

ORGANIZATIONAL LIFE CYCLES

Whether your organization is expanding the board, restructuring the staff, working on long-range planning, or looking for a new executive director, you need to begin by looking at the whole picture. Whatever the reason, the prospect of trying to objectively evaluate your organization can be daunting. It's difficult to figure out how to start.

Fortunately, Paul Connolly and Laura Colin Klein offer an absorbing and insightful way to objectively determine where one's organization is situated and where it may be headed.

At their June NPCC workshop on life cycles of organizations, Connolly and Klein, consultants with The Conservation Company, began by stating that this workshop is based on their firm's management consulting work with nonprofit organizations. The framework was developed by adapting organizational life cycle models based on this consulting experience, and is just one of the models they use to help organizations identify and address problems. They noted that it can be used alone or in conjunction with other models, such as ones that are oriented more toward market and competitive analysis.

The concept of the framework is that organizational development is similar to personal development in that there are normal traits at each developmental stage. The borders between stages are blurry, and there are predictable characteristics during each transition from stage to stage.

The model can be used for a variety of purposes: determining what stage an organization is operating at, managing transitions, developing healthy strategies, and anticipating future challenges.

Klein noted that we often don't notice that things change both internally and externally; we tend to become so set in our ways that we lose the ability to see anything beyond day-to-day management and survival. Their session offered a way to take a step back and get a fresh perspective on an organization.

The organizational matrix that Klein and Connolly presented consists of the following framework. The organization is divided into five distinct areas: program, management, board, administrative systems, and finances. These areas are separated into five stages of organizational development: start-up, adolescent, mature, stagnant, and ready to shut-down. Given this framework, the typical characteristics within each organizational area at each life stage are then applied. The model is reprinted on the following page.

Connolly noted that the purpose of the framework is not to have your organization fit into a column of boxes, but to better understand where you are at, where you may be lagging, and where you are going. For example, it's possible for an organization's programs to be mature, while administrative systems are still in start-up or adolescent mode. Or, as an organization introduces new programs, those will be in the start-up phase while other areas will be stable or mature. Organizations are constantly in flux, whether one realizes it or not.

The model is not necessarily based on the premise that the goal for all groups is to attain "maturity," although it may be for many groups. Some nonprofits may intentionally want to stay small and entrepreneurial, operating in an adolescent-like mode. The ultimate aim is to be in balance at whatever stage you are

One participant wryly observed, "At the beginning [of this workshop], I thought that my organization was in stagnation. I now realize that we're really in start-up."

ORGANIZATIONAL LIFE CYCLE MATRIX

	START-UP	ADOLESCENT	MATURE	STAGNANT	READY TO SHUT-DOWN
PROGRAM	<ul style="list-style-type: none"> perceived need for a program or service simple programs are initiated strong commitment to delivering services 	<ul style="list-style-type: none"> programs begin to establish themselves in the market 	<ul style="list-style-type: none"> programs are established and recognized in the market programs are added and deleted as market dictates 	<ul style="list-style-type: none"> organization loses sight of market programs are developed primarily to attract funding difficulty in delivering services and reaching goals 	<ul style="list-style-type: none"> no longer meeting market needs loss of credibility with funders and clients
MANAGEMENT	<ul style="list-style-type: none"> founder's vision drives group small, enthusiastic staff sense of "family" and cooperation among staff frequent informal communication little or no hierarchy 	<ul style="list-style-type: none"> staff size increases beginning strategic division of labor deepening organization chart, with more centralized management 	<ul style="list-style-type: none"> even larger staff professional managers are hired vertical, hierarchical organization chart delegation of authority and clear accountability formal communications 	<ul style="list-style-type: none"> focus is on individual programs, instead of organizational goals fiefdoms develop low staff morale; staff turnover 	<ul style="list-style-type: none"> internal fighting and back-stabbing departure of key staff
BOARD	<ul style="list-style-type: none"> board is small, homogeneous, and loosely formed members tend to be volunteers or hand-chosen by executive director may perform operating tasks strong emotional commitment to mission 	<ul style="list-style-type: none"> new board members are added who are professionals with expertise less concentration on operations, more on planning and oversight 	<ul style="list-style-type: none"> board size and heterogeneity increases main function is policy and oversight fundraising becomes a more important role strong, independent committees develop 	<ul style="list-style-type: none"> low board turnover sluggish and less involved bogged down in structure that may be outdated 	<ul style="list-style-type: none"> key members may leave eventually dissolves itself
ADMINISTRATIVE SYSTEMS	<ul style="list-style-type: none"> informal management infrastructure few operational routines or systems in place 	<ul style="list-style-type: none"> unsophisticated operating systems unstable operations 	<ul style="list-style-type: none"> program coordination through formal planning systems in place standardized and efficient operations 	<ul style="list-style-type: none"> well-developed systems become "red-tape" poor planning 	<ul style="list-style-type: none"> departure from systems to crisis management poor internal controls
FINANCES	<ul style="list-style-type: none"> focus on marshaling resources limited financial resources; small budget hand-to-mouth 	<ul style="list-style-type: none"> insecure funding resources cash flow problems organization is undercapitalized cost considerations become more important 	<ul style="list-style-type: none"> reliable and diverse funding streams significant cash reserves have, or are considering raising an endowment 	<ul style="list-style-type: none"> loss of financial support failing behind on financial obligations insufficient cash reserves 	<ul style="list-style-type: none"> possible bankruptcy

The Conservation Company, 1997. Adapted from a variety of sources including Management Assistance Group's *Passages: Organizational Life Cycles* and The Stevens Group's *Growing Up Nonprofit*.

Organizational Life Cycles

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at. Connolly also pointed out that time in existence and the size of an organization have no bearing in viewing your organization through this model.

SELF-ASSESSMENT EXERCISE

Once it's clear how the matrix is constructed, it can be used to examine your organization. Connolly and Klein conducted an exercise that had participants assess their organization on a variety of levels, from administration to market needs to systems. Three of their questions included: At which developmental stage is my organization in each of the organizational areas? What stage(s) do we want to be at? And, what do we need to do in order to get to the stage we want to be in?

While this exercise can be conducted solely by an executive director, it is most useful when undertaken by both board and staff. It is also most helpful to undertake this kind of an examination with the help of an outside, unbiased party — a consultant or facilitator who can help provide insights that others too close to the organization may overlook someone to help hold up the mirror.

TYPICAL CHARACTERISTICS OF ORGANIZATION TRANSITIONS

It's often an organization's life in the transition — between the stages outlined in the matrix that is most confusing and challenging. For example, an organization that is moving from start-up to adolescent may find that its

board is gradually becoming less involved with operations, possibly leading to tension between board and staff about who should be performing which tasks. As a nonprofit moves from the adolescent stage to maturity, some staff may dislike the formal systems that are developed, and may leave if they don't adapt to the changes.

Transitions between stages are difficult for most organizations because they require change. Sometimes organizations plan this change intentionally. This is often the case of adolescent organizations that undertake strategic planning in order to mature. Sometimes, however, the environment forces a transition. For example, a large grant may require not only programmatic expansion but also major restructuring.

Probably the most unsettling situation for an organization to realize it's in, or approaching, is stagnation. Because stagnation untreated will probably lead to demise, an organization will have to decide whether to shut-down or initiate ways to bring the organization back to health. An organization has to first recognize that there is trouble, identify what the specific problems are, and then find ways to work through them.

The turn-around to get your organization back to the stage in "life" that you want it to be at will require a combination of re-alignments. Some of these may include new leadership (possibly the executive director and some board members), the ability to think "out-of-the-box" (that is, new ways to think about old

things), and the ability to examine, reinvigorate and re-vitalize.

Klein and Connolly's rationale for presenting information on organizational life cycles is not just to point out typical characteristics but also to help organizations learn how to address these challenges and anticipate future problems. Tools and approaches for this include comprehensive strategic planning, board development, program evaluation, market research and analysis, earned and contributed income strategy development, and executive search. Again, an outside consultant will be able to provide helpful insight for board and staff members when conducting these activities.

No matter the size or the age of your organization, Klein and Connolly recommend that you periodically step back to figure out where you are, where you want to go, and what problems you may encounter along the way to a healthy organization life.

As one workshop participant (the director of an environmental group) noted, "This process [organizational assessment and development] is much like helping a tree grow. You need to have enough room for the roots, water it regularly, and prune the branches so that it can continue to thrive."

The Conservation Company provides management consulting and planning services to nonprofit organizations, philanthropies, corporate community affairs department, and public agencies. They can be reached at 212-949-0990.

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THE CONSERVATION COMPANY

About The Conservation Company

For nearly two decades, The Conservation Company has provided strategic planning, program development, evaluation and management consulting services to nonprofit organizations, foundations, corporate community involvement programs and government agencies. In this time, the firm has developed substantive knowledge and expertise in fields as diverse as community and economic development, human services, children and family issues, education, health care, the environment, and the arts.

From offices in Philadelphia and New York, the firm works with clients nationally and, increasingly, globally. Our services include strategic planning, organizational assessment and development, feasibility studies, program evaluation and development, board development, restructuring and repositioning, as well as grant program design, evaluation, and facilitation.

Challenges and Opportunities

In the face of increased competition for private funding, shifting patterns of public funding, and changing demand for services, nonprofit organizations are faced with greater challenges than ever before. Some are finding it difficult to maintain financial stability. Others are more focused on ensuring that their work is having maximum benefits for their clients and communities. All are concerned with harnessing staff and board capacity to meet their goals and communicate the organization's effectiveness and accomplishments.

While there are no magical solutions to these challenges, The Conservation Company provides an array of consulting services that can help. We offer assistance with strategic planning, organizational assessment, governance and external relations strategies. We help our clients to honestly assess their strengths and weaknesses, to take a step back from their daily work and think in new ways, and to mobilize their resources in addressing critical issues.

Our clients come from all parts of the nonprofit community and are at different stages in their growth cycles. They include new organizations that need an appropriately ambitious plan to get started, emerging organizations needing assistance in designing systems and structures as they prepare for growth, as well as established institutions re-shaping their strategies to address new demands.

As a result of our work, our clients are able to:

- Generate more revenues from a wider base of support
- Operate more efficiently
- Enjoy more productive board-staff relationships
- Become better known by their stakeholders
- Improve and expand their programs and services

Our Services to Nonprofit Organizations

Our distinctive competence lies not only in understanding nonprofit organizations but also in our intimate knowledge of the private foundation and corporate grantmaking communities. Our work can extend to brokering new partnerships within the sector as well as with corporations and public agencies, suggesting new approaches to foundations, formulating innovative program strategies, and thinking outside existing structures and systems.

While we adapt our work to each situation, our clients have come to know us for the following core services:

- Strategic planning
- Organizational assessment and development
- Governance review and board restructuring
- Program feasibility, design and evaluation

We have also helped establish new nonprofit organizations, formed cross-sector alliances for established organizations, repositioned programs to take advantage of new opportunities, and benchmarked organizational operations.

We offer an integrated approach that provides a broad perspective to our clients, so that the varied experiences of our staff can be brought to bear on specific challenges. We are proud of the long-term relationships we have with many private funders – relationships that demonstrate The Conservation Company's ability to adapt and refine its approach in order to be of continuing service in these challenging times.

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