



Nonprofit
Lifecycles™
Capacity Building

*Developed from the work
of Dr. Susan Kenny Stevens
and her book Nonprofit
Lifecycles: Stage-based
Wisdom for Nonprofit
Capacity*

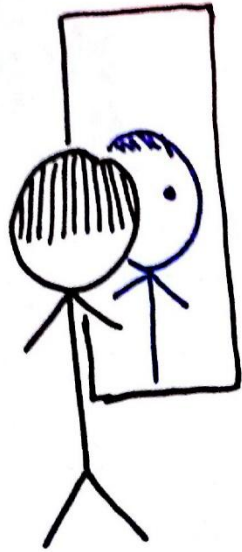
Why is Nonprofit
Lifecycles
Capacity
important?

*Without solid management,
governance, financial
resources and administrative
structures, even the best
programming will be
compromised*

CAPACITY
BUILDING
PROVIDES

**A solid diagnosis
ensures practical
solutions, thereby
producing organizations
that are **strong, durable
and capable.****

Self-Assessment: Holding up the Mirror



‘I was scared at first, but the lifecycle assessment gave me a *safe-place* to figure out where we are and where we need to go.’



Nonprofit Capacity

Think of your agency's operating capacity as the "table legs" that support your mission and programs.

The stronger and more robust your table legs, the better your ability to accomplish your mission.

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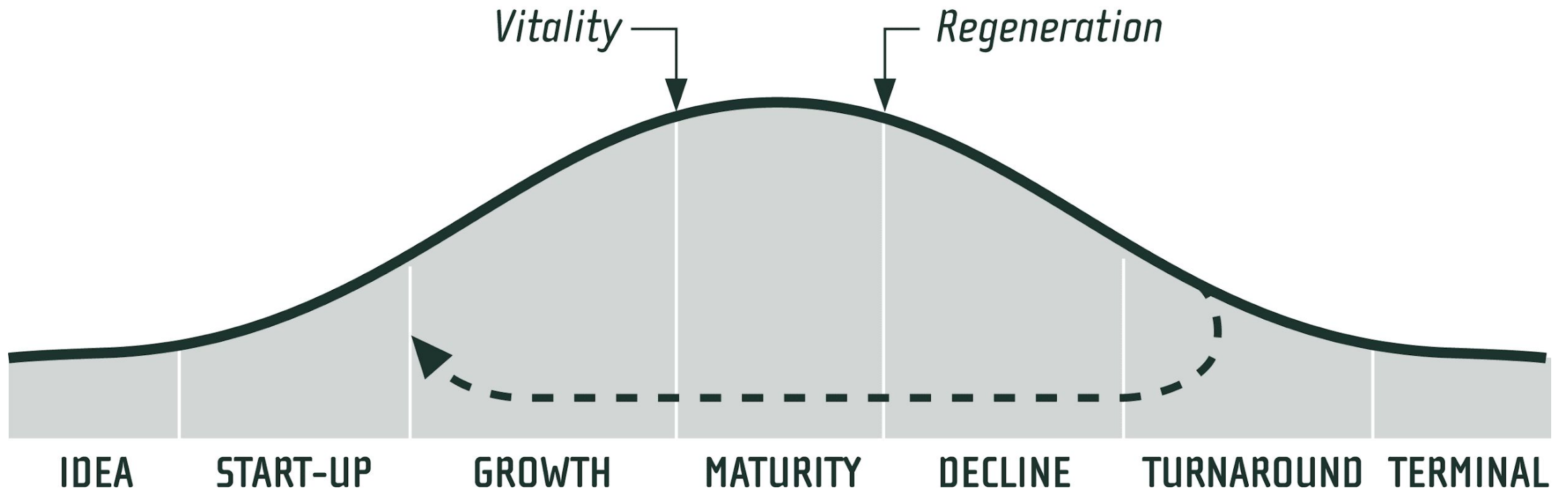
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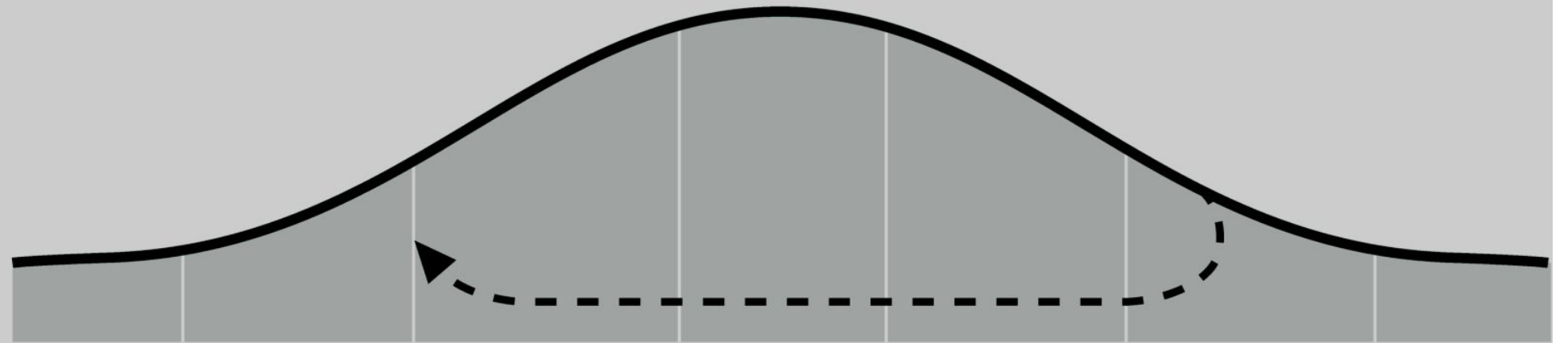
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Benefits of a Lifecycles Approach

- Meets grantees “where they are”
- Employs a “leadership team” approach
- Engages quality consultants
- Sets clear expectations and accountability
- Is realistic and flexible
- Promotes sustainable habit change
- Results in leveraged benefit to the greater community



Nonprofit Lifecycle Stages



IDEA START-UP GROWTH MATURITY DECLINE TURNAROUND TERMINAL

<i>Life Cycle Stage</i>	IDEA	START-UP	GROWTH	MATURITY	DECLINE	TURNAROUND	TERMINAL
Programs	→	→	→	→	→	→	→
Management	→	→	→	→	→	→	→
Governance	→	→	→	→	→	→	→
Financial Resources	→	→	→	→	→	→	→
Administrative Systems	→	→	→	→	→	→	→

LIFECYCLE STAGE 1: IDEA

Overview: Perceived community need sparks a founding idea or vision of what could be

CHARACTERISTICS

- **Program:** Programs are not yet defined, only an intense, personal mandate to fill a societal gap
- **Management:** Originators are believable, action-oriented people with commitment to proposed purpose
- **Governance:** No board exists at this stage, only supporters with a personal connection to mission
- **Resources:** Sweat equity is the usual self-funding device, unless originators have deep pockets or an outside “angel” backs the project
- **Systems:** Although generally lacking in systems, in-kind services, equipment, and other goods may exist

CHALLENGES

- Identifying an unmet need
- Developing mission and vision
- Mobilizing the support of others
- Converting the idea into action



LIFECYCLE STAGE 2: STARTUP

Overview: The beginning stage of operations when energy and passion are at their highest, but systems generally lag far behind

CHARACTERISTICS

- **Program:** Programs are simple, experimental, and generally have more breadth than depth
- **Management:** Leader is a “spark-plug” and the group’s most experienced staff person
- **Governance:** Members almost always have a personal connection to mission or founder
- **Resources:** Usually a low-budget, boot strap operation unless seeded initially by a major start-up grant
- **Systems:** Financial and administrative functions and systems are generally weak and may be out-sourced to others

CHALLENGES

- Sharing vision and organizational responsibility with staff, board and constituencies
- Hiring versatile staff
- Leveraging sweat equity into outside support
- Knowing when to say “no”
- Living within financial means



LIFECYCLE STAGE 3: GROWTH

Overview: Program opportunity and service demand exceed current systems and structural capacities

CHARACTERISTICS

- **Program:** Organization begins to understand and define the distinctive methods and approach that separate its programming from others
- **Management:** Organization is led by people who see infinite potential for services
- **Governance:** Board structure begins to appear
- **Resources:** More sources of income create greater accounting and compliance complexities
- **Systems:** Current systems, never good to begin with, must now be substantially improved to meet demands of continual program expansion and rising compliance expectations

CHALLENGES

- Too much to do, too little time
- Identifying distinctive competence
- Developing board ownership
- Beginning to formalize organizational structure
- Creating a program and strategic focus that doesn't trap creativity and vision
- Becoming comfortable with change
- Diversifying revenues and managing cash flow



LIFECYCLE STAGE 4: MATURITY

Overview: Nonprofit has a reputation for providing steady, relevant and vital services to the community and operates with a solid organizational foundation and an overall sense of security

CHARACTERISTICS

- **Program:** Programs are well-organized; results focused; and in touch with community needs
- **Management:** Executive leadership is often second or third generation from the originators
- **Governance:** Board sets direction, is policy oriented and leaves management to the executive director
- **Resources:** Organization has multiple sources of income and is not dependent on one source of funding
- **Systems:** Organization operates from an outlined course of action for routine client, board and personnel matters

CHALLENGES

- Remaining client-centered, rather than policy-bound
- Keeping staff motivated around the mission
- Building financial footings of endowment or reserves
- Maintaining their programmatic “edge,” cycling programs in and out based on continued relevancy
- Becoming “position” rather than “person” dependent



LIFECYCLE STAGE 5: DECLINE

Overview: Organization makes status quo decisions based on internal factors rather than external client needs. These decisions result in diminished client status and insufficient current income to cover operating expenses

CHARACTERISTICS

- **Program:** Programs are losing clients to others whose approach is more accessible, and possibly less expensive
- **Management:** Organizational slippage is either unseen, denied, or blamed on external sources
- **Governance:** Board is unaware there is something wrong; they think things are running smoothly and often don't take action until money starts running out
- **Resources:** Budgets are fixed-cost and expense heavy, with income projections reflecting past experience rather than current reality
- **Systems:** Systems, although developed, are often antiquated, and physical space may be deteriorating

CHALLENGES

- Reconnecting with community need, discarding duplicative programs that add no value
- Remembering that policies, procedures, systems and structure are no substitute for creativity and risk-taking
- Keeping board informed and engaged
- Raising enough operating income so reserves are not drawn down for everyday use
- Examining the budget for top-heavy administrative expenses



LIFECYCLE STAGE 6: TURNAROUND

Overview: An organization that is at a critical juncture because of lost market share and revenues, but, through self-awareness and determination, has taken decisive action to reverse prior actions in favor of market relevance and organizational viability

CHARACTERISTICS

- **Program:** Programs are reassessed and modified in light of current market needs and financial viability
- **Management:** Turnaround leader is a gutsy, strong-willed person with a clear sense of direction and the ability to inspire confidence in others
- **Governance:** A core of committed board members are ready to do what it takes to restore organizational integrity
- **Resources:** Willingness to cut expenses to reflect realistic income and cash flow
- **Systems:** Existing policies and procedures may be too complex, expensive, and “mature” for the turnaround organization

CHALLENGES

- Finding a turnaround champion and letting them lead
- Establishing a turnaround culture and mindset
- Committing to a consistently frank and open dialogue with constituents, funders and the community
- Cutting expenditures to reflect realistic income
- Restoring eroded community credibility through consistency, honesty and program results



LIFECYCLE STAGE 7: TERMINAL

Overview: An organization that has lost its will, reason or energy to exist

CHARACTERISTICS

- **Program:** Programs are unreliable, unsteady, and seriously under-funded
- **Management:** Staff and management have dwindled to a handful and possibly may be working without pay
- **Governance:** Board has lost its collective drive to continue and may exist in name only
- **Resources:** The organization is most likely out of money and may have accumulated deficits
- **Systems:** Systems have been abandoned. Organizational decisions and general workflow happen on an ad hoc basis

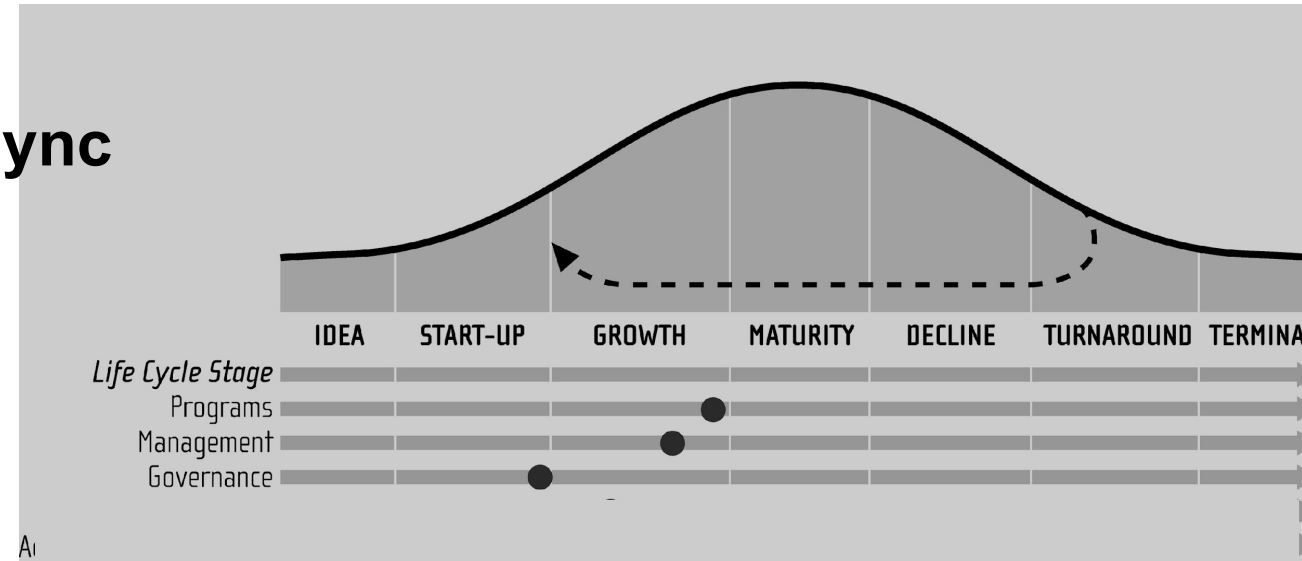
CHALLENGES

- Accepting responsibility for organizational renewal or termination
- Resisting the urge to blame others for terminal situation
- Communicating termination plans to clients and making appropriate referrals
- Closing up shop in an honorable manner, worthy of the care in which the nonprofit was founded

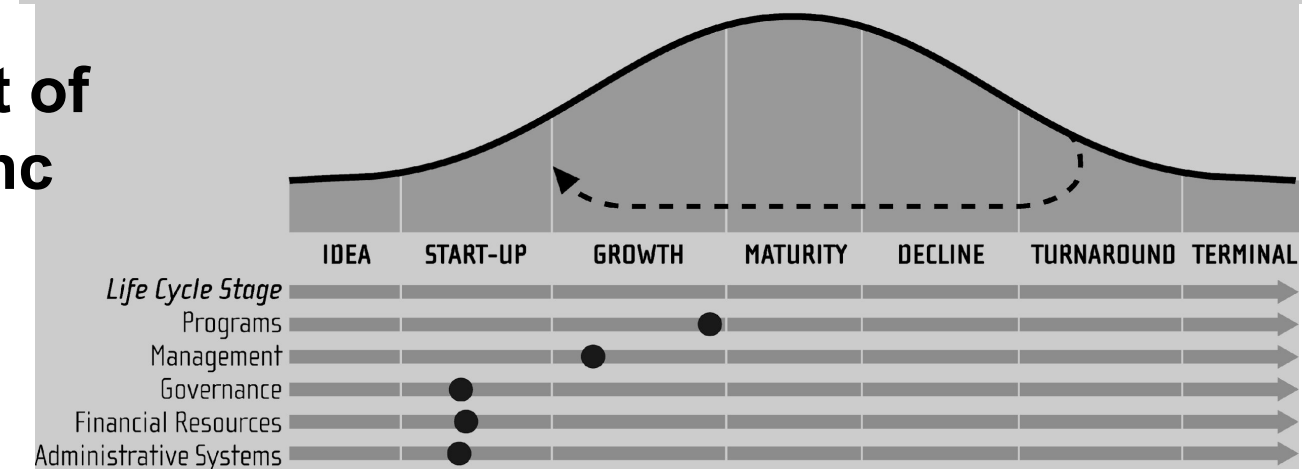


Capacity Assessment

In Sync



Out of Sync



SAMPLE ASSESSMENT OUTCOMES

PROGRAMS - high growth. Robust but data not shared, stories not told. Confusion in community about brand.

GOVERNANCE – early growth. Coming out of turnaround; needs full slate of officers, more diversity of perspective.

MANAGEMENT – early growth. Dynamic/respected leader, not strong in operations; retention issues. Org needs trains running on time.

FINANCIAL RESOURCES– high startup. Too much dependence on gov't grants, one large donor, facilities not updated. Needs to diversify income.

ADMINISTRATIVE SYSTEMS – mid Startup. HR systems in disarray, staff not trained in systems, poor communication.