

Introduction

Of what use is a book about the life patterns of nonprofit organizations to a board of directors or a chief executive?

If there are common events and stages that all or most nonprofits experience, then the leaders of the organization who understand those patterns can benefit immensely — by helping their nonprofit anticipate, prepare for, and navigate those predictable passages and changes. In short, they will be able to do a better job of discharging their public trust as the leaders responsible for ensuring that the organization successfully achieves its nonprofit mission. Especially in the current environment of increasing scrutiny of governance performance, it is essential to be aware of an organization's place in development and to be strategic in planning for the future. Nonprofits must adapt and grow, not only with their own inevitable changes, but also with those of the sector as a whole.

This book elucidates, for both senior executives and board members, a theory of the evolutionary development of nonprofit organizations, giving those leaders a rational and useful road map to guide them through what must often seem like a murky and unexplored nonprofit landscape. And, although styled as theory, it has some very practical and concrete applications.

This theory merges two concepts of the evolution of nonprofits: the lifecycle model and the capacity model. Specifically, the book explains

- The nonprofit organizational lifecycle model — and why it matters.
- The core components of organizational capacity and how they change during each lifecycle stage.
- How a board's composition and responsibilities may change at each stage of the lifecycle.
- How to assess a nonprofit organization's stage of development.
- How to anticipate future challenges, align capacities and lifecycle stages, manage organizational transitions, and strengthen capacities.
- How to obtain funder support for nonprofit organizational development.

Funders themselves will benefit from understanding the lifecycle model, how it is relevant to grant recipients, and how they can strengthen grantees through capacity-building investments. Consultants, trainers, and others who provide management and governance assistance to nonprofit organizations can learn how to apply the lifecycle and capacity models to their clients and design tailored approaches to help them strengthen their performance and navigate passages.

Chapter 1 explains the two main frameworks used to understand the life of a nonprofit: the organizational lifecycle model and the organizational capacity model. This chapter defines the developmental stages and capacities that are referred to throughout the rest of the book.

Chapter 2 integrates the two models and describes the optimal and shifting capacities necessary to move successfully through each phase of the lifecycle. The chapter includes descriptions of each lifecycle stage with normative capacities during each of those stages, enabling the reader to identify where his or her organization is in the lifecycle and the strengths and weaknesses that may need to be addressed. The chapter also discusses the transitions between stages and includes brief case studies to illustrate how specific nonprofits navigated transitions for those stages.

Chapter 3 focuses on how a nonprofit can enhance the four main types of organizational capacity and provides guidance about an array of capacity-building activities. In particular, this chapter delves into more detail about the individual components of the four core capacities, and includes tips for strengthening them in different stages of the organization's lifecycle.

If they are to implement the capacity-building recommendations made in earlier chapters, nonprofits often need help from outsiders in order to successfully make those improvements, including special funding. Chapter 4 briefly lists types of external service providers and explains how to make the case to funders for capacity-building support.

Appendix 1 of this book outlines proficiencies that were found to be common among high-performing nonprofits. It can be used as markers for each organization to strive towards. The lifecycle assessment tool in Appendix 2 can help a nonprofit's leaders assess the organization's stage of development and make a detailed diagnosis of strengths and weaknesses at that current stage. This will initiate discussion and action by organizational leaders to further capacity building and alignment. Appendix 3 provides a detailed outline for how to customize a proposal for funding to a nonprofit's current stage of development, as briefly discussed in Chapter 4.

Finally, a list of suggested resources for the reader is included in the back of the text. These resources are broken down into specific categories of capacity and stages in the lifecycle, attempting to provide more specific and applicable guidance and information that goes beyond the scope of this book.

When reading the text that follows, one may be misled into believing that every nonprofit fits neatly into the stages and the capacities that support them, or that the capacities described as desirable for a given stage in the lifecycle are ideal for every nonprofit. But, like life for humans, life for nonprofits is often messy and unpredictable. And, as for humans, diagnosing and prescribing remedies for nonprofits doesn't always follow a textbook. This book intends to help nonprofit leaders recognize their organization's situation using the tools and concepts offered here, and to take action accordingly. It is important to remember that nonprofits often find themselves in a new life stage by surprise rather than through planning or with any foresight. The following chapters encourage leadership be more proactive and informed about growth and change.