

Nonprofit Life Cycles Overview

Stage	Key Question	Duration	Obstacles	Opportunities
Grass Roots - Invention	Is the dream feasible?	0 – 5 years	• Resistance to forming • Lack of funding/expertise • No outside support	• Creativity • Energy for the dream • Excitement to join
Start-Up - Incubation	How do we get this started?	1 – 2 years	• Fear of formalizing • Sustaining initial enthusiasm • Focusing the founder and energy	• Excitement of funders • Charismatic leader • People wanting to belong
Adolescent – Growing	How can we build this to be viable?	2 – 5 years	• Absence of systems & accountability • Overwhelmed with change • Change may alienate funders, clients, staff and board • Danger of becoming isolated in the system	• 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	• 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	• 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	• Resistance to change • Inability to address key challenges • Declining excitement • Isolation of the agency	• 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	• Financial crises • Inappropriate leadership • Loss of staff and volunteers • Lack of any passion	• Commitment to complete turnaround • Graceful ‘sunset’ or merger

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	- Identify key unmet client/community needs - Develop a concept plan - Identify and evaluate program options - Clarify results & expectations of work	- Assess and begin to improve quality - Establish criteria for what activities and programs to pursue	- 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	- Explore new program delivery models - Develop internal process for evaluating new opportunities - Review strategic plan & develop a long-range program plan	- Undertake strategic planning to review activities – reduce and focus efforts - Conduct formal program evaluation – survey clients - Explore best practices and models - New collaborative relations	- Reduce programs to core essence - Explore partner to transfer programs - Immediately improve quality
Management	ID someone with time, skills and energy to formalize the organization	- Provide a mentor or coach for development of the leader - Assess ED's ability - maximize strengths and minimize weaknesses	- Clarify ED's primary roles - Establish ED annual priorities - Delegate and offer more admin support - Begin succession planning for key staff	- Enhance ED annual evaluation process - Clarify ED's roles related to staff management - Explore additional coaching	- Develop succession plans for key leadership - May need a new or interim Executive Director	Coach current ED or recruit interim ED with turnaround and financial experience
Staffing	- Estimate initial staffing needs - ID and determine how best to utilize volunteers - Create a basic staff orientation plan	- Use and recognize volunteers well - Hire administrative support - Consider contract or part-time for needed expertise – accounting, etc.	- Hire more admin support - Develop job descriptions and work charts - Refine volunteer management functions - Expand volunteer base - Create personnel policies	- Increase personnel management - Provide more training, including management training - Ensure proper volunteer programs - Conduct salary review and comparison - Prepare staff for diversity	- 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	- 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	- Begin to ID potential board members - Obtain information	- Expand the board - Clarify board member roles &	Conduct board retreats for planning & training	- Institute an annual board evaluation - Enhance board	- Re-energize or develop new board - Explore partnerships	- Board resign or build new board - Engage third party to

Nonprofit Organizational Life Cycle

	Grass Roots - Invention	Start-Up - Incubation	Adolescent – Growing	Mature - Sustainability	Stagnation & Renewal	Decline And Shut-Down
Program And Services	- Extremely informal or not yet a concern - Perceived need for a program or service	- Simple programs are initiated or a mix of diverse and non-integrated activities. - Strong commitment to delivering services	- Programs begin to establish themselves in the market - Often demand is greater than capacity - More consistent program delivery - More focus	- Core programs are established and recognized in the community - Long range program planning - New programs are added & deleted as market dictates - Programs functioning well	- Organization loses sight of market - Programs developed primarily to attract funding - Difficulty in delivering services and reaching goals - Inconsistent program quality	- 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	Entrepreneurial and visionary leader	- Single minded founder whose vision drives the organization - Sole decision making - little or no hierarchy	- Beginning strategic division of labor - Executive Director still primary decision maker and is less accessible to staff - Both external and internal demands	- Need for well-rounded Executive Director - Sometimes 'Founder's Syndrome' - Delegation of authority and clear accountability	- Founder likely to leave - Change agent needed	- Major conflict between ED and board - ED makes key decisions w/out board - ED is inaccessible and unable to meet deadlines
Staffing	- All volunteer driven - No paid staff	- Most work completed by volunteers - Small (if any), enthusiastic staff - Sense of "family" and cooperation among staff	- Staff size increases – still join primarily for mission - Deepening organization chart, with more centralized management - No job descriptions & personnel policies	- Even larger, and more culturally diverse and specialized staff - Professional managers are hired - Vertical, hierarchical organization chart	- Low staff morale; staff turnover - Focus is on individual programs, instead of organizational goals - Fiefdoms develop - Volunteers leave	- Departure of key staff - Key positions difficult to fill - Staff grievances bypass ED to board - High conflict among staff - Low # of volunteers
Governance/ Board	Not yet a real concern	- Formal governance structure in place - Small, passionate, and homogenous board - Members tend to be volunteers or hand-chosen by executive	- Board expansion – first 'outsiders' - New board members are added who are professionals with expertise - Less focus on operations, more on	- Board size and diversity increases - Main function is policy and oversight - Fundraising becomes a more important role - Good committee structure – most work	- No or very high board turnover - Sluggish and less involved - Bogged down in structure that may be outdated	- Very low board attendance - No new board members - Key board members may leave - Eventually dissolves itself

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		director • Operating board. • Strong emotional commitment and motivation to the mission	planning & oversight • More reactive than strategic in policies • Transitioning to governance board.	done in committees • Better board accountability • Key board role is to ensure organization longevity		• Major disagreement among board on mission and future • Board members making derogatory statements in public
Administrative Systems/ Operations	• Not yet a concern • No real 'home office'	• Few formal systems • Operations are agile and flexible • Informal management infrastructure • Few operational routines or systems in place • Frequent informal communication	• Unsophisticated operating systems • Unstable operations • Purchasing technology • Permanent home office with new admin support • Begin development of operational systems • Internal communication is challenging	• 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	• Well-developed systems become "red-tape" • Poor planning	• Departure from systems to crisis management • Poor internal controls or too much red tape • Cannot provide accurate picture of financial situation
Finances and Fundraising	• Not yet a concern • All resources are in-kind.	• 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	• 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	• 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	• Insufficient cash reserves • Falling behind on financial obligations • Loss of financial support • Not bringing in new funding sources	• 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	• Not yet a concern	• Poor external communication • Word of mouth referrals and marketing • No formal public relations	• First official promotional material • Word of mouth still primary marketing channel	• Marketing plan developed • Professional image and promotional material • In-house Communication & Marketing expertise	• Reactive to each crisis • No real proactive marketing and community relation building • Spending less on marketing	• Negative rumors in the community and/or bad press • Key stakeholders cannot clearly define mission & purpose • No marketing

	- on forming a board. • File articles of incorporation and by-laws • Recruit an initial board chair. • Obtain legal advice	- responsibilities – offer training • Create formal governance structure – including committees	• Formalize board recruitment process • Culturally diversify board composition • Develop board orientation & mentor program • Focus on policies	- fundraising capacity • Enhance board committee structure	- with others • Board retreat -revise board and planning • Revitalize board nomination process • Clarify board roles	- mediate conflicts • Board retreat to develop plan to address critical issues
Administrative Systems/ Operations	• ID initial infrastructure and operation needs • Determine any compliance needs • Decide on 'home office' • Obtain accounting expertise	• Formalize record keeping and • Begin to establish basic program policies and manuals	• Automate data management • Purchase necessary technology and equipment • Develop maintenance & replacement plan • Improve internal communication	• Develop a risk management plan • Upgrade technology hardware and software • Ensure adequate administrative staff • Formalize internal communication	• Centralize key administrative functions • Look to revamp systems and equipment • Re-examine policies – reduce red tape	• Shore up broken systems • Reduce red tape • Find external financial expertise
Finances	• ID initial funding sources, including researching targeted foundations • Develop a proforma budget • Develop an initial development plan	• Expand funding sources • Institute formal accounting policies and procedures • Hire an experienced accountant • Begin to plan for future financial needs	• 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	• Develop an operating reserve & policies • Review fundraising plan • Start planned giving program • Enhance fundraising capacity	• Expand funding sources • Detailed financial analysis • Explore short term cost reductions • Analyze current fundraising strategies • Add resources to development	• External audit • Short-term budget and funding plan • Budget cutbacks • Emergency meeting with key funders
Marketing/ Community Awareness	• 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	• 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)	• Have board more involved in community relations • Develop brand and image • Enhance professionalism of promotional material • Develop proactive PR plan	• Enhance marketing capacity • Better utilize technology for communication • Develop a long-term marketing plan • Enhance public relations • Reassess logo and image	• Proactive public relations campaign • Keep key stakeholders updated	• Engage technical assistance in crisis communication