

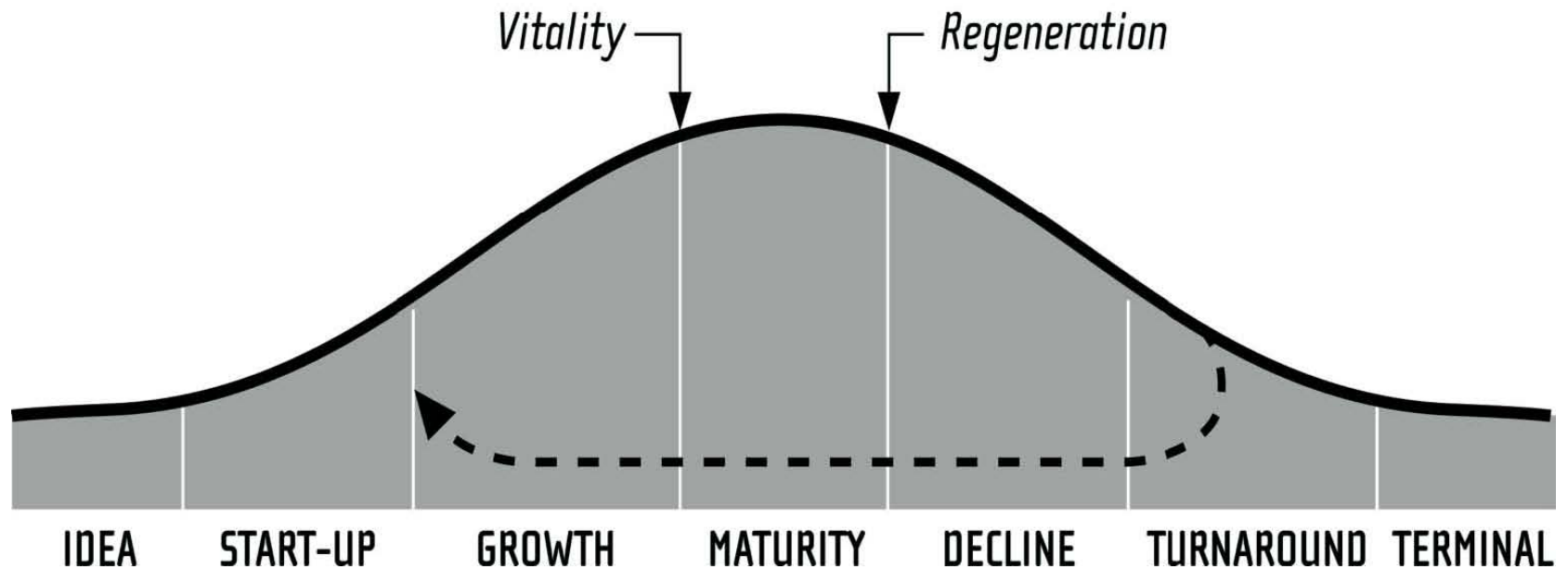
Stage-based Non-Profit Lifecycles

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“A stage is a developmental period when characteristic patterns of behavior are evidenced and certain capacities become established”.

http://www.philanthropynw.org/s_pnw/bin.asp?CID=19671&DID=47299&DOC=FILE.PDF

Non-Profit Lifecycle Stages



Non-Profit Lifecycle Stages

Benefits to Organizational Development

- Establishes a solid assessment tool for organizational performance
- Assists in aligning capacity with organizational position
- Helps determine planning priorities for organizational development

Non-Profit Lifecycle Stages

Stage One - IDEA

Characteristics - Perceived need sparks founding idea/vision. Programs not defined but driven by personal mandate, no management or Board yet but committed group of supporters with personal connection to mission, self-funded by sweat equity & personal investment , no systems yet.

Challenges - Identifying the un-met need, developing a mission that is relevant to the community.

Resources Needed - Community need and support, systems, structure, resources.

Non-Profit Lifecycle Stages

Stage Two - STARTUP

Characteristics - Energy/passion is high, but systems are lacking. Simple experimental programs emerge, most experienced member emerges as leader, Board still personally connected, low budget, financial/admin systems weak and often outsourced.

Challenges - Sharing the mission and responsibility with staff, Board and community support, knowing when to say 'no', turning sweat equity into external support, living within means.

Resources Needed - Defined structure (staff and Board) and systems.

Non-Profit Lifecycle Stages

Stage Three - GROWTH

Characteristics - Demand exceeds availability and resources. Programs/services differentiate in sector, Mgmt sees infinite potential, Board structure appears, more resources demand greater accounting/compliance complexities, weak systems need to be significantly improved to meet demands/growth.

Challenges - Aligning demand with resources, developing Board, est. strategic focus that allows vision to flourish within structure, formalizing org. structure, adapting to change, diversifying revenues.

Resources Needed - Board development, strategic planning, system development.

Non-Profit Lifecycle Stages

Stage Four - MATURITY

Characteristics - Established reputation for consistent/relevant programs and services, solid org. foundation, in touch with community needs, Mgmt often 2nd/3rd generation, Board sets direction/policy-oriented & distinct from Mgmt role, diversified revenue sources, clear and defined structure/systems.

Challenges - Remaining client-focused rather than policy-bound, keeping staff motivated on mission, building reserves, maintaining 'edge'.

Resources Needed - Long-term planning, continual ED /Board dev., renewal of systems and structure

Non-Profit Lifecycle Stages

Stage Five – DECLINE

Characteristics - Status quo decision-making , focus on internal needs rather than external. Programs losing edge, decrease in audience/clients, Mgmt unaware or blaming external factors, Board unaware/uninformed, budgets are fixed cost expense-heavy, historical budgeting, systems/space require updates.

Challenges - Focus on community need, deleting duplicate programs/services, keeping Board informed/engaged, raising sufficient revenues to avoid drawing from reserves, admin-expense heavy.

Resources Needed - Process of self-assessment - realignment of operations and programming.

Non-Profit Lifecycle Stages

Stage Six – TURNAROUND

Characteristics - Demonstration of critical self-assessment/awareness & decision to improve relevance. Prog/services re-assessed and modified in context of community need and viability, Leadership is strong with clear sense of direction, core and committed Board ready to restore org. integrity, expenses cut, policies/procedures being re-evaluated

Challenges - Finding champion to lead change, est. turnaround culture, having open dialogue with community/constituents.

Resources Needed - Committed leadership, community and constituent support for transition.

Non-Profit Lifecycle Stages

Stage Seven – TERMINAL

Characteristics - The will/reason to exist is lost.

Programs/services inconsistent and under-resourced, Mgmt & staff decreased often unpaid, Board has lost its drive & exists in name only, no money and often accumulated debt, systems abandoned, decisions and work occur on ad-hoc basis.

Challenges - People to take on responsibility for org. transition or termination, accepting fate, closing in honorable manner with least impact to community, communicating to stakeholders.

Resources Needed - Commitment of key leaders to wind-up, open dialogue with community/funders, external professional legal and financial guidance to ensure compliance.

Non-Profit Lifecycle Stages

Break-out exercise

- Identify which lifecycle stage your organization is in.
- Is the Board and ED assuming the right roles and responsibilities consistent with the stage? If no, what is needed?
- Are the current financial resources and operational systems in line with the organization's life stage? If not what is needed?