## Nonprofit Organizational Life Cycle

<table>
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<tr>
<th></th>
<th>Grass Roots - Invention</th>
<th>Start-Up - Incubation</th>
<th>Adolescent – Growing</th>
<th>Mature - Sustainability</th>
<th>Stagnation &amp; Renewal</th>
<th>Decline And Shut-Down</th>
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</table>
| **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  
• Small, passionate, and homogenous board  
• Members tend to be volunteers or hand-chosen by executive | • 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 | • 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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<td>• Not yet a concern</td>
<td>• Operating board.</td>
<td>• More reactive than strategic in policies</td>
<td>• Planning &amp; oversight</td>
<td>• Done in committees</td>
<td>• Well-developed systems become &quot;red-tape&quot;</td>
<td>• Major disagreement among board on mission and future</td>
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<td>• No real ‘home office’</td>
<td>• Strong emotional commitment and motivation to the mission</td>
<td>• Transitioning to governance board.</td>
<td>• • Better board accountability</td>
<td>• • Key board role is to ensure organization longevity</td>
<td>• • Poor planning</td>
<td>• Board members making derogatory statements in public</td>
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<th>Finances and Fundraising</th>
<th>Grass Roots - Invention</th>
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<td>• Not yet a concern</td>
<td>• Focus on gathering resources</td>
<td>• Established relations with key funders but still unpredictable funding resources</td>
<td>• Reliable and diverse funding streams</td>
<td>• Insufficient cash reserves</td>
<td>• • Unemployment &amp; behind on payables</td>
<td>• Major disagreement among board on mission and future</td>
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<td>• All resources are in-kind.</td>
<td>• Limited financial resources;</td>
<td>• Efficient at in-kind and volunteer resources</td>
<td>• Significant cash reserves</td>
<td>• • Relies on lines of credit for basic bills</td>
<td>• Board members making derogatory statements in public</td>
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<td></td>
<td>• Small budget with limited to no financial/accounting systems</td>
<td>• Cash flow problems - organization is undercapitalized</td>
<td>• Expanded major giving program</td>
<td>• • Possible bankruptcy</td>
<td>• • Key stakeholders cannot clearly define mission &amp; purpose</td>
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<td></td>
<td>• Overly dependent on a few funding sources and in-kind donations of expertise</td>
<td>• Cost considerations are more important</td>
<td>• Have, or are considering, planned giving and an endowment</td>
<td>• • Major funders withdrawing or threatening</td>
<td>• • No marketing</td>
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<td>• Hand-to-mouth</td>
<td>• • Revenue generation options considered</td>
<td>• • Additional fundraising staff support</td>
<td>• • High % of funds from only a few sources</td>
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<th>Marketing/ Community Awareness</th>
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<td>• Not yet a concern</td>
<td>• Poor external communication</td>
<td>• First official promotional material</td>
<td>• Marketing plan developed</td>
<td>• Reactive to each crisis</td>
<td>• • Negative rumors in the community and/or bad press</td>
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<td>• Word of mouth referrals and marketing</td>
<td>• Word of mouth still primary marketing channel</td>
<td>• Professional image and promotional material</td>
<td>• No real proactive marketing and community relation building</td>
<td>• Key stakeholders cannot clearly define mission &amp; purpose</td>
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<td></td>
<td>• No formal public relations</td>
<td>• In-house Communication &amp; Marketing Expertise</td>
<td>• In-house Communication &amp; Marketing Expertise</td>
<td>• Spending less on marketing</td>
<td>• No marketing</td>
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# Keys to Life Cycle Transitions

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<th>Program And Services</th>
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<td><strong>Management</strong></td>
<td>Identify key unmet client/community needs</td>
<td>Assess and begin to improve quality</td>
<td>Develop a strategic plan to clarify &amp; integrate</td>
<td>Explore new program delivery models</td>
<td>Undertake strategic planning to review activities – reduce and focus efforts</td>
<td>Reduce programs to core essence</td>
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<td>Develop a concept plan</td>
<td>Establish criteria for what activities and programs to pursue</td>
<td>ID and track client outcomes</td>
<td>Develop internal process for evaluating new opportunities</td>
<td>Develop internal process for evaluating new opportunities</td>
<td>Explore partner to transfer programs</td>
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<td>Identify and evaluate program options</td>
<td>Learn to say ‘no’ to opportunities</td>
<td>Review strategic plan &amp; develop a long-range program plan</td>
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<td>Conduct formal program evaluation – survey clients</td>
<td>Immediately improve quality</td>
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<td>Clarify results &amp; expectations of work</td>
<td>Develop collaborations to better serve client needs</td>
<td>ID and track client outcomes</td>
<td>Explore best practices and models</td>
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<td><strong>Staffing</strong></td>
<td>Estimate initial staffing needs</td>
<td>Provide a mentor or coach for development of the leader</td>
<td>Clarify ED’s primary roles</td>
<td>Enhance ED annual evaluation process</td>
<td>Develop succession plans for key leadership</td>
<td>Coach current ED or recruit interim ED with turnaround and financial experience</td>
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<td>ID and determine how best to utilize volunteers</td>
<td>Assess ED’s ability - maximize strengths and minimize weaknesses</td>
<td>Establish ED annual priorities</td>
<td>Clarify ED’s roles related to staff management</td>
<td>May need a new or interim Executive Director</td>
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<td>Create a basic staff orientation plan</td>
<td>Assess ED’s ability - maximize strengths and minimize weaknesses</td>
<td>Delegate and offer more admin support</td>
<td>Explore additional coaching</td>
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<td><strong>Governance Board</strong></td>
<td>Begin to ID potential board members</td>
<td>Use and recognize volunteers well</td>
<td>Hire more admin support</td>
<td>Increase personnel management</td>
<td>Prepare for major staff changes</td>
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<td>Obtain information</td>
<td>Hire administrative support</td>
<td>Develop job descriptions and work charts</td>
<td>Provide more training, including management training</td>
<td>Push for enhanced internal collaboration</td>
<td>Conduct staff retreat – input to address critical operational issues</td>
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<td>Consider contract or part-time for needed expertise – accounting, etc.</td>
<td>Refine volunteer management functions</td>
<td>Ensure proper volunteer programs</td>
<td>Re-evaluate the volunteer program</td>
<td>Engage third party to mediate conflicts</td>
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<td>Expand volunteer base</td>
<td>Conduct salary review and comparison</td>
<td>Explore ways to keep essential staff</td>
<td>Recognize challenge for staff – plan to address burn-out</td>
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<td>Create personnel policies</td>
<td>Prepare staff for diversity</td>
<td>Reassign staff as needed</td>
<td>Explore severance packages if shutdown</td>
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<td>Institute an annual board evaluation</td>
<td>Re-energize or develop new board</td>
<td>Consider new staff structures</td>
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<td>Enhance board</td>
<td>Explore partnerships</td>
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| 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 polices 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 |
## Nonprofit Life Cycles Overview

<table>
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<tr>
<th>Stage</th>
<th>Key Question</th>
<th>Duration</th>
<th>Obstacles</th>
<th>Opportunities</th>
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| 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 |