

# 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>

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		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>