

Organizational Lifecycle Lessons

By Dr. James C. Galvin | Is your nonprofit's shell durable?

Every church or nonprofit ministry experiences all the stages in the organizational lifecycle. They are launched at a certain point in time, grow, plateau, decline, and eventually merge or are shut down. Some nonprofits experience this over the course of 10 years and others over 100 years. Some may decline rapidly after a scandal and some, like small congregations, remain in slow decline for decades. But they all ride the same curve.

But we don't need to despair. Jesus said, *"You did not choose me, but I chose you and appointed you so that you might go and bear fruit—fruit that will last..."* (John 15:16). How can we reconcile this promise from God and the reality of organizational decline?

We need to distinguish between the outcomes of our ministry and the container or shell. The organization is the shell. The outcomes are temporal and eternal. The organization is temporary. Yet, we want it to be a

durable shell that will allow the heart of the ministry to continue. We want a container that will allow ministry to be sustainable.

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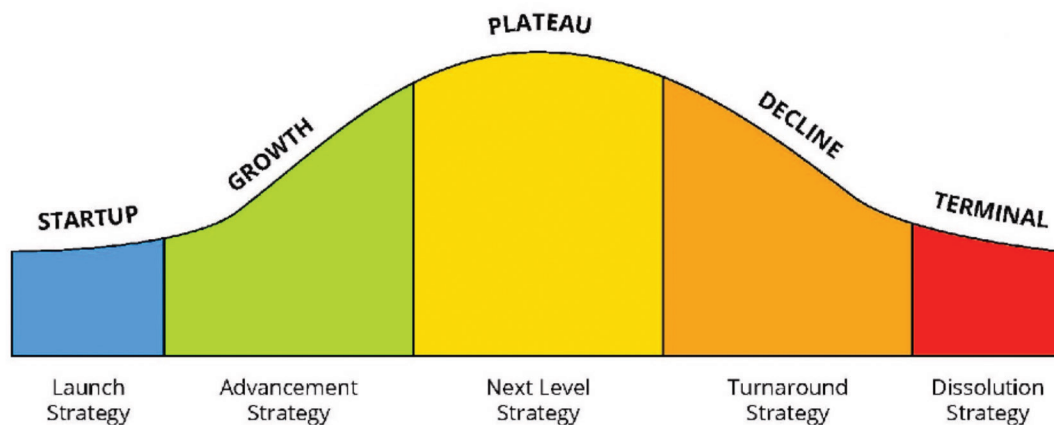
Every nonprofit organization can find itself at some point on the organizational lifecycle. This is helpful to realize because sustainability requires different tactics at different phases. And while financial resources are important in every phase, sustainability means more than having adequate cash flow.

Five Organizational Lifecycle Phases

- 1. In the startup phase**, sustainability is about conducting experiments and learning from fast failures. It means building a funding base from scratch. Leaders will want donors who will stick with them as they lurch back and forth, make major adjustments in their business model and figure things out as they go.
- 2. In the growth phase**, sustainability is about building capacity. Rapid growth can be all-consuming. Leaders need to grow the ministry as well as find new donors and these tend to consume all their time. But infrastructure is needed to support that growth. Growing organizations need adequate office space, new software solutions, updated technology, human resources compliance and professional financial management. They need back office systems that donors are reluctant to pay for.
- 3. In the plateau phase**, sustainability means continuous improvement in all areas. It may also mean looking for the next big thing. Leaders will want to be alert to changes in the relevant environment and any sign of decline in their donor base or ministry effectiveness. If any part of the organization begins to experience a downturn, it may be signaling that the organization is entering the decline phase.
- 4. In the decline phase**, sustainability means developing a turnaround strategy to repurpose and reinvent the ministry. If leaders do not move fast enough in this phase, they will find it more difficult to change when running out of cash. The tendency from staff and donors will be to hold on the past, the glory days, but that is not the path to a new future. Sustainability requires major change.
- 5. In the terminal stage**, sustainability is about sustaining the ministry, but not necessarily the organization. It is also about good

stewardship of the resources the organization has amassed. For example, an effective program can be transferred to another nonprofit. Cash from the sale of buildings can be given to another ministry with a similar mission, thereby sustaining the outcomes but not the container.

Sustainability will always be a struggle for any nonprofit organization. Even seemingly stable organizations need to pay attention to how their relevant environment is changing and adapt accordingly. Over time, organizations will always need new volunteers, new staff, new board members and new donors. But even though the container or shell may crumble or shut down, God is not thwarted. The kingdom of God will always continue to advance and never plateau or decline, despite any failures on our part to keep the organization sustainable.



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Dr. James C. Galvin will lead a workshop entitled “Successful Leadership Transitions” at [The Outcomes Conference 2020](#), April 7-9 in Dallas. [Register Today!](#)

