation is the core of any Balanced Scorecard methodology. It is an essential component as it guides from your cause towards your actions. Before this tedious task that takes a lot of deliberation, we needed to understand the basic conceptual differences between strategies, objectives, and activities.

We defined strategy and looked at the common approach to making it: From the steps of performing environmental scans and conducting a stakeholder analysis towards developing strategies from the identification of major strategic issues in AIESEC Ljubljana. Real formulation started off here; brainstorming the issues and putting them together to form common themes of strategic issues. We cleared away strategic issues from operational dilemmas by checking if the problem could not be solved in less than a year. If it was longer in nature, then it stood as a strategic issue. After that, we proposed a few different actions that could solve them. These issues and actions would then lead us into the creation of objectives. Table 5 shows the selected strategic issues, which were made in a seven minute brainstorming session. We then proceeded to find the necessary actions to solve them, as this would help us when making strategic objectives.

Table 5. Strategic Issues in Current AIESEC Ljubljana's Operations and Proposed Actions to Solve Them

Strategic issue	Proposed actions
No inner journey of members throughout their AIESEC career	• Workshops to set their personal goals • Roles set according to their ambition • Trainings and coaching to provide guidance
Bad brand image	• Ensure quality delivery to all stakeholders • Start media relations • Alumni events
Little knowledge of the environment	• Market research • PESTEL analysis • Stakeholder & competition analysis
Meager relations with the corporate sector	• Raise corporate partners • Value delivery for clients • Long-term corporate relations
Creating little impact in Slovenian society	• Implement reintegration process for exchange participants • Impact focused exchanges • Increase quantity of exchanges
No continuity	• Better transition • Online database • Regular strategy meetings • Alignment with MC
Bad execution of plans	• Tracking results • Keeping focus • Staying true to our values
Poor communication	• Improving synergies • Guidelines for effective communication given • Personal meetings instead of online messages
Financial sustainability	• More grants written • Project sustainability planning • Increase quantity of exchanges
Weak understanding of AIESEC among members	• Workshops for members • Pushing members to apply for leadership positions • Visit international conferences

A visual depiction of strategy is called the strategy map. It is its centrepiece; a one page diagram depicting organisational goals and the links between them. In the words of the originators, 'from a larger perspective, strategy maps show how an organisation will convert its initiatives and resources—including intangible assets such as corporate culture and employee knowledge—into tangible outcome' (Kaplan & Norton, 2000).

The initial step is to come up with objectives for the four different perspectives (Financial perspective, Customer perspective, Internal Processes perspective, Learning & Growth perspective). As not-for-profits care more about impact than profit for shareholders, the conventional objective setting always starts off with the customer perspective. We decided to stick to that and start off by setting objectives in that perspective. We just renamed it to External Relationships perspective (found in the 3rd generation of Balanced Scorecards), because customers are not an easy term to define in AIESEC. While obviously serving companies and young people that want to go on an exchange, internally the customers are also members. So External Relationships clearly defines that the perspective is not from the point of members, but towards external stakeholders.

We also decided we would keep financial perspective on top, which is more common for corporate strategy maps. Here, we not only wanted financial outcomes, instead, one part should also lead towards mission fulfilment, so we set up the name of the perspective as Stakeholder Expectations. Internally, they expect to be financially sound, while still delivering the impact to the society externally. We saw this perspective as the most important one in order to guide us towards the mission. It would involve both financial and impact aspects. The other two perspectives were named Processes & Capabilities and Organisation & Culture (which are relatively similar to the original propositions). We also decided to use 10-15 objectives on the whole strategy map, as that would be a concise and simple way to understand the strategy map. Each perspective would thus not contain more than 3-4 objectives.

3.2.3.1   External relationships

When creating objectives for this perspective, we asked ourselves: Who are our customers and what must we do well to satisfy them? But, before that, we first needed to find out who the real customers were and who the main one among them was. Since AIESEC has very different activities and does not serve just one group of people, its impact is somewhat spread out among different stakeholders. First of all, it sends young people abroad, while simultaneously working with students who come to Ljubljana for exchange. It also provides programs for companies and cooperates with different non-government organisations. Additionally, customers are also members, as they get the AIESEC experience (we decided to leave them out of the discussion, because they are not directly buying AIESEC products). In order to determine AIESEC Ljubljana's main customer, we looked at which group's disappearance would cause them to be irrelevant. Considering

AIESEC is based around youth, we chose that group as the main one, because if that group left, it would cause AIESEC Ljubljana to close down. Therefore, young people in general, who they are trying to build into better leaders, are the main customer. Then, we focused on the question: What do they demand? We came up with a list of their expectations (see Table 6).

Table 6. Expectations from Stakeholders Towards AIESEC Ljubljana's Services

Exchange participants' expectations	Companies' expectations
Meeting new people	Professionalism
Having fun	Value delivery
Professional experience	Access to international talents
Networking opportunities	Fast and simple selection process
Create impact on society	Working platform for recruitment
Support from AIESEC	Integration into local AIESEC activities
Apartment	Low price of contract
Safety	Suitable candidates
Integration & Reintegration	
Working online portal	
Low price of exchange	
Reliability	
Smooth process	
Transport provided	

Since they cannot deliver on all expectations, we needed to choose a value proposition that would give them the right approach when forming a strategy for their customers (Figure 7 shows the respective value propositions).

Figure 7. Customer Value Propositions

Product Leadership
- Product leaders push the envelope of their firm's products. Constantly innovating, they strive to offer simply the best product on the market.

Customer Intimacy
- Doing whatever it takes to provide solutions to unique customer's needs helps define the customer intimate organisation. They do not look for one-time transactions, but instead focus on long-term relationship building.

Operational Excellence
- Organisations pursuing an operational excellence discipline focus on price, convenience, and often 'no frills'.

Source: Adapted from P. R. Niven, 2008, p. 171.

The problem with this approach comes from not having enough budgetary resources to introduce such a personal approach and restraints originating from AIESEC International towards the products AIESEC entities can offer. For example, the financial position does not allow them to provide coverage of fee in case the customers were not satisfied with their program. They also cannot guarantee that AIESEC in another country will provide them with the same level of quality that AIESEC Ljubljana gives them. There were a lot of problems in the past when students complained about a certain exchange. Additionally, there is not much room for innovation in terms of what they offer to their customers, as AIESEC only offers voluntary and professional exchange.

Therefore, we also needed to use another value proposition to cover for the setbacks in Customer Intimacy. Based upon the interview I had with the current president, the three main issues were: 1-not having a strategy; 2-financial sustainability; 3-slow processes. It made sense to use Operational Excellence, as it covered for two of those issues. First of all, it focuses on your operations. In the past, slow process flow, mistakes when sending people abroad and unprofessionalism have really deterred the customers from buying into what AIESEC sells. The organisation also has not achieved the desired amount of exchange because of bad marketing and lack of knowledge between members. If they managed to change all that and optimize the process flows, they could grow in exchange numbers and fix the financial position. Just Operational Excellence would grow numbers immensely, but would not stimulate people to make an impact after their exchange. Solely having a Customer Intimate approach does not make sense, because of the financial position and lack of realized exchanges. Therefore, the customer value proposition lies somewhere in the middle. In the short run, they really need Operational Excellence, whereas in a few years' time, if they grew, and created a brand for themselves, they could start to focus more on Customer Intimacy. Basically, the whole logic was: When your processes really work, there is room to provide more for your customers.

When we were choosing the actual objectives for the External Relationships perspective, we also looked at what are the common ones that usually fit into this part of the strategy map. One of them is **Increase Customer Satisfaction**. This is the most basic one, and around 70% of organisations contain an objective related to that on their strategy map (Maisel, 2001). We decided AIESEC Ljubljana is not any different as it centres its impact on its external customers. They want students who are satisfied with their programs, because that gives them a chance to really impact them and also create a good name for the organisation in the society. This was the first objective. As customer satisfaction only partly covers the mission, we needed one objective that really guides towards the impact they want in the long run. They want young people that go on an exchange to come back and take action in the society, solving one of society's issues. They want their long-term engagement with AIESEC, to also be willing to cooperate and help in the future, when they are grown-ups working for some corporation. **Assure Long-Term Customer Proactivity** was our answer. The last objective was **Maximize Customer Growth.** As I

said before, they need to grow in terms of exchange to expand operations and create a brand for them.

3.2.3.2   Processes & Capabilities

This perspective starts with the question: At which processes must we excel in order to meet customer/client needs? To answer that, we looked at the core process of sending people abroad. The flow of that process has a few steps they could correct. Figure 8 shows the stages in the process of sending people abroad.

Figure 8. Outgoing Exchange Process Flow
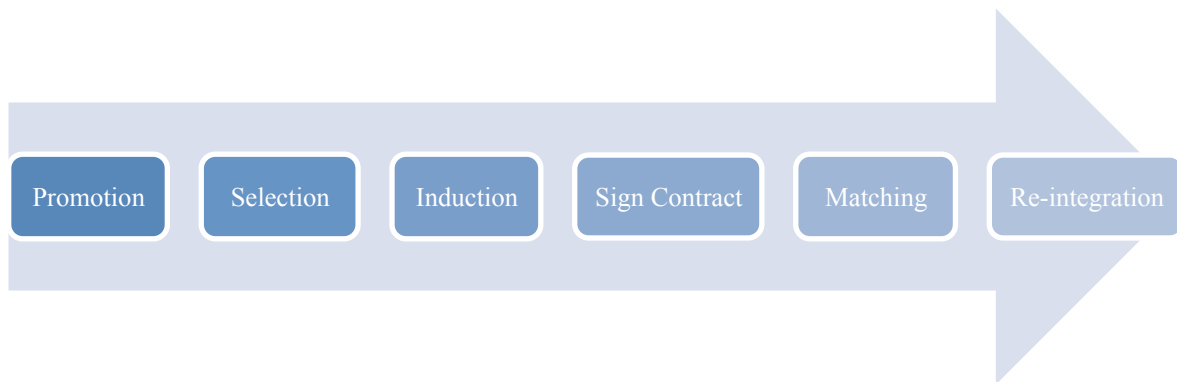
Promotion in the past few years has been almost non-existent, because there was little synergy between marketing and outgoing exchange functional areas. Members were confused about their work, due to their leaders not coming to an agreement, when deciding, who is in charge of promotions, who should make materials, etc. While there was some online marketing, it was too little to really start experiencing growth in numbers of exchange. There was hardly any physical promotion of programs, so they relied on AIESEC webpage and internationally known name to give the results. Additionally, there have been problems with the exchange portal of AIESEC. Individuals, who signed up to go abroad, did not always get replies from companies they were trying to contact and the whole system was made in a way that was very confusing. Since they relied on AIESEC International to fix these issues, they excused themselves from providing any alternatives for the potential Exchange Participants. Furthermore, when they promoted, they did not have a clear picture of what their brand image should be like and what kind of message should they spread. So, there was an overall lack of knowledge in marketing and sales.

The second problem in the process flow came from not involving themselves enough with their Exchange Participants. In most AIESEC entities around the world, there is usually an Outgoing Preparation Seminar before these young people head abroad. There, AIESEC tries to prepare them for what they will experience during their exchange and connect them to other people that are going for a different exchange at the same time. People who are abroad have a constant support from their home country and access to peers that have the

same experience in another country. Because of the low number of students that went abroad, they decided not to do that. As a consequence, trust in the brand decreased when people had bad experiences abroad. Not developing trust with the customer through a series of meetings resulted in a number of people that were surprised to find out that the product they spent money for is not on the level that was promised.

The third problem stems from not trying to re-integrate those students that had a wonderful experience abroad. They could have become members or they could have worked on one of the projects that AIESEC Ljubljana is working on. They also could have educated the members, or the organisation could have used them on its promotions. Instead, they finished their exchange and their experience with AIESEC ended.

Further on, besides problems in the Outgoing Exchange and Marketing we also considered the issues in corporate relations and Incoming Exchange functional area. While there were numerous, they were not seen to be as important as the first ones mentioned, thus we decided to leave them out. The formation of objectives in this perspective came as a result of those first three sources of issues. The first objective was **Increase Brand Awareness.** It would be marketing's central objective to try and build brand image, although all functional areas would be involved in sustaining it. The most vital part of the brand image to them was having a clear and consistent message which gives the right expectations. It is very difficult to measure that, and consistency also raises brand awareness, so we decided it was enough to use just one objective on the brand. The second objective was **Optimize processes**, which is centred on the issues in the process flow. It is a very broad goal, including all the functional areas. The three main things we pointed out were, namely: standardization of functional area processes, making a good transition from year to year, and increasing productivity of members. Basically, optimized processes would be also a consequence of successfully fulfilled objectives in the Organisation & Culture perspective. The third and final objective, we decided upon, was **Enhance Communication**, as that was seen as the main reason why certain problems occur, especially synergy issues. By improving it, we meant making it more efficient. There are hundreds of messages sent through different channels, which cause the loss of focus. Countless times, teams had disagreements with each other. There had to be some kind of an objective that would treat this reoccurring issues.

If all of those objectives were achieved, it could really provide the value that the customers demand.

3.2.3.3 Organisation & Culture

This perspective, along with Processes & Capabilities perspective, is the broadest in terms of the number of possible objectives it offers. It should answer several questions:

- What skills or competencies do we require to succeed and execute our strategy?
- Do our members have the technology tools they require to meet customer requirements, and execute our strategy?
- Do we have the proper organisational climate (culture, alignment, teamwork) necessary for success?
- Which measures do we currently use to gauge our success?

Considering the scope of such a vast perspective, we needed to simplify it, by looking at three sources of capital inside it and figuring out how to maximize them. The first one was Human Capital. I mentioned that members did not have an inside and outside journey while they were in AIESEC. We decided, AIESEC Ljubljana wants members to have a personal and professional experience, which would build them into better leaders and also make them more attractive on the job market. It is an essential component of maximizing the members' potential and we needed to create an objective that would directly tackle this issue. While they are in AIESEC, they should have more opportunities to lead and challenge themselves. Leaders should coach them and arrange workshops that focus on their personal development. International conferences should be visited by more people to really understand what AIESEC is about. Not in the organisational aspect, but rather in terms of the experiences people across the world share with each other. Networking and gaining a global mind-set cause people to lose their judgements they might have carried their whole lives. This is the root of changing personal values for the benefit of active and sustainable society. Figure 9 provides a detailed view of inner and outer journeys members should go through when they interact in AIESEC activities. The inner journey focuses on a member's personal development, while the outer journey is targeted to equip members with skills and competencies to create them into better leaders and make them more desirable in the corporate world.

Figure 9. AIESEC Members' Inner and Outer Journey

Source: *About ,* 2016.

Ensure inner/outer journey for members was the first objective. When examining Human Capital you should also speak about recruitment, retention of members and succession planning. We have talked about adding all of those as objectives on our strategy map, but we decided that it would not give enough focus. While those three things are important, they do not impact the organisation, like inner and outer journey does in the long run. For instance, retention of members has been an ongoing issue in the past few years, but the problem stems from members not having impactful experiences and not having the right culture that would attract them to stay longer. If they corrected those two, then retention rate would not be a problem anymore. Therefore, the next objective was **Create AIESEC culture**.

This objective coincides with the second source of capital called Organisational Capital. AIESEC has its own distinct approach towards members. During conferences, summits and meetings, there are often fun activities like dancing, singing and shouting going on. It gives the members a chance to come out of their normal routine and step outside their comfort zone. AIESEC culture focuses on unity and treats its members as part of one big family. It challenges people at every step of the way. Members should always find themselves in a demanding role. If they stop growing, they usually lose focus, which, in the end, causes them to leave the organisation altogether. While AIESEC Ljubljana culture exists, it is still not on the level it should be. They want the climate in the organisation to be one of change and growth. The third and final source of capital in Organisation & Culture perspective is Information Capital. Since AIESEC Ljubljana cannot impact this source as much as others, we decided to leave it out. Minor things were said about having a common online database, which would be accessible at all times to all members, but that was not enough to create an objective.

The last objective in this perspective was created when we gathered all things that we have talked about. Since members lack knowledge, have a bad understanding about AIESEC and lack specific skills to perform better, there needed to be one objective aimed directly at that. **Improve understanding, knowledge & skills,** was thus added. It is the primary catalyst for the optimization of processes and its value is immense. While the objective name tries to summarize a very broad lack of human resource, it is somewhat different than ensuring inner/outer journey in its essence. Here, above all, leaders of the organisation should provide information to the members that do not have certain knowledge (inner/outer journey, on the other hand, entices members to go on a path to become more responsible, self-conscious people). We also included market research in this perspective (we decided it fits more in this perspective, than in Processes & Capabilities), because AIESEC members in the previous years have not really paid attention to that. Many of the questions we asked ourselves during these sessions (about the customers, processes, market, competition) were being pointed out for the first time. Therefore, there is a need to find out these things, before unwanted problems occur.

3.2.3.4 Stakeholders' Expectations

Financially, the question in this perspective is: What is most critical to us; growing revenue, enhancing productivity or utilizing our assets more efficiently? The most critical problem for AIESEC Ljubljana is not having enough resources to cover for its expenses. It should be urgently solved. Thus, immediately **Increase revenues** and **Achieve financial sustainability** were added. Increasing revenues is an obvious choice considering the current situation. Being sustainable was based on the ground of past projects that ended up being a detriment to the Local Committee. People in charge of those projects cared more about the realization of the project than the end benefit of it. That is why all projects should have a sustainable budget from the beginning and should bring a significant impact, otherwise essential resources like time and money are being lost. But not only in projects, members should be sustainable in everything they do. Additionally, because they do not want to be just sustainable, having barely enough for their activities, we added one more objective for the financial aspect of this perspective. For additional growth, they need to **Produce alternative sources of income.** This objective stands for cooperation with the corporate sector. As companies were somehow left out in the other objectives, this one keeps AIESEC on the map of the profit sector. AIESEC members should care about their external image and convince companies to join in their effort to a better society. Achieving financial sustainability was then put as an outcome of the other two objectives, to develop a story even more.

To connect all other objectives to the mission, it was not enough to just consider the financial aspect. That is not the sole reason why AIESEC Ljubljana exists. Its mission is to activate youth and attract them to take initiative, and thus have better leaders as an outcome. We wanted to tie those leaders to the private sector, as AIESEC experience should indicate that a young person possesses great talents to excel in the corporate world. Additionally, this would also connect Long-term Customer Proactivity with an outcome of having better leaders. **Create Corporate Leaders** was our final objective and also the most crucial.

Cause and effect links have been assigned after creating the first round of objectives. Because of the difficulty in assigning paths between different objectives, we have changed the objectives several times during the process. Relationship ties should form a story which is logical and clear. It was sometimes hard to figure out what impacts what, as all things in an organisation are correlated. We decided that a link should be assigned where there is a clear relationship between the objectives, with direct impact from one to the other. Another link is between different perspectives.

Figure 10 shows the respective perspectives, objectives and the cause and effect linkages. It implies a story, which flows from internal AIESEC Ljubljana resources, capabilities and processes towards external impact and stakeholders.

Figure 10. AIESEC Ljubljana Strategy Map 2016-2020
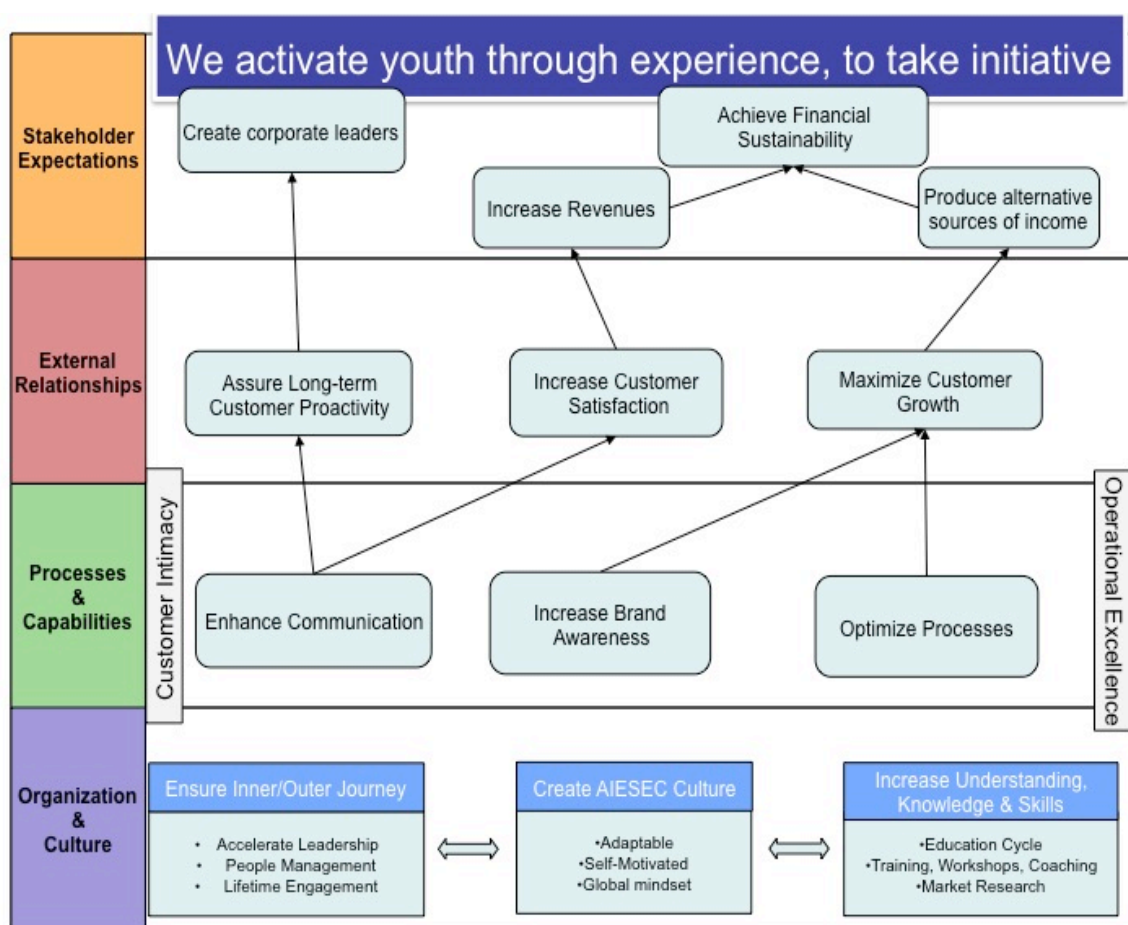
Along with the connection between different perspectives, there has to be an underlying story. The end logic of our version of perspective links is this: If we create members that are engaged, love the organisation, have the proper knowledge and understanding, we will be internally efficient and able to grow our name externally. This will allow us to have a lot of customers that are satisfied and strive to be proactive even after their experience with us. In turn, we will have more resources for our operations, financial sustainability and more corporate leaders. All that will drive forward our mission to activate youth and lead towards our vision of 2020.

3.2.4   Performance Measurement

The last extensive part of making a Balanced Scorecard involves choosing what kind of metrics are going to stand behind the objectives we made in the strategy map. Objectives are landmarks on the way to mission fulfilment, and with these indicators you can actually come up with a result of how close you are to achieving those goals.

We defined each measure based on Balanced Scorecard Data Dictionary (Niven, 2008, p.236). Therefore, all measures are clearly described, so that they are easier to understand

and provide more clarity on who is responsible for it, how to compute it, etc. An example of such Data Dictionary is found in Table 7.

Table 7. Balanced Scorecard Data Dictionary for Overall Customer Satisfaction

Perspective: External Relationships	Measure name: Overall Customer Satisfaction	Data collector: Outgoing Exchange	
Objective: Increase Customer Satisfaction			
Description: This survey measures the percentage of satisfaction among our Exchange Participants. They grade our current programs and services based on different criteria, including: Support, Ease of applying, Expectation fulfilment and Overall quality. If we succeed in satisfying them, we will be able to attract more customers and expand our services.			
Lag/Lead: Lag	Frequency: 2 times per exchange	Unit Type: %	Polarity: Up
Formula: (Sum of all grades from 1-5/Number of questions)/5			
Data Source: Data is based on answers by the Exchange Participant. It is available as an excel file on common Google Drive.			
Latest result: N/A	Target: 70%		
Target Rationale: Because in the long-term we want to reach customer intimacy as our value proposition, we want to satisfy our customers as much as possible.	Initiatives: LEAD implementation, Customer Relations, Service & Support		

Source: Adapted from P. R. Niven, 2008, p. 236.

A perfect Balanced Scorecard should also contain the right amount of lead and lag measures. We ended up with 6 lead metrics, the rest were lagging. Long-Term Customer Productivity and Create Corporate Leaders are the most important objectives on the strategy map, as its measurements directly lead to mission fulfilment. Targets were set according to past data and expectations for the future. Because there were not that many of those documents, some measurement targets are completely built on a personal view of the responsible leader. They could be based on some previous feedback from customers or recent trends, but nothing is officially stated anywhere. A trial period will be needed to collect any sort of results, and when they do decide to reconfigure their Balanced Scorecard, they might adjust the targets again. Four of the measures are surveys, so they

are longer in nature. Forming the questions, distributing them and filling them out will perhaps be very time consuming, so they will be measured on less frequently than the other measures. For instance, a few indicators should be more up to date, like webpage traffic, percentage of deadlines met and Team minimums. They will be measured weekly. That comes as no surprise as those are also leading measures towards achieving the encompassing objective. Table 8 shows the end result of what we did.

Table 8. Balanced Scorecard Breakdown, from Perspectives to Initiatives

	OBJECTIVE	MEASURE	METHOD	INITIATIVES
STAKEHOLDER EXPECTATIONS	Create Corporate Leaders	Employability	No of people with a leadership position in a company in 2 years after AIESEC	Create AIESEC certificate, More corporate events
	Increase Revenues	Revenue sustainability	Revenue profit/loss	Make it part of agenda of weekly meetings
	Achieve Financial Sustainability	Project sustainability	Project profit/loss	Raise selection standards for project managers
	Produce Altern. Sources of Income	Partners engagement	Partners raised in a certain period	Have one member in KOMisp; Go to student events, conferences, Create donation page
		Sponsors engagement	Sponsors raised in a certain period	
		Government engagement	Grants applied for in a certain period	
EXTERNAL RELATIONSHIPS	Increase Customer Satisf.	Overall customer satisfaction	Semi-annual survey	LEAD implementation, Customer service & support
		Customer re-engagement	Customer retention	
	Assure Long-term Cust. Pro-activity	Customer proactiveness	Survey, one year after their exchange	Blog of their experience, Skype sessions
	Maximize Cust. Growth	Customer engagement	No of people engaged through projects	Introduce new impactful projects, Personal promotions, Faculty relations, Media relations
		Customer growth	Exchange growth year to year	

continued

	OBJECTIVE	MEASURE	METHOD	INITIATIVES
PROCESSES & CAPABILITIES	Increase Brand Awareness	Online advertising	Webpage traffic	Marketing coaching & training, Google adverts, Event presence, More promotion channels
		Brand awareness	Regular survey	
	Optimize processes	Member productivity	Exchanges per member	Proper JD's, Process flow smoothening
	Enhance Communic.	Project execution	Percentage of deadlines met	New meeting structure, Tracking on daily basis
		Member engagement levels	Software data	AIESEC days, FA reporting
ORGANIZATION & CULTURE	Ensure Inner/Outer Journey for Members	Member ambition	No of Leadership position applications among members No of international conference visits among members	Member coaching, 1 on 1 meetings, Challenge on LCM, Workshops for personal development
		Member engagement	Retention rate Attendance of events	Tasks to prepare for LCMs, Discounted prices for international conferences, Introduce FA roll calls
	Increase Understanding, Knowledge & Skills	Team minimums	Performance measures of team, plans, JDs, evaluation	Create education cycle, Specific training & workshops, Buddy system, Market research
	Create AIESEC Culture	Member satisfaction	Regular survey	AIESECer of the month promotion, Non-work related events

4   DISCUSSION

Is the new AIESEC Ljubljana strategy likely to succeed? Unfortunately, due to lack of experience and professionalism, the likelihood of this plan lasting over a few years is limited. Although it answers most of the problems AIESEC Ljubljana faced in the beginning, it is hard to expect that a group of young students, who have little experience in strategy, are going to be able to follow and execute the plan to its perfection. Often, Balanced Scorecards are readdressed multiple times, with outside consultants providing the

needed experience to guide through the process. Not-for-profits, too, usually seek out external help when they deal with such a complex tool. In order to fully grasp and introduce the Balanced Scorecard, it takes time and a lot of effort. Because I was an external in the process, the motive to embark on this strategic journey came from outside the organisation. This threatens the realization, since the leaders must internalize this tool and then introduce it to the members as if it were the testament to all strategic endeavours in the organisation. There should also be an exact action plan made right after having all the concepts written down.

Important parts were left out, due to time restraints. Cascading, being the most important one of those, could be detrimental to the state of this Balanced Scorecard in a short period of time. Since members cannot see the connection between their job descriptions and organisational goals, there will be a lack of alignment throughout the organisation. In fact, because AIESEC is a not-for-profit, it would be virtually mandatory that the members would see how their efforts directly contribute to overall goals of the organisation. It is what attracted them to this youth grouping in the first place. Furthermore, there is no connection between plans and financial budgets. There is also no reporting tool in place to make it easy to track the current progress. Reporting will be in the hands of a few people, rather than having one person solely responsible for data tracking. This might cause difficulty, since one source of information is usually better than having multiple ones.

Without that, and with no midterm goals in place, it is hard to imagine the present version of the Balanced Scorecard achieving its mission or vision. Another try would be needed to overcome the problems of this first instalment. It would need to be built on the mistakes that were made in the process of the predecessor. The biggest issue is that the strategy is currently too rigid and correlates more to the business type of Balanced Scorecard. Especially the strategy map contains information that is hard to grasp and poses a challenge when presenting it to newcoming members, which are the dominant group in the organisation. Since it was made 'by the book', it would need to be adapted even more to the current situation and made easy to understand.

Balanced Scorecard is not the answer to all organisational problems and should not be treated in this way. It will not solely shift the course of AIESEC Ljubljana, and what we did in the sessions will not be enough to overcome the major issues. Despite all the mentioned problems, there was still an encouraging amount of favorable actions that happened throughout the process. Since it was made with the most experienced members it provides a possibility for the strategy to spread throughout the organization. Some topics were discussed for the first time and the purpose has been questioned repeatedly along the way. On numerous occassions, insightful ideas created a productive atmosphere which provides hope that a positive change for AIESEC Ljubljana, might not be so far away.

CONCLUSION

The third sector, also called voluntary or philantropic sector, performs important functions accross the Western societies. Organisations inside provide social services, contribution to arts, research and education, and, increasingly, help shape and formulate policies at local, regional, national, and even international levels. It is an expanding sector, and predictions indicate that it will become the predominant in society, as the knowledge class overcame the effects of the private sector.

Not-for-profits, a major part of the third sector, are a growing player in the global economy; in the Western world alone, they generate as much as 10% of a given country's gross domestic product. Their rise is largely attributed to a boost in citizen activism (due to mistrust in the competence of the state), increasing tensions (set by social and technological advances) and benefits that the corporate sector cannot provide. They are different from private firms. By their very nature, they seek social impact, rather than aim to generate profits. This distinction sets them apart when engaging in strategic behaviour. Leaders of not-for-profits thus find difficulties in managing their organisations because of certain characteristics that not-for-profits have. Issues like attracting and retaining employees, measuring performance and strategic planning have long been recognized as unique challenges that these organisations face.

To counteract these flaws, strategic tools, which originally came from the corporate world, are used. One of them is the Balanced Scorecard strategic management tool. It possesses numerous features and allows a wide range of activities to flow from it; from designing strategies, setting measurable goals and creating timetables for execution, to observing the cause and effect relationships between objectives. Common benefits that organisations can expect from using the Balanced Scorecard include saving costs and resources. Constant tracking gives you a chance to react quicker to problems and organisational adjustments can be made before issues accumulate, resources drain and costs increase. Overall, its holistic approach provides the opportunity for leaders to transform their organisation and give it a sense of purpose.

AIESEC Ljubljana, a local unit of AIESEC (youth run organisation that spans 126 countries and provides exchange to young people), is one such not-for-profit that could benefit from using this tool. Insignificant impact, wide ranging strategic problems and the lack of purpose have brought the organisation to the point where strategy development has become a necessary endeavour. Since there has been little engagement in this field in the past, an entirely new approach had to be adopted.

Current Executive Board of AIESEC Ljubljana and I have made the effort to build the strategy for the period from the year 2016 to 2020, by using the Balanced Scorecard as our guide. The whole process was made in phases, with the majority of the work focused on

condensed sessions, which were made easy to understand and contained diverse illustrious examples. The initial part was about finding a purpose and envisioning the desired state, resulting in a mission and vision statement. This allowed us to work on the strategy, which was mainly produced on the basis of strategic issues − the primary source of the organisation's struggles. A strategy map with four perspectives and accompanying objectives was made to create a clear picture of the strategy, which they could then explain to their members. To measure the achievement of those objectives, each one holds its own performance metrics, so that they could easily assume how far they are from their desired targets. If all the objectives were achieved and the strategy was fully executed, it would lead to mission and vision fulfilment.

REFERENCE LIST

1. *About.* Retrieved May 15, 2016, from http://aiesec.org/about-aiesec/

2. Ainsworth, D. (2009, May 26). Official statistics 'do not reflect the sector's contribution to GDP'. *Third Sector.* Retrieved March 14, 2016, from http://www.thirdsector.co.uk/official-statistics-do-not-reflect-sectors-contribution-gdp/finance/article/908179

3. Anheier, H. K. (2000). *Managing Non-Profit Organisation: Towards a New Approach.* Civil Society Working Paper series. London: Centre for Civil Society, London School of Economics and Political Science.

4. Anheier, H. K., & Seibel, W. (1990). *The Third Sector: Comparative Studies of Nonprofit Organizations.* Berlin: Walter de Gruyter & Co.

5. Antonelli, G., & De Liso, N. (2004). *European Economic Integration and Italian Labour Policies.* Berlington: Ashgate Publishing.

6. Bell, D. (2008). *The Coming of Post-Industrial Society: A Venture in Social Forecasting.* New York: Basic Books.

7. Blair, M. (2000, October 27). *National Public Radio's Morning Edition Interview* [Radio Show]. Washington: National Public Radio.

8. Boschee, J. (2001). Eight Basic Principles for Nonprofit Entrepreneurs. *Nonprofit World, 19*(4), 15-18.

9. Bostwick, H. (2009, December). Top tips for running a successful non-profit. *LegalZoom.* Retrieved January 5, 2016, from http://www.legalzoom.com/articles/top-tips-for-running-a-successful-non-profit

10. Bryson, J. M. (2011). *Strategic Planning for Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement.* San Francisco: Jossey-Bass.

11. Chen, J. (2013). Should Your Business Be Nonprofit of For-profit? Retrieved May 2, 2016, from https://hbr.org/2013/02/should-your-business-be-nonpro

12. Chmielewski, T. (n.d.). Issues Surrounding Not-for-Profit Organizations. Retrieved Feb 5, 2016, from http://smallbusiness.chron.com/issues-surrounding-not-for-profit-organizations-4758.html

13. Crittenden, W. F., & Crittenden, V. L. (2000). Relationships between organizational characteristics and strategic planning processes in nonprofit organizations. *Journal of Managerial Issues, 12*(2), 150-168.

14. De Silva, J. P. (2012, June 12). The Balanced Scorecard: From Strategic Plan to Effective Execution. *Charity Village*. Retrieved April 7, 2016, from https://charityvillage.com/Content.aspx?topic=The_balanced_scorecard_From_strategic_plan_to_effective_execution#.Vwaa_rxrWf4

15. De Vita, C. J., & Fleming, C. (2001). *Building Capacity in Nonprofit Organizations.* Washington: The Urban Institute.

16. Draper, L. (2000). How to "DO" Capacity Building. *Foundation News & Commentary, 41*(5), 32-36.

17. Drucker, P. F. (2006). *Managing the Non-profit Organization: Practices and Principles.* New York: HarperBusiness.

18. Eadie, D. C. (1983). Putting a Powerful Tool to Practical Use: The Application of Strategic Planning in the Public Sector. *Public Administration Review, 43*(5), 447–452.

19. Educational, Audiovisual and Culture Executive Agency − EAC-EA & Directorate General Education and Culture − DG EAC. (2010). *Volunteering in the European Union.* Retrieved May 24, 2016, from http://ec.europa.eu/citizenship/pdf/doc1018_en.pdf

20. Epstein, M., & Rejc Buhovac, A. (2009). *Performance Measurement of Not-For-Proft Organizations.* s.l.: The Society of Management Accountants of Canada and the American Institute of Certified Public Accountants.

21. Flynn, P., & Hodgkinson, V. A. (2001). *Measuring the Impact of the Nonprofit Sector.* New York: Springer.

22. Fritz, J. (2015, October 31). How Is a Nonprofit Different from a For-Profit Business? *About online.* Retrieved March 8, 2016, from http://nonprofit.about.com/od/qathebasics/f/nopvspro.htm

23. Froelich, K., McKee, G., & Rathge, R. (2011). Succession planning in non-profit organizations. *Nonprofit Management & Leadership, 22*(1), 3-20.

24. Gunn, C. (2004). *Third-Sector Development: Making Up for the Market.* Ithaca: Cornell University Press.

25. Hager, M., & Brudney, J. (2004). *Volunteer Management Practices and Retention of Volunteers.* Washington: The Urban Institute.

26. Hansen-Turton, T., & Torres, N. D. (2014). *Social Innovation and Impact in Nonprofit Leadership.* New York: Springer Publishing Company.

27. Hartnett, B., & Matan, R. (2011). *The Balanced Scorecard: A Strategic Tool for the Nonprofit Sector.* Livingston, NJ: Sobel & Co.

28. Harvey, D., & Snyder, J. (1987). Charities Need a Bottom Line Too. *Harvard Business Review, 65*(1), 15-18.

29. Hatry, H. (1978). The Status of Productivity Measurement in the Public Sector. *Public Administration Review, 38*(1), 28-33.

30. Ip, B., & Jacobs, G. (2006). Business Succession Planning: A Review of the Evidence. *Journal of Small Business and Enterprise Development, 13*(3), 326-350.

31. James, E., & Rose-Ackerman, S. (1986). *The Nonprofit Enterprise in Market Economics.* London: Hardwood Academic Publishers.

32. Kaplan, R. S., & Norton, D. P. (2000). Having Trouble with Your Strategy? Then Map It. *Harvard Business Review, 78*(5), 167–176.

33. Kingfisher, C. (2002). *Western Welfare in Decline: Globalisation and Women's Poverty.* Philadelphia: University of Pennsylvania Press.

34. Lambert, J. (2013, December 10). Infographic: What is Driving Nonprofit Sector's Growth? *Nonprofit Quarterly online.* Retrieved March 14, 2016, from http://nonprofitquarterly.org/2013/12/10/infographic-what-is-driving-nonprofit-industry-growth/

35. Maisel, L. S., & American Institute of Certified Public Accountants. (2001). *Performance Measurement Practices Survey Results.* New York: American Institute of Certified Public Accountants.

36. Masaoka, J. (n.d.). Strategic Planning: Failures and Alternatives. *Blue Avocado: A Magazine of American Nonprofits.* Retrieved March 23, 2016 from http://www.blueavocado.org/content/strategic-planning-failures-and-alternatives

37. McKevitt, D., & Lawton, A. (1994). *Public Sector Management: Theory, Critique and Practice.* London: SAGE publications.

38. McKinsey & Company. (2001). *Effective Capacity Building in Non-Profit Organizations*. New York: Venture Philanthropy Partners.

39. Merrell, J. M. (2011, June 24). Managing Volunteers: Challenges of Non-Profit Organizations. *Blogging 4 Jobs*. Retrieved Jan 27, 2016, from http://www.blogging4jobs.com/business/challenges-of-managing-non-profit-volunteers/ - lX5glzXRUQ4Y3aLC.97

40. Mirvis, P., & Hackett, E. (1983). Work and work force characteristics in the nonprofit sector. *Monthly Labor Review 106*(4), 3-12.

41. Mittenthal, R. A. (2002). *Ten Keys to Successful Strategic Planning for Nonprofit and Foundation Leaders*. (s.l.): TCC Group publication.

42. Moore, M. H. (2000). Managing for Value: Organizational Strategy in For-Profit, Nonprofit, and Governmental Organizations. *Nonprofit and Voluntary Sector Quarterly, 29*, 183-208.

43. National Council For Voluntary Organizations – NCVO. (2012). *UK Civil Society Almanac 2012*. Retrieved May 16, 2016, from https://data.ncvo.org.uk/category/almanac/?publication=almanac12

44. National Council For Voluntary Organizations. (2015). *UK Civil Society Almanac 2015*. Retrieved May 16, 2016, from https://data.ncvo.org.uk/almanac15/

45. National Council For Voluntary Organizations. (2016). How big is the voluntary sector compared to the rest of the economy? *UK Civil Society Almanac 2012*. Retrieved March 14, 2016, from https://data.ncvo.org.uk/a/almanac12/how-big-is-the-voluntary-sector-compared-to-the-rest-of-the-economy/

46. National Council of Nonprofits. (2016). *Succession Planning for Nonprofits*. Retrieved May 16, 2016, from https://www.councilofnonprofits.org/tools-resources/succession-planning-nonprofits#sthash.iCvwIj5P.dpuf

47. Niven, P. R. (2008). *Balanced Scorecard step-by-step for government and nonprofit agencies* (2nd ed.). New Jersey: John Wiley & Sons.

48. Osborne, D., & Gaebler, T. (1992). *Reinventing Government: How the enterprneurial spirit is transforming the public sector*. Reading, MA: Addison-Wesley.

49. Oster, S. (1995). *Strategic Management for Nonprofit Organizations: Theory and Cases*. New York: Oxford University Press.

50. Othman, R., Khairy, A., Zizah, C., Nor, L., & Noradiya, H. (2006). A Case Study of Balanced Scorecard Implementation in a Malaysian Company. *Journal of Asia-Pacific Business, 7*(2), 55-72.

51. Pestoff, V. (1992). Third sector and co-operative services services — An alternative to privatization. *Journal of Consumer Policy, 15*(1), 21-45.

52. Poister, T. H. (2003). *Measuring Performance in Public and Nonprofit Organizations.* San Francisco: Jossey-Bass.

53. Powell, W. W., & Steinberg, R. (2006). *The Nonprofit Sector: A Research Handbook.* London: Yale University Press.

54. Pynes, J. E. (2009). *Human Resources Management for Public and Nonprofit Organizations: A Strategic Approach.* San Francisco: Jossey-Bass.

55. Salamon. L. M. (1994). The Rise of the Nonprofit Sector. *Foreign Affairs, 73*(44), 2-16.

56. Simon, N. (2015, January 28). We Need Fewer Bottom Lines in Nonprofits. *Museum 2.0.* Retrieved Jan 5, 2016, from http://museumtwo.blogspot.si/2015/01/we-need-fewer-bottom-lines-in-nonprofits.html

57. Sinek, S. (2009, September). How Great Leaders Inspire Action. *TED talk* [online video transcript]. Retrieved April 4, 2016, from https://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action/transcript?language=en

58. Slaper, T. F., & Hall, T. J. (2011). The Triple Bottom Line: What Is It and How Does It Work? *Indiana Business Review, 86*(1), 4-8.

59. Starr, K. (2012). *The Eight-Word Mission Statement.* Retrieved May 2, 2016, from http://ssir.org/articles/entry/the_eight_word_mission_statement

60. Szulanski, G. (1996). Exploring internal stickiness: Impediments to the transfer of best practice within the firm. *Strategic Management Journal, 17*(S2), 27–43.

61. Ter Meulen, R., Arts, W., & Muffels, J. (2001). *Solidarity in Health and Social Care in Europe.* (s.l.):Springer.

62. The International Center for Not-for-Profit Law – ICNL. (2016). *What is the difference between "non-profit" and "not-for-profit"?* Retrieved March 11, 2016, from http://www.icnl.org/contact/faq/#difference

63. Tierney, T. J. (2006, Summer). The Leadership Deficit. *Stanford Social Innovation Review.* Retrieved May 2, 2016, from http://ssir.org/articles/entry/the_leadership_deficit

64. Weisbrod, B. A. (1998). *To Profit Or Not to Profit: The Commercial Transformation of the Nonprofit.* Cambridge: Cambridge University Press.

65. Williamson, D., & Sawhill, J. (2001, May). Measuring What Matters In Nonprofits. *McKinsey Quarterly.* Retrieved Jan 5, 2016, from http://www.mckinsey.com/insights/social_sector/measuring_what_matters_in_nonprofits

66. Wymer, W., and Starnes, B. J. (2001). Conceptual Foundations And Practical Guidelines For Recruiting Volunteers To Serve In Local Nonprofit Organizations. *Journal of Nonprofit & Public Sector Marketing, 9*(1/2) , 63-96.

APPENDIXES

TABLE OF APPENDIXES

i

Appendix A: List of abbreviations

AI	AIESEC International
BOA	Board of Advisors
EB	Executive Board
GDP	Gross Domestic Product
GVA	Gross Value Added
LCP	Local Committee President
MC	Member Committee
SWOT	Strengths, Weaknesses, Opportunities, Threats
UK	United Kingdom
US	United States
VP	Vice President

Appendix B: Semi-structured interview questionnaire

Questions from the interview with current LCP Jan Walliser, interviewed on 15/2/2016. Similar questions were used in the other interviews with former influential AIESEC members.

1. Can you tell me what has changed in the organisation in the past year throughout the 2015-2016, good and bad?

2. What would be your overall grade (1-10) of how AIESEC Lj did in the past year?

3. What was the focus last year?

4. Since you were a part of EB 2015-2016, what would you do differently if you had another go at it?

5. What is your view on AIESEC Ljubljana's strategy? Is there one, how far is it developed? What about AIESEC in general?

6. If it is not clearly developed for Lj, why do you think that is so?

7. Do you think your team/you/AIESECers lack knowledge in strategy?

8. Is there something, already in effect that is trying to change that?

9. Are you/your team acquainted with the Balanced Scorecard strategic management tool?

10. Where is AIESEC Ljubljana right now; in terms of the 2 main indicators, members & exchanges? Do you consider it close to optimal?

11. Which issues should be solved ASAP – as soon as possible?

12. Statement: We solve our problems by 'firefighting'/ We solve our problems as 'chessmaster'? (Firefighting: dealing with issues at hand, not having a strategic outlook; Chessmaster: Considering every solution strategically)

13. What is your focus in this term?

14. How many priority objectives do you have?

15. What strategic goals have you and your team set for this term?

16. What kind of tools do you use to set strategic plans? (hist. data, SWOT, etc.)

17. How clear are you and your team on the execution of those plans, timelines, exact dates, activities planned, which members will be involved etc.? How confident do you feel about achieving those goals?

18. Do you think there is a lack of execution of those plans (during your past experience)? If you do, what would you attribute that to?

19. What are some barriers that could stop you from achieving those goals?

20. How will you overcome them?

21. What strategies, activities, should be discontinued? Why?

22. How about your members, do they understand what you want to achieve & how will you achieve it?

23. What is your strategic model? How many members know it? (%)

24. Who are your customers?

25. What types of services do you offer?

26. Who is your main customer?

27. How do you find out your customer's demands? How do you find out about customer satisfaction?

28. Why do you think potential donors, sponsors hesitate to give funds/invest in AIESEC Lj?

29. Do you think members of AIESEC Ljubljana lack knowledge to perform better? What type of skills, knowledge would increase performance?

30. How do you educate your members? Please describe the education cycle.

31. What tools do you use for performance measurement? Do you think those tools give enough information for you to make decisions? How regularly are they looked at?

32. What are your KPIs – Key Performance Indicators? So, if there is an increase in the overall performance, where would that be seen?

33. Which performance measurement tools should be discontinued? Why?

34. What is AIESEC Ljubljana's mission?

35. What is AIESEC Ljubljana's vision?

36. What impact does AIESEC Ljubljana have on the local community? How would you increase that impact?

37. What would be your personal vision for AIESEC Ljubljana in 2020? Do you think you are getting in that direction with your plans this year?

Appendix C: The assessment of current performance and strategic management
Adapted from P. R. Niven, *Balanced Scorecard step-by-step for government and nonprofit agencies (2nd ed.),* 2008, p. 68

How true do you find the following statements? Encircle the number (1-not true at all; 2-only sometimes true; 3-true half of the time; 4-true most of the time; 5-completely true)

1. *If we did not produce our current performance reports, nobody would notice.*

   1   2   3   4   5

2. *We create significant value from member knowledge and innovation, customer relationships and a strong culture.*

   1   2   3   4   5

3. *We have (have had in the past) strategies, but we find a hard time implementing them.*

   1   2   3   4   5

4. *We rarely review our performance measures and make suggestions for new and innovative performance indicators.*

   1   2   3   4   5

5. *Our EB spends the majority of time discussing operational issues.*

   1   2   3   4   5

6. *Budgeting is largely based on historical trends.*

   1   2   3   4   5

7. *Our members do not have a solid understanding of our mission, vision and strategy.*

   1   2   3   4   5

8. *Our members do not know how their day to day actions contribute to the organisation's success.*

   1   2   3   4   5

9. *Nobody is in charge of performance measurement process at our organisation.*

   1   2   3   4   5

10. *We have numerous initiatives taking place at our organisation, and it is possible that not all are truly strategic in nature.*

<div align="center">

1   **2**   **3**   **4**   **5**

</div>

11. *There is little accountability in our organisation for the things we agree as a group to do.*

<div align="center">

1   **2**   **3**   **4**   **5**

</div>

12. *There is little collaboration between departments.*

<div align="center">

1   **2**   **3**   **4**   **5**

</div>

13. *There is little information about our customers' demands.*

<div align="center">

1   **2**   **3**   **4**   **5**

</div>

14. *Priorities are often dictated by current necessities (firefighting).*

<div align="center">

1   **2**   **3**   **4**   **5**

</div>

15. *We do not have clearly defined performance targets.*

<div align="center">

1   **2**   **3**   **4**   **5**

</div>

16. *We cannot clearly articulate our strategy in a one page document.*

<div align="center">

1   **2**   **3**   **4**   **5**

</div>

17. *We sometimes make decisions that are beneficial in the short term, but may harm our impact in the long term.*

<div align="center">

1   **2**   **3**   **4**   **5**

</div>

<div align="center">

SCORE:

1–25   25–50   50–85

</div>

Scoring Key:

1-25: If your score fell in this range you most likely have a strong performance measurement discipline in place. The program has been cascaded throughout your

organization, to ensure all employees are contributing to your success, and is linked to key management processes.

25-50: You may have a performance measurement system in place but are not experiencing the benefits you anticipated or need to succeed. Using the Balanced Scorecard as a Strategic Management System would be of benefit to you.

50-85: Scores in this range suggest difficulty in successfully executing your strategy and meeting the needs of your customers and other stakeholders. A Balanced Scorecard system is strongly recommended to help you focus on the implementation of strategy and align your organization with overall goals.