

# Nonprofit Organizational Life Cycle

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

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

# Keys to Life Cycle Transitions

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

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

# Nonprofit Life Cycles Overview

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