



## ADMINISTRATIVE REPORT

Report Date: October 28, 2014  
Contact: Richard Newirth  
Contact No.: 604.871.6498  
RTS No.: 10682  
VanRIMS No.: 08-2000-20  
Meeting Date: December 17, 2014

TO: Standing Committee on City Finance and Services  
FROM: General Manager, Community Services  
SUBJECT: 2014 Cultural Grants Allocation of Remaining Budget

### **RECOMMENDATION**

- A. THAT Council approve thirty-two (32) one-time grants totalling \$180,300 as a strategic investment to strengthen organization and sector capacity for groups transitioning from a Project-based to a new Annual Assistance grants stream; source of funds to be the 2014 Cultural Grants Budget.
- B. THAT Council approve twenty-three (23) one-time supplemental assistance grants totalling \$113,500, to provide a more sustainable level of assistance for groups transitioning from Project-based to Annual Assistance; source of funds to be the 2014 Cultural Grants Budget.

### **REPORT SUMMARY**

In support of Vancouver's *Culture Plan: Strategic Directions*, this report outlines the allocation of the balance of the 2014 Cultural Grants Budget through a strategic investment to assist 32 organizations in their transition from Project-based to Annual Assistance support as part of the City's goals to enhance the sustainability of individual arts organizations and support sustainable growth and capacity in the arts sector as a whole.

### **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

On October 23, 2013, Vancouver's *Culture Plan: Strategic Directions* for the next five years was presented to Council providing policy directions and a framework to support a diverse, thriving cultural ecology. On the same day Council approved a grant to Vantage Point of \$238,100 for a renewed partnership in supporting non-profit leadership development and capacity building in the arts sector. It also supports the advancement of the cultural strategic direction – developing adaptable and sustainable support programs that respond to the needs of artists, individual arts organizations, disciplines, and the overall non-profit arts sector.

Earlier this year, Council approved Operating and Projects, Community and Neighbourhood Arts Development and Theatre Rental grant allocations. Approval of this report will allocate

the balance of the 2014 Cultural Grants Budget through supplemental grants of \$293,800 to thirty-two organizations to assist organizational sustainability. Please see Table 1 on page 5.

Approval of grant recommendations requires eight affirmative votes.

### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

The General Manager of Community Services recommends approval of the foregoing.

### ***REPORT***

#### ***Background/Context***

The Culture Plan lays the groundwork for new models of support for the cultural community through the strategic priority of developing adaptable and flexible support programs. This work has focused on the reconsideration of the Cultural Grants programs to better support our cultural ecology. The first phase started in 2013 with changes to the Operating grant stream through the introduction of an online application process and the use of best practice criteria for mature organizations. Input from assessment committee and focus group members on these changes informed the second phase of development in 2014 which focused on further changes to the Cultural Grants programs to align more with where the groups are in their organizational development. This included research on the non-profit lifecycle model, the development of capacity self-assessment tools and workshops, review of our grantees and the creation of a new grants stream, Annual Assistance, to support organizations that are between a start-up phase (Projects) and an established mature organization (Operating).

#### **Lifecycle Model – a tool for organizational capacity self-assessment and development**

In 2013 Cultural Services entered into a license agreement with consultant Susan Kenny Stevens to use the Lifecycle materials to enhance the City's efforts in support of a healthy and sustainable cultural sector. The City, through Cultural Services, is the first Canadian licensee to officially use the material. Susan Kenny Stevens is an internationally recognized consultant, author and lecturer of management, financial and organizational issues pertaining to philanthropy and the non-profit sector.

The model takes a Lifecycle lens (idea, start-up, growth, maturity, decline, turnaround and terminal) to understand capacity in discreet areas of an organization (programs, management, governance, finance and administrative systems) to focus specifically on what may need development in order to improve performance in meeting the artistic mission.

In May 2014, Dr. Stevens delivered a presentation and workshop to cultural grantees (100 staff and board member participants from 65 funded organizations) and worked with Cultural Services and Vantage Point staff on the Lifecycle model. Based on this training and input from focus group and workshop participants, Vantage Point developed learning opportunities to support organizations assisted by the City which include a Lifecycle 101 workshop and an advance learning lab and an Arts Founders Lifecycle Lab. These workshops provided an opportunity for organizations to learn from one another about how best to leverage resources for maximum community impact.

Lifecycle materials are appended in Appendix C.

## Development of a new Program stream - *Annual Assistance*

During the 2014 assessment process for Operating and Project grant applications in February, staff consulted with Assessment Committee members to identify existing and emerging artistic and organizational trends and conditions. Feedback was gathered to inform future allocations of the remaining Cultural Grants Budget and to further adapt and align grant programs in support of strategic directions outlined in the Culture Plan. Some observations were as follows:

- Most artist-driven organizations are not given enough funding to set up the organizational infrastructure that the application emphasizes
- For smaller to mid-size organizations, the administrative structure is often not sufficient to support artistic output and vision
- The type and degree of information requested and the amount of effort made to complete the application, is out of sync with the size of grant provided

A key recommendation arising from this process was to “Scale core funding assessment processes and programs to align with the diversity and breadth of organizations and their related strengths and capacities.” (RTS 10474: 2014 Cultural Grants Allocations, April 2, 2014)

Programs currently offered align with start-up organizations (Projects) or mature organizations (Operating) but nothing in between. At the conclusion of the assessment process, staff reviewed all current grantees (Projects, Community and Neighbourhood Arts, Operating) and found, generally, most organizations were either in start-up, growth, or mature stages and will at times also experience decline and turnaround. Further, many organizations that were in a ‘growth’ phase, were not being well-served in the Project or Operating stream. Staff identified thirty-two of these ‘growth’ organizations that were previously funded through Projects or Community and Neighbourhood Arts Development programs. A focus group was struck with five of these groups who provided input and informed the development of a new stream which aligns better with their lifecycle stage: artistically strong, established programs with demand, and growing organizational infrastructure.

To ensure a successful transition, the thirty-two organizations were given the opportunity to confirm their interest in the program, confirm they were in the suitable lifecycle stage for the program, and were invited to make a submission to apply to the new program and for a one-time supplemental assistance to increase their base level of support and increase their capacity in ways that support strength of the sector. All thirty-two organizations applied to the transition Program.

Please see Appendix B for the 2014 Transition from Projects to Annual Assistance application.

### *Strategic Analysis*

Staff reviewed the submissions, along with input provided by previous peer Assessment Committees. The information confirmed that all organizations were ideal for the Annual Assistance stream and are invited to apply to the new Annual Assistance program for support of their 2015 operations and programming. The information also provided context as to what an appropriate base level of support would be to increase sustainability, where the organizations aspires to be, and what a high priority strategic investment would look like to support their individual organization goals and, at the same time, increase the capacity of the sector. Based on the analysis, it is recommended that:

- Thirty-two (32) organizations receive one-time grants totalling \$180,300 as a strategic investment to strengthen organization and sector capacity.
- Twenty-three (23) organizations receive one-time supplemental assistance grants totalling \$113,500, to provide a more sustainable base level of assistance.

The low-cost one-time grants (from \$3,000 to \$15,000) are strategic investments to support priorities that have immediate impact for the organizations in their capacity and include: the purchase of equipment, software and databases to improve administrative operations; the establishment of human resources structure and policies in support of growing demand of programs and services; the development of bookkeeping, financial reporting, tracking and planning to grow resources to sustain current and growing operations. The increase to their base level grant (between \$10,000 to \$15,000) will contribute to operations that were previously not funded through a Project grant and will provide a consistent and stable level of assistance.

Please see Appendix A for a list of the Grant Allocation Recommendations.

Over the next four years staff will continue to evolve this model in order to provide a more holistic and sustainable support to benefit the broader cultural sector. Common needs for administrative activities, board development, financial management expertise, and access to equipment, information systems and space were recognized in the work already undertaken. This information will be used by the City to identify with the sector greater opportunities for shared services platforms, skill development, and fund development activities in the sector to support the success of cultural organizations and a thriving cultural ecology.

In 2015 a second cohort of organizations will be invited to the Annual Assistance stream (some currently assisted through Operating) to ensure suitable support alignment. Work with several key organizations to develop sustainability plans has started and will continue as other cultural organizations are in need of sustainability planning. Cultural Services and Social Policy staff are developing a City-wide Grants database that will be implemented over the next few years, building upon the successful pilot online cultural grant submission process started this year.

The Culture Plan sets the path for new models in supporting the cultural community so arts organizations and artists can be the best at what they do. At the centre of this vision are the artists and the arts organizations and providing a holistic support system that capitalizes on all that the City has to offer and in partnership with the community is the model for support. Not only providing financial assistance, but space, promotion, capacity building, information and networking opportunities. Concurrently, understanding the natural lifecycle of arts organizations provides critical understanding of how, why and when to support an organization in order to achieve the highest level of impact in the community.

The reconsideration of the cultural grants program sets up a framework that allows the City to meet groups where they are by investing in their development more strategically and providing stronger resources for them to meet their missions. By creating a new Annual Assistance stream for groups that are in growth phases of their development, the City is fulfilling a much-needed gap in the granting ecology by providing assistance for building organizational infrastructure and capacity.

Further, by approaching this process through a lifecycle lens it provides organizations and the City with a common language and tools to identify where organizations are in their development, what their goals are, and what the best types of City support may be to reach

those goals. By applying this approach, the City will start any new ongoing funding relationship with an organization in a more sustainable and adaptable manner that enhances the continuing artistic, administrative and fiscal health of the sector as a whole.

### *Financial*

The total 2014 budget for cultural grants is \$10,817,400. Throughout 2014, Council has approved cultural grants of \$10,523,600 (details in Table 1 below), leaving an unallocated 2014 balance of \$293,800.

Approval of recommendations A and B in this report, at a total of \$293,800, will bring the unallocated balance of the 2014 Cultural Grants budget to \$0 as per Table 1.

**TABLE 1 -Allocations for the 2014 Cultural Grants Budget**

Category	Recommendation	Date/RTS
Total 2014 Approved Cultural Grants Budget	\$10,817,400	
Less: Council approved 2014 cultural grants		
Operating & Projects	(\$7,477,900)	April 2 <sup>nd</sup> , RTS 10474
Community (CNAD)	(\$462,400)	May 13 <sup>th</sup> , RTS 10509
Theatre Rental	(\$2,583,300)	Oct. 15 <sup>th</sup> , RTS 10690
CURRENT UNALLOCATED BALANCE	\$293,800	
Cultural Grants Budget - Supplemental grants allocation (Recommendation A and B)	(\$293,800)	Nov. 25 <sup>th</sup> , RTS 10682
<b>2014 UNALLOCATED BALANCE</b>	<b>\$0</b>	

### *CONCLUSION*

This carefully-considered strategic step sets the model for a consistent and proactive approach to assessing and assisting arts organizations in the city. It will enhance the sustainability of arts organizations and enable the City to support healthy and sustainable growth in the arts sector.

\* \* \* \* \*

Balance of 2014 Cultural Grants Budget - Grant Allocation  
Recommendations

Organization	Recommended supplement to set base level btwn \$10,000 - \$15,000**	Recommended one-time strategic investment	Total 2014 supplemental grant Recommended
221A Artist Run Centre Soc.		5,000	5,000
605 Collective Dance Soc.	1,000	5,000	6,000
Aeriosa Dance Soc.	5,000	5,000	10,000
Assn. of Book Publishers of B.C.	7,000	6,000	13,000
Blackbird Theatre	5,000	4,500	9,500
Canadian Alliance of Dance Artists - B.C.	6,000	7,000	13,000
City Opera Vancouver		5,000	5,000
Community Arts Council of Vancouver	2,000	4,000	6,000
Geist Foundation	7,500	5,000	12,500
Hard Rubber New Music Soc.	7,000	4,500	11,500
Indian Summer Arts Soc.	9,000	5,000	14,000
Leaky Heaven Performance Soc.		5,000	5,000
Live Biennial of Performance Art Soc.		5,000	5,000
Miscellaneous Productions Soc.	5,000	5,000	10,000
Movement Enterprises Soc.	4,000	5,000	9,000
New Forms Media Soc.	4,000	5,000	9,000
New Orchestra Workshop Soc.	3,000	4,500	7,500
Out Innerspace Dance Theatre and Film	3,000	7,000	10,000
Pride in Art Soc.		8,300	8,300
Realwheels Soc.	5,000	5,000	10,000
Redshift Music Soc.		5,000	5,000
Secret Lantern Soc.		5,000	5,000
Still Moon Arts Soc.	500	5,000	5,500
Sub-TERRAIN Literary Collective Soc.	5,000	4,500	9,500
Tara Cheyenne Performance (DanStaBat Performance Soc.)	4,000	2,500	6,500
The Frank Theatre (Screaming Weenie Productions)	7,000	5,000	12,000

<b>Organization</b>	<b>Recommended supplement to set base level btwn \$10,000 - \$15,000**</b>	<b>Recommended one-time strategic investment</b>	<b>Total 2014 supplemental grant Recommended</b>
Theatre Terrific Soc.	10,000	15,000	25,000
Up in The Air Theatre Soc.	2,000	6,500	8,500
Van. Intl. Dance Festival Soc.		8,500	8,500
Van. Jewish Film Festival	4,000	3,000	7,000
Van. Theatresports League	7,500	7,000	14,500
Word Vancouver (Van. Book & Magazine Fair Soc.)		7,500	7,500
<b>Total Recommended</b>	<b>113,500</b>	<b>180,300</b>	<b>293,800</b>

\*\*Those not receiving an increase to the base level grant are already at or have exceeded the high end of the base level.



2014 Transition from Projects to Annual Assistance  
One-time Funding Supplement  
Submission Date: October 10, 2014

Cultural Services

Program Description and Objectives

The 2014 *Transition from Projects to Annual Assistance* is a one-time supplemental grant program for a number of invited professional non-profit arts and cultural organizations with annual programming that have been previously assessed in the Project Grant or Community and Neighbourhood Arts Development categories. Eligible groups have already demonstrated through previous project grant applications that they are artistically strong, offer distinct and consistent programs or services, have emerging or existing infrastructure including some permanent paid staff, have an active board and have consistent and diversified revenue sources to support current levels of activity. These groups have likely considered or requested an opportunity to apply for annual operating, rather than project-based grants.

We invite your organization to submit some diagnostic evidence that shows where your organization is at in its lifecycle. A one-time funding supplement, generally between \$1,000 and \$7,500 is a possible result of your submission. In addition, pending the review, an opportunity may be extended to your organization to apply in December 2014 to a new pilot Operating Grant category for professional arts and culture organizations: *Annual Assistance*. The new pilot grant program will aim to provide a consistent level of annual financial assistance that supports both programming and organizational infrastructure.

Eligible Organizations:

- Can demonstrate strong artistic capacity and an established body of work or ongoing regularly delivered programs/services
- Can demonstrate that their distinct and consistent programs and/or services have proven public demand and impact within an intended community
- Have evidence of some human resources infrastructure and administrative systems, as well as diversified financial resources: i.e.
  - Can show a sustained average annual budget of \$75,000+ (or significant and sustained growth trend towards the same) which includes diversified earned, private and public sector cash revenue
  - Have ideally hired one FTE (Full Time Equivalent) (minimum is one 0.5 FTE) staff person, which could include more than one part-time positions, with position title description(s) that serves programming or service delivery
  - Demonstrate an annual ongoing commitment within the operating budget to pay positioned salary(ies) beyond specific project budgets
- Have an active and engaged board ideally with representation and expertise in most key areas of a non-profit board (i.e. legal, financial, marketing/communications, artistic, and/or other informed voices from intended constituency). Board members can articulate how they contribute to the society's mission as well as their personal connections to a founder or current executive leader.
- Have been previously supported through Project or Community and Neighbourhood Arts Development Grants at the City of Vancouver for at least three years.



- Have consistently satisfied conditions of civic grants in their award history.

Assessment Process:

- Staff will review the submissions and incorporate recent Assessment Committee analysis from recent Project Grant and Community and Neighbourhood Arts Development applications
- Staff will first advise grantees of the grant program component to which they should apply in December 2014 then make one-time supplemental grant recommendations to Council.

Three possible outcomes:

- Receive a one-time supplemental grant generally between \$1,000 and \$7,500 and apply in December 2014 to the pilot Annual Assistance program.
- Receive no supplemental grant at this time, but apply in December 2014 to the pilot Annual Assistance program.
- Apply to Projects or CNAD Grants in Dec 2014 with no supplemental assistance.

Timeline:

- October 10, 2014: Submission deadline
- November 4, 2014: Staff will confirm for invited applicants to which grant program they should submit a 2015 application – Pilot Annual Assistance, Projects or CNAD
- November 17, 2014: Notification of recommendation for supplemental grant
- November 25, 2014: Presentation of grant recommendations to City Council
- December 10, 2014: Cultural Grant deadline
- Mid-Dec 2014: Processing of any Council-approved supplemental grant payments

Resources to assist:

- *Nonprofit Lifecycles Stage-based Wisdom for Nonprofit Capacity* by Susan Kenny Stevens and/or Licensed Lifecycle Summary appended to our cover letter
- Non-profit Lifecycle learning opportunities offered by Vantage Point: (604) 875-9144

Additional Resources:

Since 2013, with the Strategic Directions set out in our Culture Plan, Cultural Services has been striving to provide adaptable, sustainable support that meets organizations where they are at in their development and provide additional resources to support meaningful enhancement of their administrative infrastructure and capacity to better deliver their artistic programming and mission. [vancouver.ca/culture-plan](http://vancouver.ca/culture-plan)

In addition to cash grants, the City currently offers the following ongoing planning and development labs and workshops to its cultural grantees at no cost:

- Board development labs and workshops (Vantage Point)
- Senior level management development labs and workshops (Vantage Point)
- Customized organizational development opportunities (Vantage Point)
- Strategic Planning assistance (Vantage Point)
- Customized Financial planning and technical assistance (Vancity)



One-time Funding Supplement  
Submission Date: October 10, 2014

**Applicant Information**

Name of Society: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Society #: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Society contact person & Title: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

**Financial Summary**

Proposed 2014/15 Expense Budget	\$	Requested 2014 Transition supplement*	\$
Actual (or Projected) 2013/14 Expense Budget	\$	Actual 2014 Project Grant Received	\$
Actual 2012/13 Expense Budget	\$	Actual 2013 Project Grant Received	\$

Fiscal year-end: \_\_\_\_\_

(mo/day/yr)

\*A realistic request for a *Transition supplement* is, generally between from \$1,000 - \$7,500 to bring the City's contribution to the organization's programming and infrastructure for 2014 generally into a range of \$10,000 - \$15,000.

If your 2014 Project Grant equalled or exceeded \$15,000, you should expect any potential *Transition supplement* in the lower end of this range. Please note that one of three possible outcomes of the review is no supplemental grant.

## Information Requested

Provide your responses in one document of no more than four pages clearly noting the question number and following the numerical sequence, with the organization's name at the top of every page. Format for 8.5" x 11" paper, 11 point font, and 1" margins.

## Questions

### 1. Where did your organization come from?

Who were the Artistic and (if known) Governing founders? What was the opportunity or need that the founders responded to when creating the organization's mission? Describe the external historical conditions that shaped how & when the organization was formed.

### 2. Where is your organization at right now?

What body of work or services has been created since the organization was founded? (i.e. key works, productions, festivals, publications, exhibitions, series, services, etc.) What is the ongoing public demand for these works or services?

Who works for the organization today? What are their positions? What are they paid? Are they paid from project budgets or are they paid from an annual operating budget?

Who governs the organization today? Are they friends and supporters of the founder or current leader or were they recruited for their specific skills to support the mission? How often do they meet? How do they contribute to the society's mission? *You may want to attach a recent board list if there have been changes since you submitted your 2014 Project Grant application.*

Are there adequate systems and structures in place to meet existing artistic programming or service demand? If not, what is needed to do so?

### 3. Where would you like your organization to be?

What are your organization's goals? Are the goals shared between staff and the board? Have you been developing a road map to get there? Have you achieved some milestones that you have set for the organization? What are they? How did you do it? *You may want to refer to any strategic planning or other processes that the organization has recently undertaken.*

### 4. What high-priority strategic investment right now would most help the organization?

What is it? What would it cost? What changes or benefits could happen as a result of this investment? Would they be immediate, short or long-term? How might you work differently as a result?

### 5. Please fill in the two Lifecycle Capacity Placement charts on the next page.

Provide your best interpretation about where the organization is at right now (Chart 1) and then where you would like the organization to be (Chart 2). Place an "X" in each of the 5 organizational areas. Include the completed charts with your submission. *The Licensed Lifecycle Materials appended to our cover letter will provide further context.*

CHART 1 - Where the organization is at right now

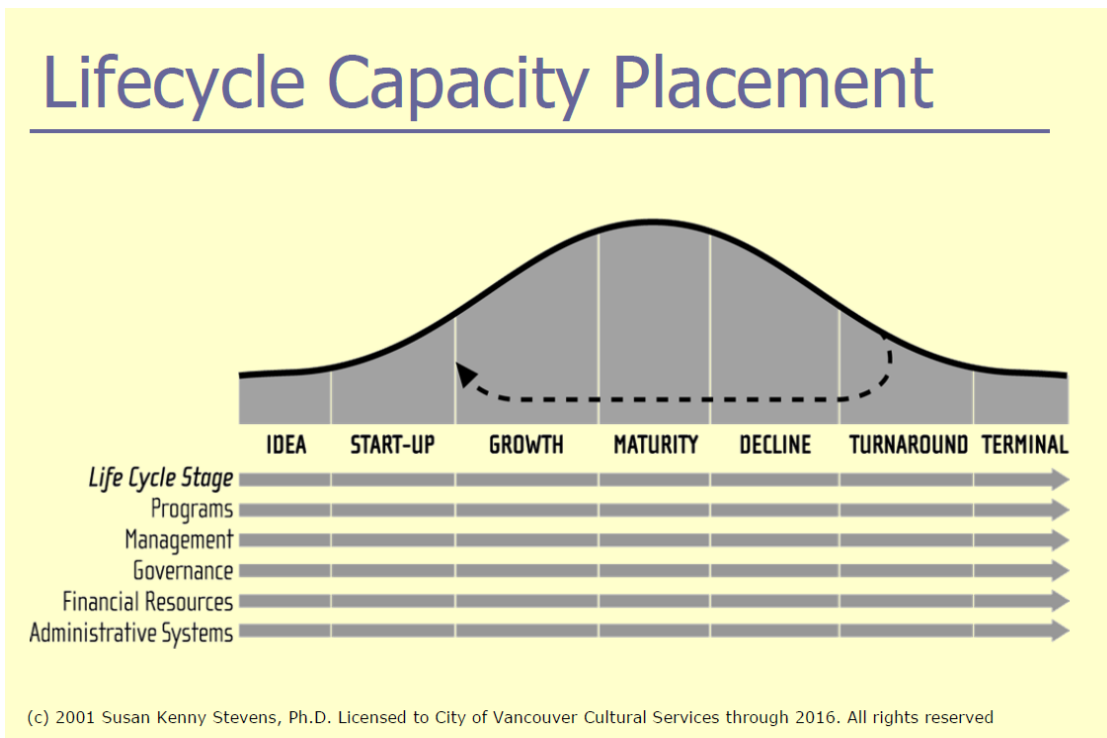
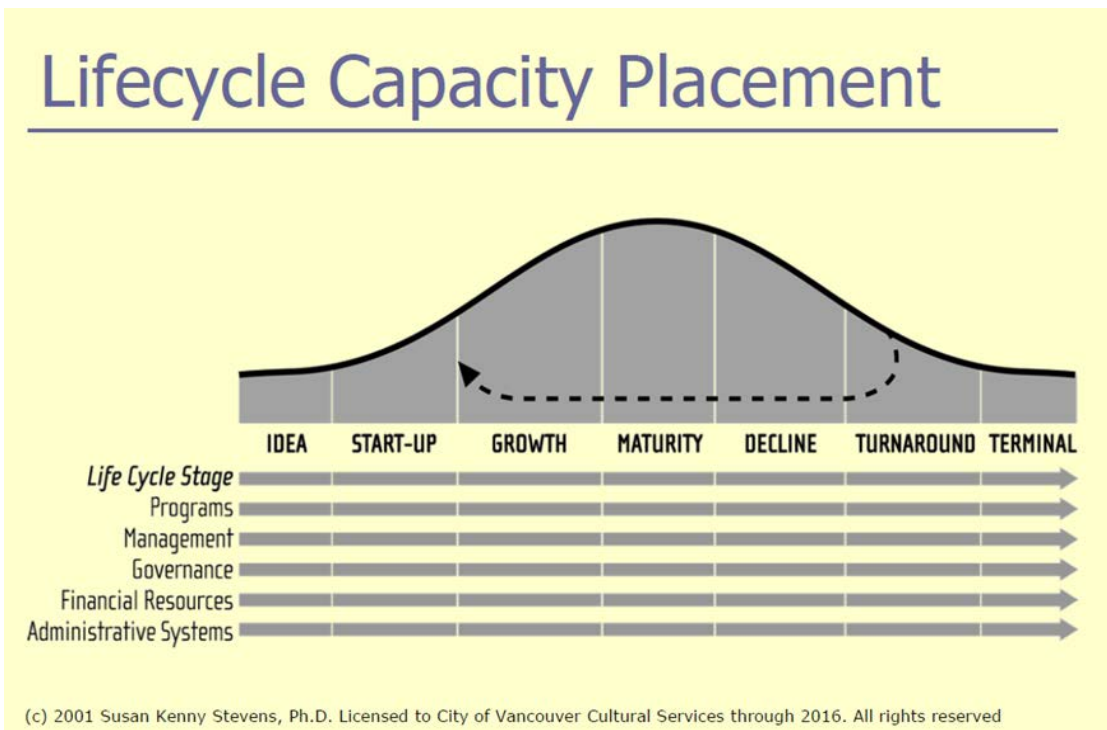


CHART 2 - Where the organization would like to be



## Conditions of Supplemental Assistance for Grant Recipients

If your organization receives a Transition supplement grant, the society will make every effort to keep proper books of accounts of all receipts and expenditures relating to its activities and, upon the City's request, make available for inspection by the City or its auditors all records and books of accounts. While groups may be directed to apply in future for Annual Assistance, the recommendation for supplemental assistance is one-time only.

## Confidentiality

All documents submitted by Applicants to the City's Cultural Grants program become the property of the City. The City will make every effort to maintain the confidentiality of each application and the information contained within except to the extent necessary to communicate information to staff and peer assessment committee members for the purposes of evaluation and analysis. The City will not release any of this information to the public except as required under the Province of British Columbia Freedom of Information and Protection of Privacy Act or other legal disclosure process.

## Signatures

We certify that to the best of our knowledge the information provided in this application is accurate and complete, is endorsed by the society and the partners involved in this proposal, and meets all the eligibility criteria as stated within the Program Guidelines. In addition, we declare the following:

- We are a society in good standing with the Province of British Columbia.
- The society extends programs, activities and services to the general public in the City of Vancouver in a non-discriminatory way.
- Voting members of the Board of Directors of a society receiving funds through the City of Vancouver do not concurrently hold any paid staff positions with the society or are paid for services to the society (but may be reimbursed for expenses).

If our society receives a grant from the City of Vancouver, we agree to the conditions set out above and as per any other conditions approved by City Council.

Signatures of a senior staff person and the board chair (or designated board member).

a.	Name printed/typed:	Title:
	Signature:	Date:
b.	Name printed/typed:	Title:
	Signature:	Date:

## Cultural Services Contact Information

Woodward's Heritage Building  
Suite 501 - 111 West Hastings Street  
Vancouver BC V6B 1H4

604.829.2007  
[culture@vancouver.ca](mailto:culture@vancouver.ca)  
[vancouver.ca/culture](http://vancouver.ca/culture)

**Submission Date:** October 10, 2014, 4:30 pm (received in office, not post marked)

# Stage-based Nonprofit Lifecycles



## City of Vancouver Cultural Services

A Model for Arts and Cultural Organizations  
to Assess their Capacity

Based on *Nonprofit Lifecycles: Stage-based Wisdom for Nonprofit Capacity*  
by Susan Kenny Stevens, Ph.D.

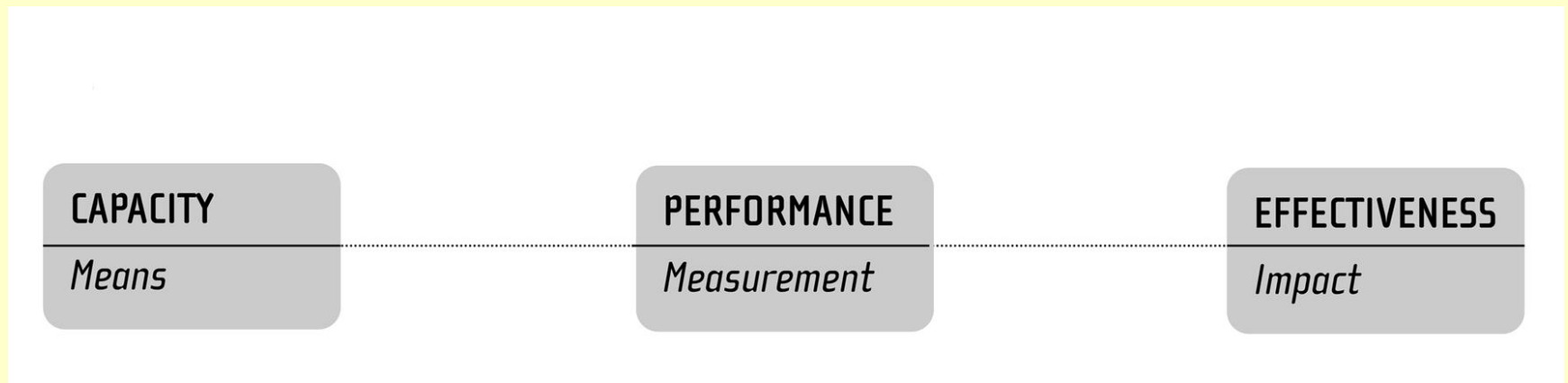
# Objectives

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- Establish a user-friendly definition of nonprofit capacity
- Encourage a culture of capacity
- Explore capacity from a stage-based perspective and set realistic expectations accordingly

# Continuum of Organizational Success

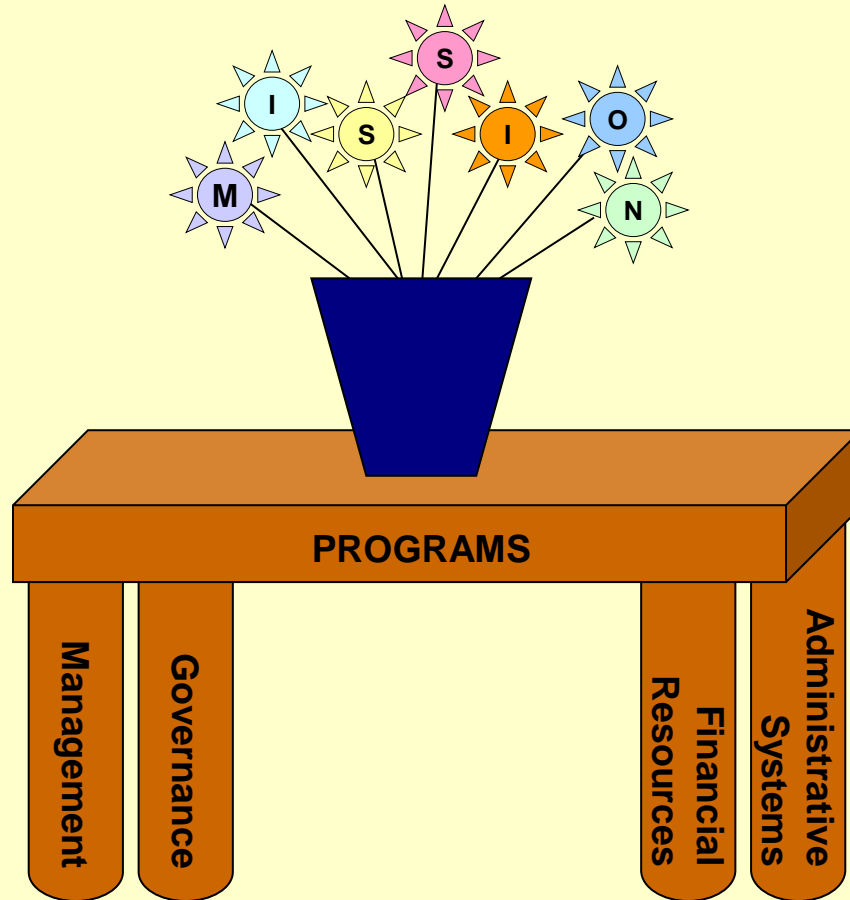
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# Capacity Building

Strengthening the organizational platform which supports and sustains your mission and programs



# Capacity Costs

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*"Capacity costs  
are the costs  
necessary to achieve  
organizational competence."*

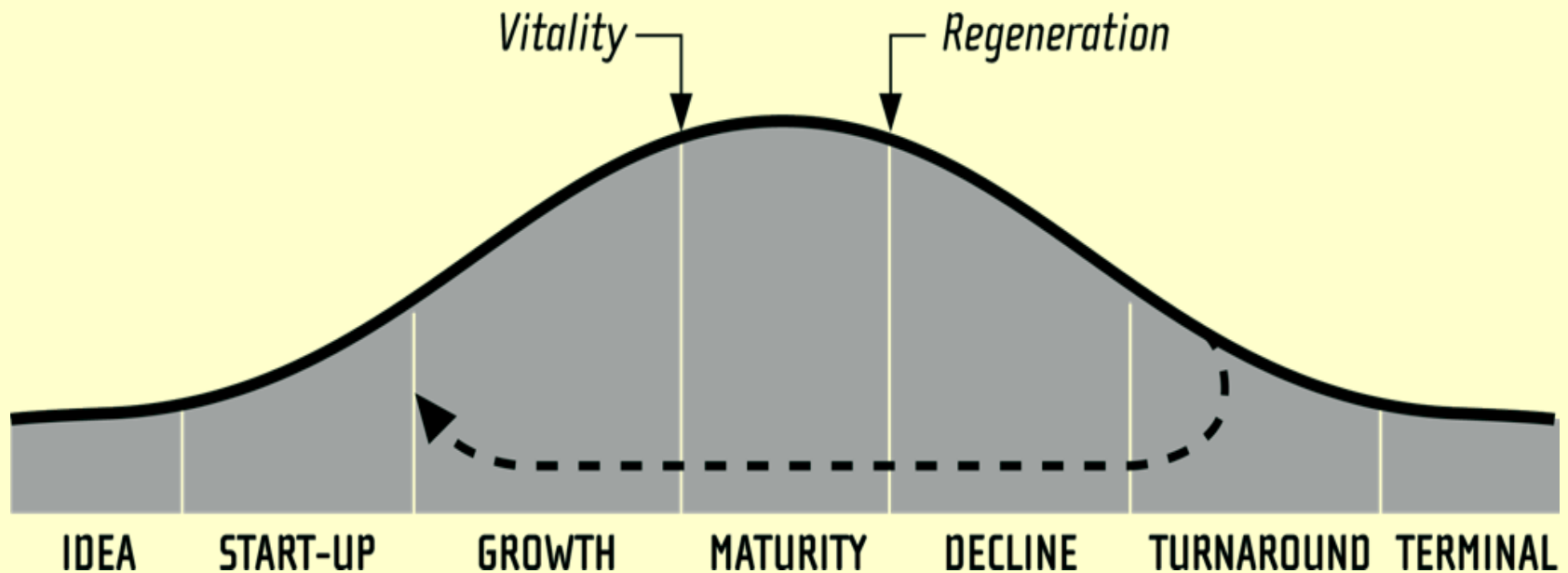
# Developmental Stage Theory

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*"A stage is a developmental period when characteristic patterns of behavior are evidenced, and certain capacities become established."*

# Nonprofit Lifecycle Stages

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# Benefits of a Lifecycle Approach

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- Establishes a diagnostic starting point
- Sets realistic expectations
- Recognizes when behaviors are out of sync
- Depersonalizes management weaknesses

# Lifecycle Conditions

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- No exact number of lifecycle stages
- Diagnostic, not deterministic
- Not necessarily sequential nor evolutionary
- Not age or size dependent
- No shortcuts
- Holistic
- Expectations
- Alignment

# Lifecycle Stage #1: Idea

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**Overview:** Perceived community need sparks a founding idea or vision of what could be

## Characteristics

- **Program:** Programs are not yet defined, only an intense, personal mandate to fill a societal gap
- **Management:** Originators are believable, action-oriented people with commitment to proposed purpose
- **Governance:** No board exists at this stage, only supporters with a personal connection to mission
- **Resources:** Sweat equity is the usual self-funding device, unless originators have deep pockets or an outside “angel” backs the project
- **Systems:** Although generally lacking in systems, in-kind services, equipment, and other goods may exist

## Challenges of the Idea Stage

- Identifying an unmet need
- Developing mission and vision
- Converting the idea into action
- Mobilizing the support of others

# Lifecycle Stage #2: Start-up

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**Overview:** The beginning stage of operations when energy and passion are at their highest, but systems generally lag far behind

## Characteristics

- **Program:** Programs are simple, experimental, and generally have more breadth than depth
- **Management:** Leader is a “spark-plug” and the group’s most experienced staff person
- **Governance:** Members almost always have a personal connection to mission or founder
- **Resources:** Usually a low-budget, boot strap operation unless seeded initially by a major start-up grant
- **Systems:** Financial and administrative functions and systems are generally weak and may be out-sourced to others

## Challenges of the Start-Up Stage

- Sharing vision & organizational responsibility with staff, board and constituencies
- Hiring versatile staff
- Leveraging sweat equity into outside support
- Knowing when to say “no”
- Living within financial means



# Lifecycle Stage #3: Growth

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**Overview:** Program opportunity and service demand exceed current systems and structural capacities

## Characteristics

- **Program:** Organization begins to understand and define the distinctive methods and approach that separate its programming from others
- **Management:** Organization is led by people who see infinite potential for services
- **Governance:** Board structure begins to appear
- **Resources:** More sources of income create greater accounting and compliance complexities
- **Systems:** Current systems, never good to begin with, must now be substantially improved to meet demands of continual program expansion and rising compliance expectations

## Challenges of the Growth Stage

- Too much to do, too little time
- Developing board ownership
- Creating a program and strategic focus that doesn't trap creativity and vision
- Identifying distinctive competence
- Beginning to formalize organizational structure
- Becoming comfortable with change
- Diversifying revenues and managing cash flow

# Lifecycle Stage #4: Maturity

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**Overview:** 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

## Characteristics

- **Program:** Programs are well-organized; results focused; and in touch with community needs
- **Management:** Executive leadership is often second or third generation from the originators
- **Governance:** Board sets direction, is policy oriented; leaves management to the executive director
- **Resources:** Organization has multiple sources of income and is not dependant on one source of funding
- **Systems:** Organization operates from an outlined course of action for routine client, board and personnel matters

## Challenges of the Maturity Stage

- Remaining client-centered, rather than policy-bound
- Keeping staff motivated around the mission
- Building financial footings of endowment or reserves
- Maintaining their programmatic “edge,” cycling programs in and out based on continued relevancy
- Becoming “position” rather than “person” dependent

# Lifecycle Stage #5: Decline

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**Overview:** Organization makes status quo decisions based on internal factors rather than external client needs. These decisions result in diminished client status and insufficient current income to cover operating expenses

## Characteristics

- **Program:** Programs are losing clients to others whose approach is more accessible, and possibly less expensive
- **Management:** Organizational slippage is either unseen, denied, or blamed on external sources
- **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
- **Resources:** Budgets are fixed-cost and expense heavy, with income projections reflecting past experience rather than current reality
- **Systems:** Systems, although developed, are often antiquated, and physical space may be deteriorating

## Challenges of the Decline Stage

- Reconnecting with community need, discarding duplicative programs that add no value
- Remembering that policies, procedures, systems and structure are no substitute for creativity and risk-taking
- Keeping board informed and engaged
- Raising enough operating income so reserves are not drawn down for everyday use
- Examining the budget for top-heavy administrative expenses

# Lifecycle Stage #6: Turnaround

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**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

## Characteristics

- **Program:** Programs are reassessed and modified in light of current market needs and financial viability
- **Management:** Turnaround leader is a gutsy, strong-willed person with a clear sense of direction and the ability to inspire confidence in others
- **Governance:** A core of committed board members are ready to do what it takes to restore organizational integrity
- **Resources:** Willingness to cut expenses to reflect realistic income and cash flow
- **Systems:** Existing policies and procedures may be too complex, expensive, and “mature” for the turnaround organization

## Challenges of the Turnaround Stage

- Finding a turnaround champion and letting them lead
- Establishing a turnaround culture and mindset
- Committing to a consistently frank and open dialogue with constituents, funders and the community
- Cutting expenditures to reflect realistic income
- Restoring eroded community credibility through consistency, honesty and program results

# Lifecycle Stage #7: Terminal

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**Overview:** An organization that has lost its will, reason or energy to exist

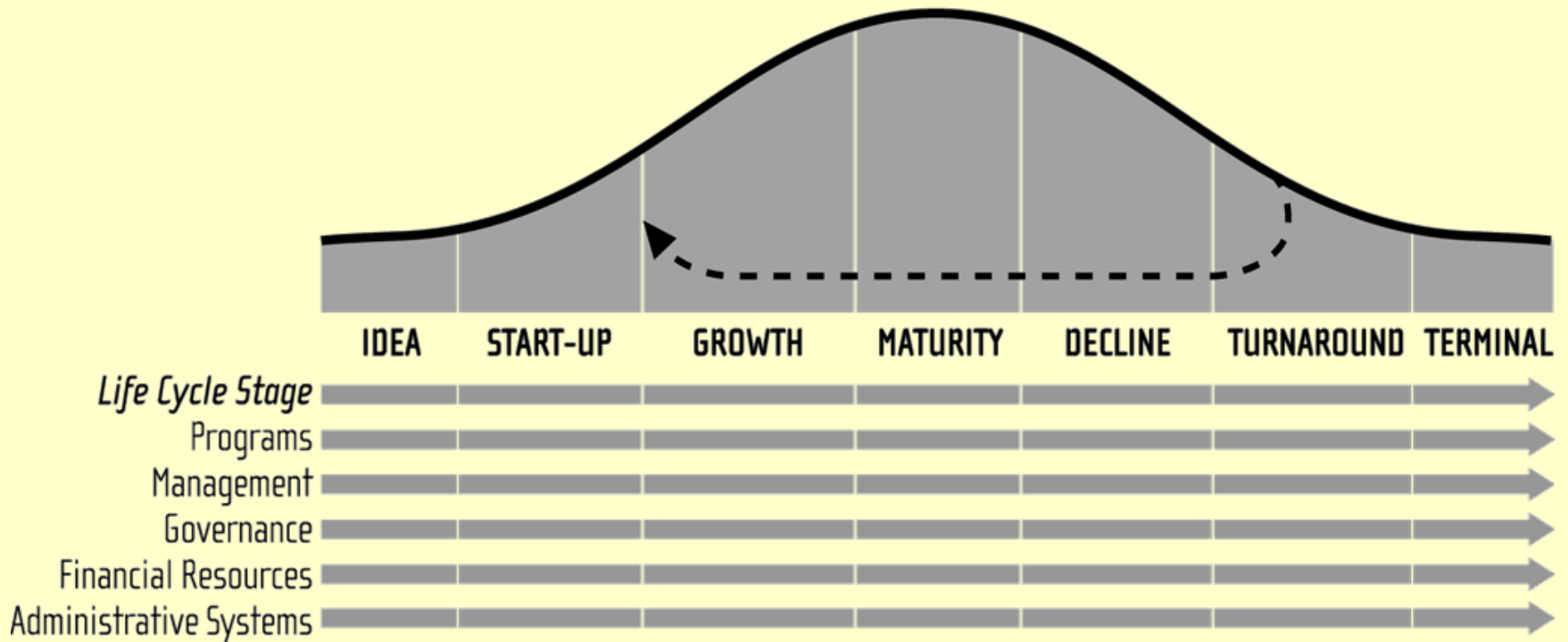
## Characteristics

- **Program:** Programs are unreliable, unsteady, and seriously under-funded
- **Management:** Staff and management have dwindled to a handful and possibly may be working without pay
- **Governance:** Board has lost its collective drive to continue and may exist in name only
- **Resources:** The organization is most likely out of money and may have accumulated deficits
- **Systems:** Systems have been abandoned. Organizational decisions and general workflow happen on an ad hoc basis

## Challenges of the Terminal Stage

- Accepting responsibility for organizational renewal or termination
- Resisting the urge to blame others for terminal situation
- Communicating termination plans to clients and making appropriate referrals
- Closing up shop in an honorable manner, worthy of the care in which the nonprofit was founded

# Lifecycle Capacity Placement



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# Lifecycle Diagnostic Indicators

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- At what overall lifecycles stage is the organization?
- At what stage are its programs? Typically a nonprofit's programs are further ahead on the lifecycle than its infrastructure.
- Does the current executive director have the right characteristics to lead the organization through this stage of development?

# Lifecycle Diagnostic Indicators

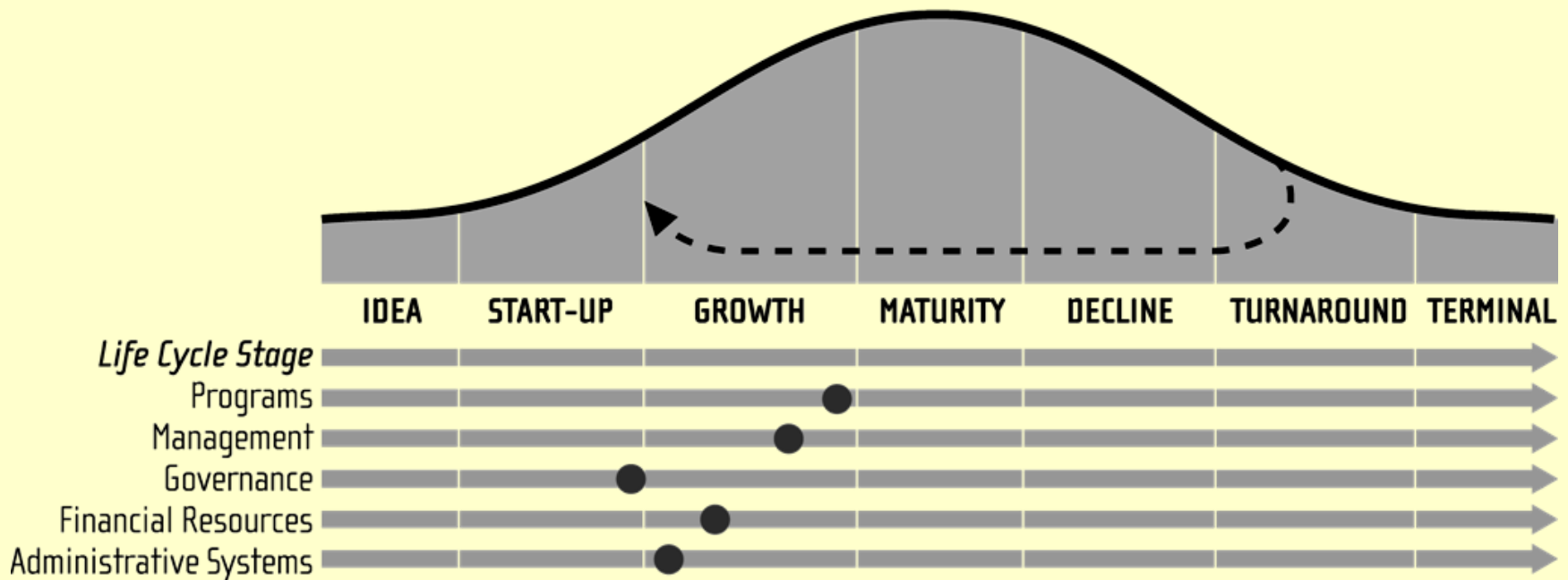
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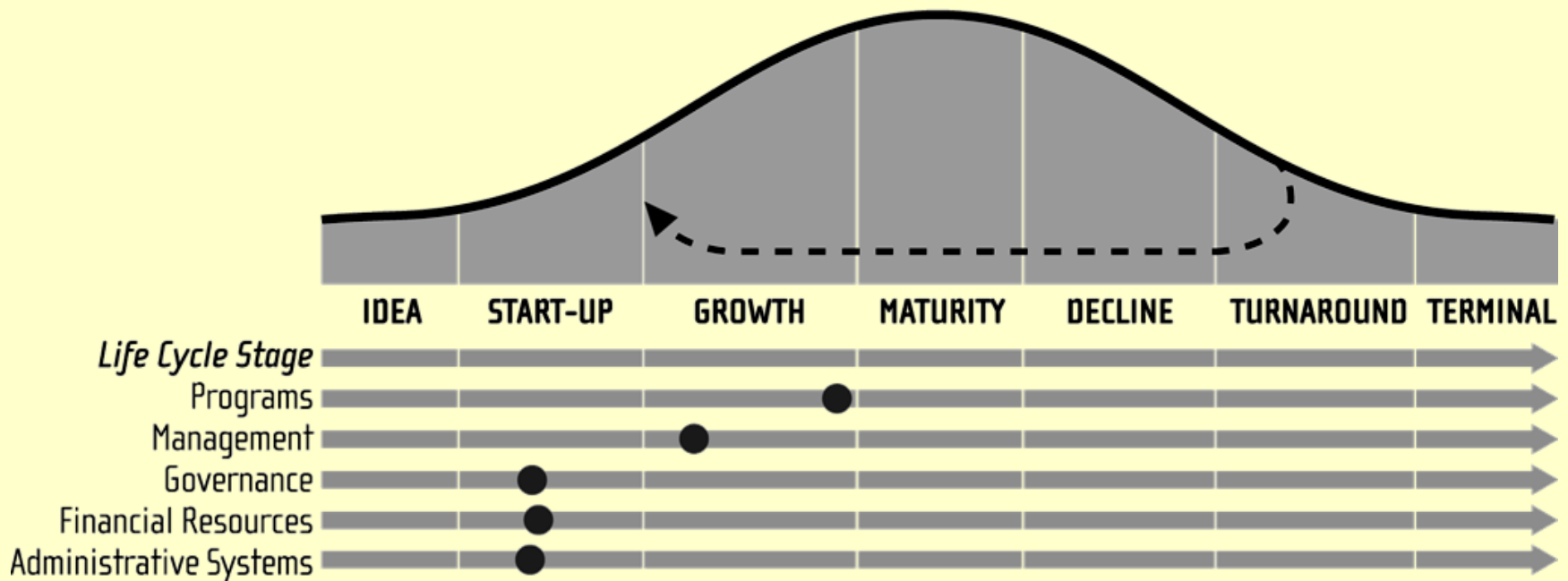
- Is the board assuming roles and responsibilities consistent with the life stage?
- Are the financial resources of the organization consistent with those required for that stage of maturation?
- Are current financial and administrative systems in line with the organization's programs and life stage?



# Nonprofit Capacity in Close Alignment



# Nonprofit Capacity Out of Alignment



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