

The Life Cycle of Nonprofits

Different stages...

Different strategies

The Development Spiral

5th Stage
Reflective

4th Stage
Robust

3rd Stage
Intentional

2nd Stage
Enterprising

1st Stage
Organic



The Organic Nonprofit

Goal: Presence

■ Questions

1. *Environment* How will we make a difference?
2. *Structure* Who does what?
3. *Leadership* Why do we exist? What is the vision?
4. *Systems* How will we know if we're successful?

■ Threats

1. *Environment* Invisibility
2. *Structure* Confusion
3. *Leadership* Overconfidence
4. *Systems* Shallowness

■ Capacity-building Activities

1. *Environment* Market research
2. *Structure* Create programs
3. *Leadership* Defining
4. *Systems* Create infrastructure

The Enterprising Nonprofit

Goal: Impact

■ Questions

1. *Environment* Where will we expand?
2. *Structure* How much can we do?
3. *Leadership* How can we remain authentic?
4. *Systems* How will we cope with breadth?

■ Threats

1. *Environment* Diffusion
2. *Structure* Burnout
3. *Leadership* Over-promising
4. *Systems* Under-investment

■ Capacity-building Activities

1. *Environment* Map the changing landscape
2. *Structure* Innovate
3. *Leadership* Take risks and persuade
4. *Systems* Measure--budget, program goals

The Intentional Nonprofit

Goal: Focus

■ Questions

1. *Environment* How do we fit?
2. *Structure* Can we increase our impact by focusing?
3. *Leadership* How do we remain faithful to our mission?
4. *Systems* How have we done thus far?

■ Threats

1. *Environment* Backlash to any change
2. *Structure* Specialization/departmentalization
3. *Leadership* Conflict, resistance to change
4. *Systems* Under-development

■ Capacity-building Activities

1. *Environment* Focus on what is really needed
2. *Structure* Reorganizing
3. *Leadership* Clarifying and explaining
4. *Systems* Tightening and investing

The Robust Nonprofit

Goal: Endurance

■ Questions:

1. *Environment* What are our futures?
2. *Structure* How do we stay agile?
3. *Leadership* What are our values?
4. *Systems* How do we insure against vulnerabilities?

■ Threats

1. *Environment* Isolation and hubris
2. *Structure* Overconfidence
3. *Leadership* Self-satisfaction
4. *Systems* Aging, not updating

■ Capacity-building Activities

1. *Environment* Keeping in touch, benchmarking
2. *Structure* Learning and team building
3. *Leadership* Challenging and inspiring
4. *Systems* Insuring and managing risk

The Reflective Nonprofit

Goal: Legacy

■ Questions

1. *Environment* How can we lead?
2. *Structure* How do we get younger?
3. *Leadership* How do we change the future?
4. *Systems* How can we manage financial freedom?

■ Threats

1. *Environment* Imperialism/paternalism
2. *Structure* Complacency and routine
3. *Leadership* Self-aggrandizement
4. *Systems* Self-preservation

■ Capacity-building Activities

1. *Environment* Exploring inside and outside the field
2. *Structure* Sorting, strengthening, trimming
3. *Leadership* Advocating and elevating
4. *Systems* Testing and renewing

The Development Spiral

5th Stage
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3rd Stage
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Stages 2-3 vs. Stages 4-5

Environment

Enterprising/Intentional

- More likely to collaborate with other organizations
- Less likely to have a diversified funding base
- Less likely to update their website
- More likely to have “old” strategic plans (3-5 yrs)
- Worry that they can’t afford to plan

Robust/Reflective

- More likely to rely on own resources
- Have diversified funding sources
- Update their website frequently, have on-line giving
- Update their strategic plans annually
- Planning is part of the organization’s everyday life

Stages 2-3 vs. Stages 4-5

Structure

Enterprising/Intentional

- Organizational structure tends to be flatter (2-3 layers)
- More likely to rely on volunteers to provide program
- Much *less* difficulty holding onto employees & volunteers
- Much *more* difficulty holding onto leaders and recruiting new leaders
- Less access to discretionary funds; often no cash reserves

Robust/Reflective

- Organizational structure tends to be hierarchical (4-6 layers)
- More likely to use volunteers for support or specific events
- Have a higher staff turn-over, especially volunteers
- Easier to recruit and retain leaders
- More likely to have cash reserves and an endowment

Stages 2-3 vs. Stages 4-5 Leadership

Enterprising/Intentional

- More likely to be led by charismatic leaders
- Likely to be led by the founder(s)
- Much less likely to have an executive team
- Leaders are much less likely to use business language
- Leaders assign greater importance to growth

Robust/Reflective

- More likely to have team-oriented leaders
- None are led by the founder
- All have a strong executive team
- Leaders use business language, perhaps “modified”
- Leaders assign greater importance to resilience

Stages 2-3 vs. Stages 4-5 Leadership

Enterprising/Intentional

- Often struggle to build their basic board structure
- Have more difficulty recruiting, retaining board members
- Boards are less likely to understand their general duties, role in setting policy, or role in overseeing the organization's performance
- Less likely to have formal board development activities

Robust/Reflective

- Work to deepen expertise and tighten responsibilities
- Far less difficulty in recruiting, retaining board members
- Board members have job descriptions, understand the role of governance, regularly evaluate own performance
- Have formal board orientation and ongoing development

Stages 2-3 vs. Stages 4-5 Systems

Enterprising/Intentional

- Put less emphasis on technology
- Less likely to have a written employment policy/manual
- Less likely to have merit raises, annual performance reviews, or job descriptions
- Less likely to have benefits beyond health insurance
- Provide less funding for staff development

Robust/Reflective

- More likely to have adequate technology
- More likely to have an employee manual
- More likely to have merit raises, annual performance reviews, and job descriptions
- More likely to have pension plans, disability insurance
- Provide considerable funding for staff development

Stages 2-3 vs. Stages 4-5 Systems

Enterprising/Intentional

- Less able to generate up-to-date, accurate financial info
- Know less about their activities (outputs) and outcomes
- Less likely to use objective data in making decisions

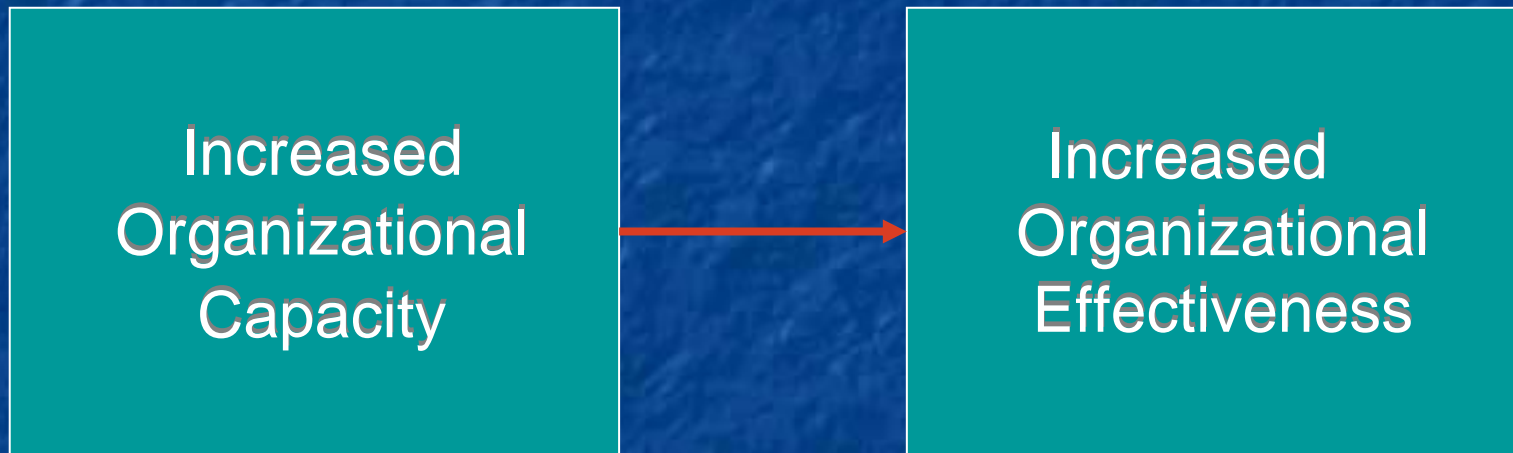
Robust/Reflective

- Have strong accounting systems
- Have strong systems to measure work output, more likely to measure outcomes
- More likely to use objective data (cost/benefit analysis)

P. Light's study of 25 high-performing nonprofits (2001-2003)

- 7 had no strategic plan
- 2 ignored the strategic plan they had
- 10 didn't have a diverse funding base
- 10 struggled to clarify board/staff responsibilities
- 9 did no board training
- 13 had accounting weaknesses
- 14 had no written job descriptions
- 14 held five or fewer board meetings per year
- 17 had no system for measuring outcomes

Which capacity-building activities will provide the biggest pay-off?



Select the top 3 issues you would like to address

Strategy #1: Look at weaknesses

1. What is the biggest weakness that is preventing your organization from stabilizing or moving forward?
2. What are the underlying causes of that weakness?
3. What steps can be taken to correct the underlying problems?
4. What is the plan to take those steps?

Strategy #2: Look at opportunities

1. What is a potential opportunity that could bring in new resources, solve a problem?
2. What is required to take advantage of that opportunity?
3. What are the collateral activities that need to be taken?
4. What is the plan to take advantage of this opportunity?

Strategy #3: Look at desired outcomes

1. What would you like the organization to achieve or improve on?
2. What is preventing you from reaching that goal?
3. What needs to be done to remove roadblocks or provide resources?
4. What is the plan to achieve this goal?

Pick three capacity-building issues that would have a big impact on your organization

1. Identify weakness(s), opportunity(es), and/or outcome(s).
2. Identify the underlying cause of a weakness, the requirements for taking advantage of an opportunity, the necessary steps for achieving an outcome.
3. Develop a plan for ONE of the three capacity-building issues you have identified.