

Nonprofit Organizational Life Cycle

	Grass Roots - Invention	Start-Up - Incubation	Adolescent – Growing	Mature - Sustainability	Stagnation & Renewal	Decline And Shut-Down
Program And Services	<ul style="list-style-type: none"> Extremely informal or not yet a concern Perceived need for a program or service 	<ul style="list-style-type: none"> Simple programs are initiated or a mix of diverse and non-integrated activities. Strong commitment to delivering services 	<ul style="list-style-type: none"> Programs begin to establish themselves in the market Often demand is greater than capacity More consistent program delivery More focus 	<ul style="list-style-type: none"> Core programs are established and recognized in the community Long range program planning New programs are added & deleted as market dictates Programs functioning well 	<ul style="list-style-type: none"> Organization loses sight of market Programs developed primarily to attract funding Difficulty in delivering services and reaching goals Inconsistent program quality 	<ul style="list-style-type: none"> No longer meeting market needs Loss of credibility with funders and clients Decline in product quality Major reduction in referrals Licensing or accreditation in jeopardy
Staff Leadership/ Management	<ul style="list-style-type: none"> Entrepreneurial and visionary leader 	<ul style="list-style-type: none"> Single minded founder whose vision drives the organization Sole decision making - little or no hierarchy 	<ul style="list-style-type: none"> Beginning strategic division of labor Executive Director still primary decision maker and is less accessible to staff Both external and internal demands 	<ul style="list-style-type: none"> Need for well-rounded Executive Director Sometimes 'Founder's Syndrome' Delegation of authority and clear accountability 	<ul style="list-style-type: none"> Founder likely to leave Change agent needed 	<ul style="list-style-type: none"> Major conflict between ED and board ED makes key decisions w/out board ED is inaccessible and unable to meet deadlines
Staffing	<ul style="list-style-type: none"> All volunteer driven No paid staff 	<ul style="list-style-type: none"> Most work completed by volunteers Small (if any), enthusiastic staff Sense of "family" and cooperation among staff 	<ul style="list-style-type: none"> Staff size increases – still join primarily for mission Deepening organization chart, with more centralized management No job descriptions & personnel policies 	<ul style="list-style-type: none"> Even larger, and more culturally diverse and specialized staff Professional managers are hired Vertical, hierarchical organization chart 	<ul style="list-style-type: none"> Low staff morale; staff turnover Focus is on individual programs, instead of organizational goals Fiefdoms develop Volunteers leave 	<ul style="list-style-type: none"> Departure of key staff Key positions difficult to fill Staff grievances bypass ED to board High conflict among staff Low # of volunteers
Governance/ Board	<ul style="list-style-type: none"> Not yet a real concern 	<ul style="list-style-type: none"> Formal governance structure in place Small, passionate, and homogenous board Members tend to be volunteers or hand-chosen by executive 	<ul style="list-style-type: none"> Board expansion – first 'outsiders' New board members are added who are professionals with expertise Less focus on operations, more on 	<ul style="list-style-type: none"> Board size and diversity increases Main function is policy and oversight Fundraising becomes a more important role Good committee structure – most work 	<ul style="list-style-type: none"> No or very high board turnover Sluggish and less involved Bogged down in structure that may be outdated 	<ul style="list-style-type: none"> Very low board attendance No new board members Key board members may leave Eventually dissolves itself

	Grass Roots - Invention	Start-Up - Incubation	Adolescent – Growing	Mature - Sustainability	Stagnation & Renewal	Decline And Shut-Down
		director <ul style="list-style-type: none"> • Operating board. • Strong emotional commitment and motivation to the mission 	planning & oversight <ul style="list-style-type: none"> • More reactive than strategic in policies • Transitioning to governance board. 	done in committees <ul style="list-style-type: none"> • Better board accountability • Key board role is to ensure organization longevity 		<ul style="list-style-type: none"> • Major disagreement among board on mission and future • Board members making derogatory statements in public
Administrative Systems/ Operations	<ul style="list-style-type: none"> • Not yet a concern • No real 'home office' 	<ul style="list-style-type: none"> • Few formal systems • Operations are agile and flexible • Informal management infrastructure • Few operational routines or systems in place • Frequent informal communication 	<ul style="list-style-type: none"> • Unsophisticated operating systems • Unstable operations • Purchasing technology • Permanent home office with new admin support • Begin development of operational systems • Internal communication is challenging 	<ul style="list-style-type: none"> • Program and operational coordination through formal planning • Systems, policies & procedures in place • Standardized and efficient operations • Better integration of technology • More data management • Formal communications 	<ul style="list-style-type: none"> • Well-developed systems become "red-tape" • Poor planning 	<ul style="list-style-type: none"> • Departure from systems to crisis management • Poor internal controls or too much red tape • Cannot provide accurate picture of financial situation
Finances and Fundraising	<ul style="list-style-type: none"> • Not yet a concern • All resources are in-kind. 	<ul style="list-style-type: none"> • Focus on gathering resources • Limited financial resources; • Small budget with limited to no financial/ accounting systems • Overly dependent on a few funding sources and in-kind donations of expertise • Hand-to-mouth 	<ul style="list-style-type: none"> • Established relations with key funders but still unpredictable funding resources • Efficient at in-kind and volunteer resources • Cash flow problems - organization is undercapitalized • Cost considerations are more important • Revenue generation options considered 	<ul style="list-style-type: none"> • Reliable and diverse funding streams • Significant cash reserves • Expanded major giving program • Have, or are considering, planned giving and an endowment • Additional fundraising staff support • Revenue generation 	<ul style="list-style-type: none"> • Insufficient cash reserves • Falling behind on financial obligations • Loss of financial support • Not bringing in new funding sources 	<ul style="list-style-type: none"> • Unable to meet payroll & behind on payables • Relies on lines of credit for basic bills • Possible bankruptcy • Major funders withdrawing or threatening • High % of funds from only a few sources
Marketing/ Community Awareness	<ul style="list-style-type: none"> • Not yet a concern 	<ul style="list-style-type: none"> • Poor external communication • Word of mouth referrals and marketing • No formal public relations 	<ul style="list-style-type: none"> • First official promotional material • Word of mouth still primary marketing channel 	<ul style="list-style-type: none"> • Marketing plan developed • Professional image and promotional material • In-house Communication & Marketing expertise 	<ul style="list-style-type: none"> • Reactive to each crisis • No real proactive marketing and community relation building • Spending less on marketing 	<ul style="list-style-type: none"> • Negative rumors in the community and/or bad press • Key stakeholders cannot clearly define mission & purpose • No marketing

Keys to Life Cycle Transitions

	Grass Roots - Invention	Start-Up - Incubation	Adolescent – Growing	Mature – Sustainability	Stagnant And Renewal	Decline and Shut-down
Program And Services	<ul style="list-style-type: none"> Identify key unmet client/community needs Develop a concept plan Identify and evaluate program options Clarify results & expectations of work 	<ul style="list-style-type: none"> Assess and begin to improve quality Establish criteria for what activities and programs to pursue 	<ul style="list-style-type: none"> Develop a strategic plan to clarify & integrate. ID and track client outcomes Learn to say 'no' to opportunities Develop collaborations to better serve client needs 	<ul style="list-style-type: none"> Explore new program delivery models Develop internal process for evaluating new opportunities Review strategic plan & develop a long-range program plan 	<ul style="list-style-type: none"> Undertake strategic planning to review activities – reduce and focus efforts Conduct formal program evaluation – survey clients Explore best practices and models New collaborative relations 	<ul style="list-style-type: none"> Reduce programs to core essence Explore partner to transfer programs Immediately improve quality
Management	<ul style="list-style-type: none"> ID someone with time, skills and energy to formalize the organization 	<ul style="list-style-type: none"> Provide a mentor or coach for development of the leader Assess ED's ability - maximize strengths and minimize weaknesses 	<ul style="list-style-type: none"> Clarify ED's primary roles Establish ED annual priorities Delegate and offer more admin support Begin succession planning for key staff 	<ul style="list-style-type: none"> Enhance ED annual evaluation process Clarify ED's roles related to staff management Explore additional coaching 	<ul style="list-style-type: none"> Develop succession plans for key leadership May need a new or interim Executive Director 	<ul style="list-style-type: none"> Coach current ED or recruit interim ED with turnaround and financial experience
Staffing	<ul style="list-style-type: none"> Estimate initial staffing needs ID and determine how best to utilize volunteers Create a basic staff orientation plan 	<ul style="list-style-type: none"> Use and recognize volunteers well Hire administrative support Consider contract or part-time for needed expertise – accounting, etc. 	<ul style="list-style-type: none"> Hire more admin support Develop job descriptions and work charts Refine volunteer management functions Expand volunteer base Create personnel policies 	<ul style="list-style-type: none"> Increase personnel management Provide more training, including management training Ensure proper volunteer programs Conduct salary review and comparison Prepare staff for diversity 	<ul style="list-style-type: none"> Prepare for major staff changes Push for enhanced internal collaboration Re-evaluate the volunteer program Explore ways to keep essential staff Reassign staff as needed Consider new staff structures 	<ul style="list-style-type: none"> Conduct staff retreat – input to address critical operational issues Engage third party to mediate conflicts Recognize challenge for staff – plan to address burn-out Explore severance packages if shutdown
Governance Board	<ul style="list-style-type: none"> Begin to ID potential board members Obtain information 	<ul style="list-style-type: none"> Expand the board Clarify board member roles & 	<ul style="list-style-type: none"> Conduct board retreats for planning & training 	<ul style="list-style-type: none"> Institute an annual board evaluation Enhance board 	<ul style="list-style-type: none"> Re-energize or develop new board Explore partnerships 	<ul style="list-style-type: none"> Board resign or build new board Engage third party to

	<ul style="list-style-type: none"> on forming a board. • File articles of incorporation and by-laws • Recruit an initial board chair. • Obtain legal advice 	<ul style="list-style-type: none"> responsibilities – offer training • Create formal governance structure – including committees 	<ul style="list-style-type: none"> • Formalize board recruitment process • Culturally diversify board composition • Develop board orientation & mentor program • Focus on policies 	<ul style="list-style-type: none"> fundraising capacity • Enhance board committee structure 	<ul style="list-style-type: none"> with others • Board retreat -revise board and planning • Revitalize board nomination process • Clarify board roles 	<ul style="list-style-type: none"> mediate conflicts • Board retreat to develop plan to address critical issues
Administrative Systems/ Operations	<ul style="list-style-type: none"> • ID initial infrastructure and operation needs • Determine any compliance needs • Decide on 'home office' • Obtain accounting expertise 	<ul style="list-style-type: none"> • Formalize record keeping and • Begin to establish basic program polices and manuals 	<ul style="list-style-type: none"> • Automate data management • Purchase necessary technology and equipment • Develop maintenance & replacement plan • Improve internal communication 	<ul style="list-style-type: none"> • Develop a risk management plan • Upgrade technology hardware and software • Ensure adequate administrative staff • Formalize internal communication 	<ul style="list-style-type: none"> • Centralize key administrative functions • Look to revamp systems and equipment • Re-examine policies – reduce red tape 	<ul style="list-style-type: none"> • Shore up broken systems • Reduce red tape • Find external financial expertise
Finances	<ul style="list-style-type: none"> • ID initial funding sources, including researching targeted foundations • Develop a proforma budget • Develop an initial development plan 	<ul style="list-style-type: none"> • Expand funding sources • Institute formal accounting policies and procedures • Hire an experienced accountant • Begin to plan for future financial needs 	<ul style="list-style-type: none"> • Develop a multi-year budget – including capital budget • Establish formal financial controls • Create a development plan • Diversify funding streams – expand individual giving base • Hire a development person • Explore capital campaign feasibility 	<ul style="list-style-type: none"> • Develop an operating reserve & policies • Review fundraising plan • Start planned giving program • Enhance fundraising capacity 	<ul style="list-style-type: none"> • Expand funding sources • Detailed financial analysis • Explore short term cost reductions • Analyze current fundraising strategies • Add resources to development 	<ul style="list-style-type: none"> • External audit • Short-term budget and funding plan • Budget cutbacks • Emergency meeting with key funders
Marketing/ Community Awareness	<ul style="list-style-type: none"> • Explore a name – test with key audiences • ID and 'sell' concept paper to key potential stakeholders • ID initial marketing and promotional needs • Verify community need and interest in addressing need 	<ul style="list-style-type: none"> • Develop a condensed fact sheet • Create talking points for board/volunteers • Begin to develop an organization brand/identity • All staff and board to provide potential contact list (possible funders) 	<ul style="list-style-type: none"> • Have board more involved in community relations • Develop brand and image • Enhance professionalism of promotional material • Develop proactive PR plan 	<ul style="list-style-type: none"> • Enhance marketing capacity • Better utilize technology for communication • Develop a long-term marketing plan • Enhance public relations • Reassess logo and image 	<ul style="list-style-type: none"> • Proactive public relations campaign • Keep key stakeholders updated 	<ul style="list-style-type: none"> • Engage technical assistance in crisis communication

Nonprofit Life Cycles Overview

Stage	Key Question	Duration	Obstacles	Opportunities
Grass Roots - Invention	Is the dream feasible?	0 – 5 years	<ul style="list-style-type: none"> • Resistance to forming • Lack of funding/expertise • No outside support 	<ul style="list-style-type: none"> • Creativity • Energy for the dream • Excitement to join
Start-Up - Incubation	How do we get this started?	1 – 2 years	<ul style="list-style-type: none"> • Fear of formalizing • Sustaining initial enthusiasm • Focusing the founder and energy 	<ul style="list-style-type: none"> • Excitement of funders • Charismatic leader • People wanting to belong
Adolescent – Growing	How can we build this to be viable?	2 – 5 years	<ul style="list-style-type: none"> • Absence of systems & accountability • Overwhelmed with change • Change may alienate funders, clients, staff and board • Danger of becoming isolated in the system 	<ul style="list-style-type: none"> • Sense of accomplishment • New faces, ‘arms and legs’ • Diversification in all areas of the organization • Rejuvenation for the founders
Mature - Sustainability	How can we ensure sustainability?	7 – 30 years	<ul style="list-style-type: none"> • Lack of or too much control • Lack of risk taking • Board & staff too operational • Unable to transition in to a governance board • Conflict between old and new 	<ul style="list-style-type: none"> • Feeling secure • Adequate resources • New staff/board – fresh ideas • Ability to try something new
Stagnation & Renewal	How, if any, can we renew?	2 – 5 years	<ul style="list-style-type: none"> • Resistance to change • Inability to address key challenges • Declining excitement • Isolation of the agency 	<ul style="list-style-type: none"> • Wisdom from past • Strategic Partnership opportunities • Chance to take risks again and think ‘out-of-the-box’
Decline And Shut-Down	Should we close?	1 – 2 years	<ul style="list-style-type: none"> • Financial crises • Inappropriate leadership • Loss of staff and volunteers • Lack of any passion 	<ul style="list-style-type: none"> • Commitment to complete turnaround • Graceful ‘sunset’ or merger