

Nonprofit Life Cycles

Nonprofits, like other organizations, evolve through what are called “lifecycle stages.” For nonprofits, each of these stages of development is defined by varying levels of organizational capacity. Budget size, office building ownership, or the number of staff does not exclusively dictate the stage of development or maturity of an organization. What may be perceived as a large organization may not be high functioning, whereas a smaller organization with solid planning, accountability, and good governance practices may well be more mature, operating effectively and producing positive outcomes for its constituents. During its life, a nonprofit may move from one stage to another and back again, depending on internal and external factors.

Below are descriptions of Five Stages of nonprofit development. As you review them with your nonprofit in mind, identify the stage that currently best describes your nonprofit. Once identified, keep in mind this stage and its description as you review the ***Principles and Practices***. Given your organization’s lifecycle stage, you might not yet be ready to implement some of these practices – that’s appropriate. After you have made sure you are meeting the basic legal requirements, identify a few priorities and then develop an implementation plan. Take your time. Remember—we all take baby steps before we run, so don’t be daunted.

If you cannot easily identify your organizational lifecycle stage, conduct an assessment. A tool, *The Nonprofit Life Stage Assessment*, is available for members of the Montana Nonprofit Association at a discounted rate at www.fieldstonealliance.org. The assessment will help you determine priorities most appropriate for your organization.

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Stage One: Imagine and Inspire

This stage is the vision or idea stage, where the organization is not yet formalized and where imagination and inspiration abound. The primary question at this stage is “Can this dream be realized?” This stage is characterized by lots of enthusiasm, energy, and creativity, but at this point, the organization really is merely a dream of a better world that is inspirational and worth striving for.

Stage Two: Found and Frame

This stage is the start-up phase of the organization, when it receives its official nonprofit status and all the activities of founding and framing an organization occur. The key question at this stage is “How are we going to pull this off?” Like Stage One, this stage is characterized by excitement and high levels of interest by many people, accompanied by

the fear that formalizing the dream will result in the loss of its magic. The act of incorporating formally establishes the organization.

Stage Three: Ground and Grow

In this stage, the organization is concerned with building its foundation by grounding its activities and growing the “business.” The overriding question is “How can we build this to be viable?” Organizations in this stage are focused on establishing systems of accountability; however, the need for growth on multiple fronts may be overwhelming to those running the organization. The Ground and Grow Stage has a mundane feel of “taking care of business;” but it also has numerous enticing intersections, choices, and challenges.

Stage Four: Produce and Sustain

This stage is the mature phase of the organization’s life when production is at its peak and sustaining the organization is a high priority. The primary concern, “How can the momentum be sustained?” The organization is very stable, yet that same stability may make it stale as concerns for procedure slow creativity and growth. Stage Four is a productive place that, at its peak, feels a little like automatic pilot. Staff are doing their work effectively and enthusiastically.

Stage Five: Review and Renew

In this stage the organization is reinventing itself in some way, shape, or form through a process of review and renewal. The primary question is “What do we need to redesign?” It can be a time of large or small, exciting or stressful, but always necessary, change.

Proponents of chaos theory will recognize that in order for organizations to be as viable as possible, they will need to operate in modes that promote chaos and therefore create possibilities for new patterns of interaction to form. Mature nonprofits revisit one or more aspects of their organization—mission, vision, products, services, structure—sometimes changing them drastically, sometimes only making slight innovations, as they rediscover who they are and how they fit in the changing world. Relative to the scope of the modifications, organizations may cycle back to an earlier stage. For example, if the change relates to the primary mission of the organization it may find itself back in Stage Two, while minor alterations in the organizational structure may simply mean revisiting Stage Four.