

LEAD STORY

Five Types of Strategy

By Dr. James C. Galvin | Mastering the organizational lifecycle

Lance entered the coffee shop and slumped down in a chair across from Bill, who already had two coffees waiting for them. Bill spoke first, “Well, it must have been a bad board retreat if you had to call me the next day.”

“It was horrible,” said Lance. “Some of the board members got fed up with our organizational results. They want a five-year plan for growth. They want to rebrand and buy advertising. They want to expand our service area and raise more money. They want the ministry back to where it was 30 years ago.”

“Sounds like you’ve got motivated board members.”

“Close Bill, they are misguided. I tried to explain to them that hardly anybody wants our evangelism training anymore. Our signature approach and our materials don’t work like they did in the 70’s. We first noticed the pattern on both coasts 20 years ago. Our response was to simply go where people wanted our training, so we focused on the central and Southern states. Now those churches don’t want our training either. Our ministry model doesn’t work like it used to. People don’t want our stuff. Advertising won’t change that. Rebranding won’t change that. Yet, the board isn’t seeing it. They don’t want to change our approach to evangelism. They accused me of not giving my best to the ministry.”

“Are you in danger of getting fired?”

“I think so. They told me to find the places where our ministry is working and pour gas on it. I told them that if we poured gas on it, we would only burn out the organization. Pushing harder won’t fix what is wrong with this ministry. They said, ‘We won’t sit quietly and watch this ministry die.’”

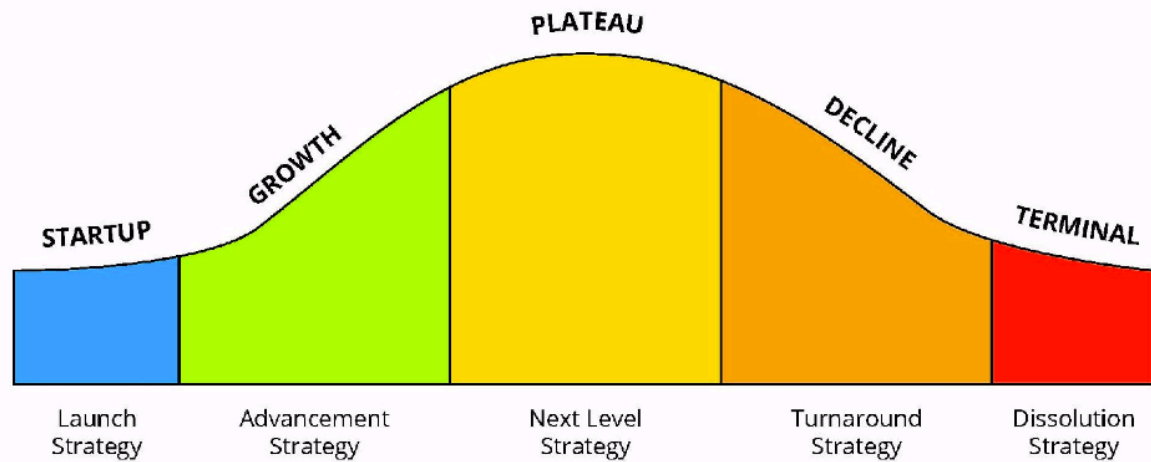
Bill listened attentively while sipping his coffee. “Have you ever heard about the nonprofit organizational lifecycle?”

“All nonprofits are somewhere on the lifecycle.”

Organizational Lifecycle

Lance was struggling with leading a ministry on the downhill side of the organizational lifecycle and needed a strategy to match his challenge. All nonprofits are somewhere on the lifecycle.

First, there is the startup phase where everything is exciting and new. Next, comes the growth phase where everything is up and to the right. But nothing grows forever, so all growing organizations hit plateaus. Some organizations find a way to get growing again. Some remain on the plateau for years. Many eventually lose momentum and enter the decline phase, which can last for decades. Some organizations find a way to make hard choices that return the organization to a season of growth. Those that can’t adjust to a shifting environment eventually run out of cash and move into the terminal phase. Each phase in the organizational lifecycle requires a different type of strategy.



1. Launch Strategy

Organizations in startup mode need a strategy built on experiments and fast failures with rapid iterations. They need to remain flexible and alert to opportunities as they arise. Typically, they will have a compelling vision and goals that are relatively short term. Because they are starting something new, they will need to learn their way forward. If they do write a formal strategic plan, it will tend to grow stale quickly.

2. Advancement Strategy

For growing organizations, a strategy with longer-range goals is appropriate. Advancement strategies are about setting clear priorities and building capacity to handle growth. Capacity-building areas include office space, support staff, back office services and growing the donor base. Because growth is happening naturally, there is little need to push the organization to move ahead. Instead, the leaders need to remove obstacles and set clear priorities and growth targets. A formal, long-range strategic plan can be useful for strategic alignment.

3. Next Level Strategy

For organizations on a plateau, growth has stalled. They are not in noticeable decline, but what used to be effective doesn't work as well anymore. It feels like they must push harder now to get the same results. They need a breakthrough. They want to take the organization to the next level but they don't know how to get

there. They need a next level strategy. This could be realized by refining their ministry model, expanding to new groups to serve, adding new ministries, or starting a new division. On a plateau, organizations still have time to experiment and innovate. A formal, long range plan is helpful for managing current work, but the organization needs a breakthrough to get to the next level. This requires creativity.

4. Turnaround Strategy

Organizations riding the downhill side of the organizational lifecycle need a turnaround strategy. They must reinvent their ministry. Often, there is a general sense of dissatisfaction with organizational results. First, the leaders need to admit that the organization is in decline and not on a plateau. Some cost-cutting and right-sizing might be in order. A turnaround strategy deals with the root causes of the decline, ensures the right people are on the bus, and maps out a path for significant organizational change. Formal, long-range plans tend to be unhelpful because what the organization is currently doing isn't working. Instead, they need a short-term plan for an organizational make-over. If successful, the organization can move to a new growth curve.

5. Dissolution Strategy

Organizations that can't find the will to change or don't adapt to a changing ministry context, will one day run out of cash and close. When nearing or entering the terminal phase, the organization needs a dissolution strategy. This plan is about shutting down with integrity, paying all bills, and selling or donating any remaining assets. It can take the form of merging with another nonprofit or selling property to developers. This plan needs to focus on stewardship.

Organizational Grieving

An interesting aspect about using the organizational lifecycle is that many board members and organizational leaders refuse to admit their

organization is in decline. It can provoke strong, emotional reactions. Elisabeth Kübler Ross, in her book [On Death and Dying](#) (The Macmillan Company, 1969), proposed that people go through five stages of grief: 1) denial, 2) anger, 3) bargaining, 4) depression, and 5) acceptance.

Research has shown that avid sports fans also go through these stages. Just ask any Chicago Cubs fan. Board members, donors and organizational leaders can have similar emotional reactions.

- **Denial:** Board members keep talking about the good old days. The CEO shows up to board meetings without a financial report. “The facts must be mistaken.” “We are just on a plateau.”
- **Anger:** Eventually, the leaders admit that the organization is in decline. Board members get upset. Sometimes there is a rush to find somebody to blame. “How could this happen to us, it’s not fair.” “We need a new CEO.”
- **Bargaining:** Terminal patients often bargain with God in prayer. With organizations, bargaining occurs with God, but also with the board, organizational leaders and donors. “I promise to do a better job with fundraising.” “Can we keep that department for two more years?”
- **Depression:** After the anger has lessened, there is sometimes a general feeling of sadness in the organization. Leaders become silent and less active. The board starts feeling that the problems are too big. “Our best days are behind us.” “I feel like the last rats off a sinking ship.”
- **Acceptance:** The board and leaders start working on the problems. They choose between turnaround and shutdown. “If we can’t fight what is coming, we might as well prepare for it.” “This crisis is forcing our hand; we have to make some hard decisions.”

Organizations do not have to go through these stages in order.

Emotionally healthy boards can move straight to acceptance. Some organizations can move back and forth between stages, just as people do when near death.

Implications

Back to Lance – he was leading an organization in decline with a board that had been in denial for years. Because the board was finally admitting the organization was in serious decline, they became frustrated and wanted Lance to push hard and get the organization growing again. Unfortunately, they were instructing Lance to use advancement tactics on an organization with an increasingly ineffective ministry model. The organization needed to move into turnaround mode, not growth mode. It needed to figure out a new approach to ministry.

Larger ministries may have several divisions that are on different place on the organizational lifecycle. Figure out where your organization is at and what type of strategy you need.

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