
Growing Up: The Five Life Stages of Non-Profit Organizations

What We’ll Cover

• Why It’s Helpful to Know about Life Cycles
• Background to Understanding Organization Life Cycles
• Nonprofit Organization Stages of Life
• Governance Challenges (in general and specific to Policy Governance®)

Like people and plants, organizations have a life cycle. They have a green and supple youth, a time of flourishing strengths, and a gnarled old age...

− John W. Gardner
Why Learn About Organizational Life Cycles?

- Transition can be painful and frustrating—this may make it easier
- Validates experiences and dispels disease mentality
- Helps in projecting for the future
- Helps put the issues the organization is facing in context
- Organizations that manage transitions well are more successful

What the Literature Says About Organizational Life Paths

- Certain factors trigger transitions: Age, size, industry, society, career stage, personalities, skills & abilities
- Leaders have specific roles in each stage
- Organizations naturally evolve
- Leadership changes are inevitable and necessary

The Model
Basic Premises of Nonprofit Life Stages and the Model

- Organizations are generally forward moving at a predictable pace.
- Organizations are multidimensional and the various dimensions create a pattern.
- Five factors influence where an organization is at in its life cycle: age, size, growth rate of its field, social environment, and its primary leader’s characteristics.
- Significant events occur at each stage - necessary to move forward.
- No predictable end-point in organizational life.
- Distinct stages, but boundaries between stages are blurry.
- Each stage can be defined by dominant characteristics.
- Each stage is uniquely valuable.

Key Elements of Governance

- Check (we’re going to need some information)
- Be accountable but assign authority (to only one place)
- Have expectations (and write them down)
- Govern on behalf of owners (link, engage, study)

The 7 Arenas...
An Organizing Framework
A walk through the five stages...

Imagine and Inspire

Stage 1:
- No external support
- Creativity and energy
- Founders
- Can this dream be realized?
- 0-5 years

Tips for Navigating:
- Understand governance– how PG can help
- Understand the life path
- Secure expertise
- Articulate the ideas

To go on a vision quest is to go into the presence of the great mystery.

(Lakota)
Found and Frame

Stage 2:
- Fear of formalizing
- Excitement
- Charisma
- Board = small, dedicated group of personally-related people
- Define board relationship, but very gray
- How are we going to pull this off?
- 1–2 years

- Attend to board composition & structure
  - commit to PG
- Expand the funding base
- Develop organizational systems and structure

Ground and Grow

Stage 3:
- Need accountability
- First outsider
- Sense of accomplishment
- Need for board structure
- How can we build this to be viable?
- 2–5 years

- Adopt PG formally
- Develop Policy Manual – even if bare bones
- Develop multiyear budget & fundraising plan
- Consider program/service choices

Produce and Sustain

Stage 4:
- Additional clarity on Board-staff roles & ED limitations
- Old vs. new
- Stable resources
- How can we sustain the momentum
- 7–30 years

- Undertake self-assessment processes
- Training in understanding & managing diversity
- Time to take a comprehensive look at Ends?
- Innovation strategies
- Re-examine partners & allies
Review and Renew

Stage 5:
• Isolation
• Turnover
• New energy
• Owner input and report
• Comprehensive review of Policy Manual for consistency
• Recommitment to PG
• What do we need to redesign?
  • 2–5 years
  • Change management
  • Succession planning
  • Seek collaborative relationships

Decline and Dissolution

• Ineffective
• Infighting
• Crisis
• Graceful demise
• Should we close?
• Seek assistance

Go ahead and fail. But fail with grace, fail with style...Embrace failure! Seek it out. Learn to love it. That may be the only way any of us will ever be free.

− Tom Robbins
Remember...each stage has value.

Applying Life Stages to PG

• What aspects of PG come to the surface in each of the stages?
• How can you position the organization in a certain stage for good governance, applying PG?
• What are PG challenges in the different stages and what suggestions do you have for overcoming them?

Know when you're shifting gears in life. You should leave your era, it should never leave you.

- Leontyne Price
Integration Tips... and Other Handouts

• Have others in the organization complete the tool
• Review the detail—highlight strengths and weaknesses
• Discuss model/concept with your board, staff, funders (distribute the Assessment Tool as an exercise or as data for discussion)
• Other?