



FORERUNNER MENTORING

NONPROFIT LIFE CYCLES PRESENTATION

Prepared by Save Nine Consulting, LLC

NONPROFIT LIFE CYCLES

CONCEPT

- Similar to people and human life cycles, all nonprofits experience transitions and growing pains as they progress from an idea to a real organization
- Most nonprofits follow the same general path along industry-recognized milestones in each phase for each segment of the organization (financials, board, HR, etc.)

NONPROFIT LIFE CYCLES

1. IDEA/INVENTION

2. START UP

3. GROWTH

4. MATURITY

5. DECLINE

- Can turn around back to 3. Growth or go on to 6. Crisis



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NONPROFIT LIFE CYCLES

1. IDEA/INVENTION STAGE

(FORERUNNER YEAR 2009-2012)

DESCRIPTION

- Can this dream be realized?
- An idea/personal mandate to fulfill a community need
- No formal organization exists yet

TYPICAL MILESTONES

- Generating interest and testing the concept with others
- Identifying potential board members
- Learning about nonprofit fundamentals (legal, structural requirements, etc.)
- Developing a vision, early support



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1. IDEA/INVENTION STAGE (CONT.)

(FORERUNNER YEAR 2009-2012)

TYPICAL PROBLEM POINTS

- Fear of formalizing
- Resistance to outside support



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2. START UP STAGE

(FORERUNNER YEAR 2012-2015)

DESCRIPTION

- How are we going to pull this off?
- Early stage of operation
- Unbridled energy and passion for the mission
- Little in the way of governance, management, resources and/or systems

TYPICAL MILESTONES

- Incorporating as a 501(c)(3) nonprofit, tax-exempt status
- Hiring the first paid staff
- Small, passionate, hands-on board
- Visionary founder is the primary decision maker



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2. START UP STAGE (CONT.)

(FORERUNNER YEAR 2012-2015)

TYPICAL PROBLEM POINTS

- Founder's reluctance to relinquish "ownership"
- Reluctance to formalize systems in favor of focusing energy on programs



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3. GROWTH STAGE

(FORERUNNER YEAR 2015-2019)

DESCRIPTION

- How can we build this to be viable?
- Mission and programs have taken hold in the community
- Need/Demand for services exceeds the organization's capabilities

TYPICAL MILESTONES

- Expanding the board beyond the incorporators
- Developing a strategic plan
- Expanding paid staff with more job specialization and formalizing
- Beginning to formalize other areas: financial mgmt, program evaluation, fundraising, etc.



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3. GROWTH STAGE (CONT.)

(FORERUNNER YEAR 2015-2019)

TYPICAL PROBLEM POINTS

- Board more interested in programs and day-to-day management than governance
- Boards acts mainly as support group for ED than for the whole organization
- Fears that professionalism will detract from the mission
- Staff burnout – high demands, low support



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4. MATURITY STAGE

(FORERUNNER YEAR 2019-CURRENT)

DESCRIPTION

- How can we sustain and maintain our edge?
- Organization is well-established
- Operates relatively smoothly
- Known for providing relevant and high-quality services

TYPICAL MILESTONES

- Programs are solid and well-recognized
- Board and ED operate with sense of partnership and shared ownership
- Admin systems are in place
- If founder is still involved, he/she has taken steps to separate personal identity from that of the organization



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4. MATURITY STAGE (CONT.)

(FORERUNNER YEAR 2019-CURRENT)

TYPICAL PROBLEM POINTS

- Unable to transition from operations board to governance board
- Comfort with status quo
- Too much dependence on ED



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5. DECLINE STAGE

DESCRIPTION

- What do we need to change?
- Organization faces critical juncture
- Decides to close or undertake a turnaround

TYPICAL MILESTONES

- Departure of ED and several board members
- Plan of action is established
- Program cutbacks to allow for recovery and renewal



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5. DECLINE STAGE

TYPICAL PROBLEM POINTS

- Addressing low staff morale
- Keeping the board engaged and energized
- Persevering despite skeptical attitudes



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LIFE CYCLE

WHERE YOU ARE

An organization can be in different phases for different measurements

- Age of organization
- Staff Size
- Budget Size

Most important factor to consider is this:

- To what extent are you providing consistent, high-quality mission fulfillment



INTERNAL STAGES

*EACH DEPARTMENT WITHIN AN ORGANIZATION
GOES THROUGH THE GROWTH STAGES*

Department	Start Up	Growth	Maturity
Programs	Simple approach	More consistent and focused	Focused on results and relevancy
Financials	Hand to mouth	Established relationships but still unpredictable	Relationships with many funders and higher degree of predictability
HR	Decisions made by Founder	ED is key decision maker with board guidance	Clear division of labor and accountability among staff
Board	Informal, committed, homogeneous, group usually hand chosen by ED	Board expands to more outsiders; less focus on operations and more focus on planning and oversight; committee structure needed	Board size increases; is more policy and strategy focused; delegates management to ED; fundraising becomes more important role

From ***Preventative Health for the Social Sector: Avoiding Organization Decline***, Suzanne Smith

BOARD TRANSITION

FOUNDING TO GOVERNING

THE FOUNDING BOARD

- The board is the organization
- Strong sense of ownership, consensus leadership, reluctance to release power to staff
- Informal, consensus decision-making, sometimes “rubber stamping”
- Strong mission focus; little distinction between policy and administration

THE GOVERNING BOARD

- Assumes responsibility for well-being and longevity of the org
- Balance of power between staff and org
- Formalized decision making process, increased reliance on staff recommendations
- Focus on policy, planning, and oversight responsibilities; focus on building management structures; micromanagement often a problem

BOARD TRANSITION

FOUNDING TO GOVERNING (CONT.)

THE FOUNDING BOARD

- Small group, few to no committees
- Passion for mission
- Composed of individuals with close ties to the founder or mission of the organization

THE GOVERNING BOARD

- Committees more important, more delegation of work to committees, add board members
- Passion for mission grows to include focus on building internal capacity
- Recruit board members who are specialists in needed areas



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BOARD STAGE TRANSITIONS

FOR GROWTH AND MATURITY

1. **Board/staff must redefine roles**
 - Create clearer job descriptions
2. **Balance power between board and staff**
 - (Typically, founding board members will find it difficult to hire or trust first staff members)
3. **Shift to more business like operation and formalized decision making**
 - Increase reliance on and trust in staff recommendations



BOARD STAGE TRANSITIONS

FOR GROWTH AND MATURITY

4. Build committee structure

- Delegate more work to committees

5. Open up to new people

- Increase size of board
- Recruit board members who are specialists and diverse

6. Develop systems

- Focus on policy, planning, and oversight responsibilities
- Seek to avoid micromanagement



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LIFE CYCLE

WHERE FORERUNNER LIKELY IS

- Beginning Maturity Stage
- Board/Staff have clear roles
- Balanced power between BOD and Staff
- ED is more hands off of the day-to-day operations, leaving that to his paid staff.
- Finalizing transition from Founding BOD to Governing BOD
- Forerunner is becoming bigger than the ED/Founder
- BOD is increasing and forming committees

BOD = Board of Directors
ED = Executive Director



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THE BOARD'S ROLE IN FORERUNNER REACHING MATURITY

- Shift from a ***founding board*** and its attributes (homogenous, informal, etc.) to a ***governing board***
- Expand to add specialized and diverse members
- Add more formal meetings, formalize decision making process
- Develop a Strategic Plan
- Establish solid committee structure that complements Strategic Plan
- Revisit and revise job descriptions to clearly outline division of power between board and staff
- Focus less on day-to-day staff operations and more on fundraising, building community support, and growing and developing the board itself

REFERENCES

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- Nonprofit Lifecycles, Susan Kenny Stevens
- The 5 Life Stages of Nonprofit Organizations, Judith Sharken Simon
- Preventative Health for the Social Sector: Avoiding Organization Decline, Suzanne Smith
- Board Passages: *Three Key Stages in a Nonprofit's Board Cycle*, National Center for Nonprofit Boards

