

STAGES OF ORGANIZATIONAL DEVELOPMENT

What It Looks Like, How to Recognize Where You Are

Nonprofit organizations typically move through 5 stages as they develop.

These are influenced by: age, size, growth rate of the industry, social environment and leadership.

Stage 1 – Imagine & Inspire

What it looks like

Primary Question:	Can this dream be realized?
<i>Overview</i>	<i>Vision or idea stage; organization not yet formalized, merely a dream of a better world</i>
<i>Opportunities</i>	<i>Creativity and energy of the dream, attracting new people.</i>
<i>Obstacles</i>	<i>Fear of formalizing, lack of funding and lack of expertise and no outside support.</i>
<i>How it feels</i>	<i>Enthusiasm, energy and creativity; inspiration that idea is worth striving for</i>
<i>Duration of Stage</i>	<i>0 – 5 years</i>

Understanding Stage 1

Overall Approach	At this stage, keepers of the idea need to decide if it is worthwhile to pursue becoming a nonprofit organization.
General Activities	<ul style="list-style-type: none"> • Verify need/demand for services • Begin to locate people who will serve on the board • Create name for concept • Draft articles of incorporation and bylaws • Identify 'leader' with time, energy & skills to accomplish needed tasks • Flesh out program/service options, identify results to achieve • Develop plans for business & funding, secure funding • Identify short- or long-term plans for staffing of admin needs

Stage 2 – Found and Frame

What it looks like:

Primary Question:	How are we going to pull this off?
<i>Overview</i>	<i>Start-up phase, receives official nonprofit status; activities of founding and framing take place</i>
<i>Opportunities</i>	<i>Excitement of funders, people wanting to join the organization, charismatic leader</i>
<i>Obstacles</i>	<i>Fear of formalizing by founders, reactive leadership, lack of systems & accountability, often jump to this stage too soon</i>
<i>How it feels</i>	<i>High levels of excitement; interest by many; also fear that formalizing will stifle the ‘dream’</i>
<i>Duration of Stage</i>	<i>1 – 2 years</i>

Understanding Stage 2

Overall Approach	Prioritize a few key organizational items to focus on. Most likely: formalized governance, resource development, basic administrative procedures and development of quality programs and services
Indicative Activities	<ul style="list-style-type: none">• Create a formal governance structure, expand the board• Offer skill building for lead staff/ maybe add staffing• Expand funding base• Institute standard accounting practices• Establish office, formalize record keeping• Use volunteers effectively, consider hiring more support• Assess & improve programs and services/define criteria for adding or passing on new ideas• Develop or further develop organizational identity

Stage 3 – Ground and Grow

What it looks like

Primary Question:	How can we build this to be viable?
<i>Overview</i>	<i>Building foundation by growing the “business”; focused on establishing systems of accountability; numerous enticing intersections, choices and challenges</i>
<i>Opportunities</i>	<i>Sense of accomplishment, creating a flexible, innovative organization receptive to change, diversification of the agency</i>
<i>Obstacles</i>	<i>Absence of systems of accountability, overwhelmed with new elements entering the organizational system, danger in remaining an isolated system</i>

<i>How it feels</i>	<i>Can be overwhelming with need for growth on multiple fronts; can have mundane feeling of 'taking care of business' with excitement around growth opportunities</i>
<i>Duration of Stage</i>	<i>2 – 5 years</i>

Understanding Stage 3

Overall Approach	In general, focus on actions that will prepare the organization for a stable and secure future
General Activities	<ul style="list-style-type: none"> • Systematize the board recruitment process • Offer board training • Initiate annual board retreats to build board's effectiveness in its role • Develop board policies and train the board to focus on its policy role • Clarify ED role, responsibilities & accountability • Addition of staff to ease ED responsibility (Admin & Program) • Develop fundraising plan & multiyear budget • Expand volunteer base • Incorporate data management systems • Develop strategic plan

Stage 4 – Produce and Sustain

What it looks like

Primary Question:	How can we sustain the momentum?
<i>Overview</i>	<i>Mature phase of organization's life; production at peak/prime; sustaining organization high priority</i>
<i>Opportunities</i>	<i>Feeling of security, adequate human and financial resources, new staff and board brings fresh ideas</i>
<i>Obstacles</i>	<i>Lack of control or too much control by organizational leadership, lack of risk-taking, organizational stagnation, board unable to move to a governing role, board focuses too much on day-to-day operations</i>
<i>How it feels</i>	<i>You are in a productive, stable place; staff work effectively; (early in stage) can feel like autopilot; sometimes may feel stagnant (later in stage)</i>
<i>Duration of Stage</i>	<i>7 – 30 years</i>

Understanding Stage 4

Overall Approach	Take steps that will stabilize the organization in the present, address any areas of tension or conflict that are emerging and create security for the organization's future
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Activities	<ul style="list-style-type: none"> • Formalize an executive director performance review process • Initiate and annual or biennial board review process • Develop or revise the board committee structure • Implement/follow up on ED performance evaluation • Develop operating reserve • Ensure staffing levels are adequate • Look for expansion of fundraising areas • Develop long-range plans for programs/services including internal system for responding to new opportunities • Develop marketing plan
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Stage 5 – Review and Renew

What it looks like

Primary Question:	What do we need to redesign?
<i>Overview</i>	<i>Organization is reinventing itself in some way, shape or form; revisit 1 or more aspects of organization to remain viable; often can find itself back at Stage 2 or Stage depending on modifications determined</i>
<i>Obstacles</i>	<i>Resistance to change, isolation of the agency, too much control exercised by board or leader</i>
<i>Opportunities</i>	<i>Wisdom from the past, energizing and committed staff, opportunities for new partners and allies</i>
<i>How it feels</i>	<i>Time of large or small change, exciting or stressful, but necessary</i>
<i>Duration of Stage</i>	<i>2 – 5 years</i>

Understanding Stage 5

Overall Approach	Review the internal and external strengths, weaknesses, opportunities, and threats to the organization. Determine where revitalization is most needed and develop a plan to implement changes so that the organization stays on the cutting edge.
Activities	<ul style="list-style-type: none"> • Review organization structure • Hold a board retreat to discuss and review board roles and responsibilities • Develop succession plan for ED • Consider new/different staffing structure • Actively seek best-practice models • Analyze current funding strategies • Initiate discussions, do site visits, or bring in speakers who represent potential partners and new perspectives • Slow down marketing efforts until major organization changes are completed