THE START-UP STAGE

	Diagnostic Characteristics	Performance Outcomes
Overview	The beginning stage of operations when energy and passion are at their highest, but systems generally lag far behind	Organization has proven that its services can and should exist and has established community demand for its programs
Program	Programs are simple, experimental, and generally have more breadth than depth	Services are being delivered that meet client needs and expectations
	Willingness to do almost anything to prove that services can and should exist	General services have been differentiated into identifiable programs
	Energy and dedication may take precedence over quality and protocols	Minimal quality standards are set, and nonprofit has learned to say "no" rather than do a poor job
Management	Leader is a "spark-plug" and the group's most experienced staff person	Other staff are invested and share organizational commitment and knowledge
	First staff are generalists, wear multiple hats and live the mission with complete enthusiasm	Staff have specific positions and duties and are committed to building a durable organization as they live the mission
	Managers and staff thrive on the thrill of not knowing what tomorrow will bring	Basic organizational activities have been routinized and roles clarified
Governance	Members almost always have a personal connection to mission or founder	Membership has expanded beyond friends of the founder
	High respect for charisma, self-sacrifice and sweat equity of the founder can cause members to defer rightful board decisions to founder or staff	Members understand that the organization is a nonprofit corporation, not a sole-proprietorship and thus make decisions in the *organization*'s best interest
	Board operates as a committee of the whole; members generally do not view themselves in a "governance" role	Enough members are committed so that the board has begun to set direction and organizational ownership no longer resides with staff alone
Resources	Usually a low-budget, bootstrap operation unless seeded initially by a major start-up grant	Organization has attracted more than one source of outside funding
	Budget is often the sole financial document	Nonprofit knows where it stands financially, and lives within its income
	Organization usually operates on a cash rather than accrual basis	Nonprofit has learned to manage cash flow
Systems	Financial and administrative functions and systems are generally weak and may be out-sourced to others	Organization has shifted resources once dedicated exclusively to mission delivery to development of basic bookkeeping and administrative systems

THE IDEA STAGE

	Diagnostic Characteristics	Performance Outcomes
Overview	Perceived community need sparks a founding idea or vision of what could be	A new program or nonprofit corporation is created and tax-exempt status secured
Program	Programs are not yet defined, only the intense, personal mandate to fill a societal gap	There is clarity of purpose about why the venture is being formed and who it will benefit
Management	Originators are believable, action-oriented people with commitment to proposed purpose	Originators are committed to serving as volunteers until resources can be obtained and paid staff recruited
Governance	No board exists at this stage, only supporters with a personal connection to mission	A board has been formed, by-laws developed, and articles of incorporation filed
Resources	Sweat-equity is the usual self-funding device, unless originators have deep pockets or an outside "angel" backs the project	Organization begins to convince others with financial resources to support mission
Systems	Although generally lacking in systems, in-kind services, equipment, and other goods may exist	Systems are in place to track donations, income, and disbursements

THE GROWTH STAGE

	Diagnostic Characteristics	Performance Outcomes
Overview	Program opportunity and service demand exceed current systems and structural capabilities	Organization has recognized the link between successful programming and a strong organizational platform
Program	Organization begins to understand and define the distinctive methods and approach that separates its programming from others	Organization is known for a distinctive programming approach which distinguishes them from their peers
	Organization begins to find the right service mix, focussing on developing a specific niche to a specific clientele	Organization begins to operate with a strategic plan that is not opportunity adverse, but, instead, focuses and contains organizational energies
	Services begin to be less person-dependent and more positional	Organization has become less dependent on individuals who created programs and more model-driven
Management	Organization is led by people who see infinite potential for services	Management is willing to balance opportunity with strategy and focus
	Staff battle against lack of time and a general sense of urgency; there is always something more to be done	Organization has developed a flexible focus on organizational priorities, rather than ad hoc decisions
	Staff are exhausted and tired of continual "change"	Formalization of job and role descriptions contains burnout and begins to create a new kind of order
	First introduction of staff specialists who require competitive compensation	Work environment is geared to attracting and retaining quality staff
	Founder (when present) may show ambivalence about changes necessitated by growth	Founder separates personal needs from those of the organization
Governance	Board moves beyond "friends" with personal affiliations and recruits outside professionals who bring increased expectations for performance	Nonprofit transitions from a staff-driven model to one of shared board/staff ownership; members understand their governance roles
	Board members need to be able to understand risk and make informed decisions expeditiously as opportunities arise	Board members regularly attend meetings and are willing to make informed, time-sensitive decisions
	Board structure begins to appear	Committee structure, terms of office, and recruitment processes are established
Resources	More sources of income create greater accounting and compliance complexities	In-house financial expertise now exists including a trained accountant commensurate with organizational needs
	Beginning movement from income-only focus toward concern about balance sheet and asset issues	Income has been diversified and organization has a sense of its economics and financial requirements
	More sophisticated financial tracking systems are required	Regular, timely, and useful financial information is available to the board, management and outside funders
Systems	Current systems, never good to begin with, must now be substantially improved to meet demands of continual program expansion and rising compliance expectations	Administrative, financial, and communication systems have been updated and professionalized to support the expanding and complex program array

THE MATURE STAGE

	Diagnostic Characteristics	Performance Outcomes
Overview	The nonprofit has a reputation for providing steady, relevant and vital services to the community and operates with a solid organizational foundation and an overall sense of security	Organization renews itself by staying market-focused and in touch with community while balancing its programs against strategic plans and competencies
Program	Programs are well organized, results-focused and in touch with community needs	Nonprofit has strong, solid programs and the ability to analyze external changes that may affect current programming
	Organization balances favorite programs and methods against community relevance	Programs are comprehensive, multi-dimensional, and a mix of new and established
	Nonprofit resists the urge to play it safe and knows how to keep its spark alive through continual program renewal	Competitive advantage is maintained by cycling new programs in to replace those losing market share
Management	Executive leadership is often second or third generation from the originators	Executive director is resilient and anticipatory and takes responsibility for organization's success or failure
	Management is perceived as leader among industry peers	Management participates in field development and public policy
	Staff is seasoned and able to manage delegated functions	Organization has staff "bench strength," and individuals cross trained in other positions
	Executive director inspires confidence in staff, board and community	Work environment attracts and retains high quality, motivated staff connected to mission and community need
Governance	Board sets direction, is policy-oriented and leaves management to executive director	Board operates in a policy mode and understands governance, legal and fiduciary responsibilities
	Board plays a leadership role and has the competence to keep nonprofit focussed and vital	Board has determined how to monitor organizational impact on the community
	Board is organized for maximum effectiveness and has a structure for continuity of leadership and culture	Board committee structure is clearly defined, members appropriately competent and diverse, with rotating terms of office
Resources	Organization has multiple sources of income and is not dependent on one source of funding	A financial backbone of diversified, stable income sources exists
	Accurate financial forecasts are made and deficits generally avoided	Financial systems anticipate and course-correct inaccurate income and cost projections
	Organization has sufficient financial flexibility to at least partially self-fund new initiatives	Nonprofit has ready access to working capital through internal reserves or bank loans
Systems	Administrative systems are at or near level of sophistication required for competent management and decision-making	Systems are continually reassessed for adequacy to keep pace with program and administrative requirements
	Organization operates from an outlined course of action for routine client, board and personnel matters	Client grievance procedures and personnel policies are in place; board manuals and employee handbooks exist
	Regular communication mechanisms exist within the agency and with outside publics	Annual reports and other marketing materials are produced that effectively tell the organization's story

THE DECLINE STAGE

	Diagnostic Characteristics	Performance Outcomes (to positively move out of this stage)
Overview	Organization makes status quo decisions based on internal factors rather than external client needs which results in diminished client census and insufficient current income to cover operating expenses	A board member, staff person, or funder intervenes to force reality-based organizational self-awareness, and leads to full turnaround or regeneration
Programs	Program are rigid, status quo, method focused, and inordinately focused on pride in past achievements	Organization has brought in new voices, insight, and approaches and is willing to discard programs that duplicate or bring no added value to the community
	Programs are losing clients to others whose approach is more accessible, and possibly less expensive	Program accessibility and cost structures are re-examined from a client-centered approach
	Client feedback mechanisms don't exist, and customer service processes may be cumbersome	A client-oriented, results-based approach has been developed to replace process-orientated systems
Management	Management is complacent and committed to status quo	Nonprofits entrenched in decline generally require new leadership for turnaround to occur
	Organizational slippage is either unseen, denied or blamed on external sources	Self-awareness is reached about agency's deteriorating condition and commitment to turn it around
	Management is trapped by commitment to programs, staff, systems or policies, no matter how outdated or poorly they are working	Management adapts quickly to setbacks and changing circumstances, focusing on action and solutions rather than on prior practices
Governance	Board is unaware there is something wrong; they think things are running smoothly and often don't take action until money starts running out	Board regularly requires and reviews client performance information and satisfaction measurements in addition to financial reports
	Lack of organizational "spark," or one too many crises, causes ennui and diminished attendance	Members attend board meetings on a regular basis
	Board may operate with a strategic plan, but it is focused on "what *we* want to do" rather than community need	Board members are future-focussed, not complacent, and serve as program ambassadors, keeping their ears to the ground of community need
	A new board member is generally the "whistle-blower," calling the status quo into question and, if willing, puts the turnaround process in motion	Someone is willing to openly call the board's attention to organizational "slippage" and develop a game plan to correct it
Resources	Organization is adverse to cutting expenses even though declining client census results in decreased revenues and grant support	Budgets are built and maintained based on realistic income projections; expenses are cut in keeping with the realities of current income
	Asset-rich organizations look to the balance sheet's prior earnings to cover current expenses	Current operating income is sufficient to cover annual operating expenses
	Fixed-assets may be inflexible to changing program needs, and contribute to program decline	All assets are examined in light of current needs and program requirements
	Budgets are fixed-cost and expense heavy, with income projections reflecting past experience rather than current reality	Budgets reflect break-even cost analysis on each program and realistic income projections
Systems	Systems, although developed, are often antiquated, and physical space may be deteriorating	Systems are reviewed in light of changing program dynamics, and attention is paid to cleanliness and repair of physical space

THE TURNAROUND STAGE

	Diagnostic Characteristics	Performance Outcomes
Overview	An organization that is at a critical juncture because of lost market share and revenues, but, through self-awareness and determination, has taken decisive action to reverse prior actions in favor of market relevance and organizational viability	Organization has restructured its programs, management, finances and marketing strategies in light of community need, relevance and financial realities
Programs	Programs are reassessed and modified in light of current market needs and financial viability	Programs have been examined for market and mission relevance
	Client, constituents and funders input is sought for program redefinition	Program credibility has been reestablished with constituents
	Programs are probably fewer in number than before	Fewer programs, but more solid and client-focused
Management	Turnaround leader is a gutsy, strong-willed person with a clear sense of direction and the ability to inspire confidence in others	Management owns past problems (even those they were not there for) and has reestablished community and client confidence
	Manager is decisive, able to size up problems, and mobilize resources effectively	Management has streamlined personnel and changed organizational structure in light of resource availability
	Management has gained staff buy-in and no longer makes community promises it can't keep	Organization has the capacity to think again about the future knowing it has the staff and constituent support
Governance	A core of committed board members are ready to do what it takes to restore organizational integrity	Board has affirmatively reconnected with the organization and is eager to help restore institutional integrity
	Turnover has shrunk board down to only the committed members	Small but highly committed group takes the organization forward
	Board supports turnaround manager in leadership role and helps to regain institutional credibility	Board provides objectivity, support and advice to turnaround manager
Resources	Financial crisis is the usual trigger-point, which, by the time it is addressed, leaves the organization short or out of cash	Staff and board understand the financial behavior that led to the crisis and are committed to not repeating
	Willingness to cut expenses to reflect realistic income and cash flow	Payment plans consistent with cash flow have been worked out with creditors and are being adhered to
Systems	Existing policies and procedures may be too complex, expensive, and "mature" for the turnaround organization	Policies and procedures have been streamlined and now match the organizations cash position and downsized requirements

THE TERMINAL STAGE

	Diagnostic Characteristics	Performance Outcomes
Overview	An organization that has lost its will, reason, or energy to exist	Organization accepts responsibility to cease operations in a manner respectful of its past
Programs	Programs are unreliable, unsteady and seriously underfunded	Termination plans are communicated to clients in a professional manner, making appropriate referrals as indicated
Management	Staff and management have dwindled to a hand-full and possibly may be working without pay	Management communicates plans to funders and other constituents
Governance	Board has lost its collective drive to continue, and may exist in name only	Board fulfills its due diligence requirements regarding disposition of assets, closing accounts, and distributing remaining funds to another nonprofit
Resources	The organization is most likely out of money and may have accumulated deficits	A comprehensive analysis of all outstanding debt is completed
	Creditor calls are persistent and insistent	Organization communicates honestly with creditors, making discounted payment arrangements if necessary and possible
	Funders have stopped multiple-year grants	Restricted grants are returned to funders unless alternative plans have been made
Systems	Systems have been abandoned. Organizational decisions and general workflow happen on an ad-hoc basis	Attorney is consulted to ensure federal termination notices have been met and storage arrangements made for records required by the IRS