

ACT YOUR AGE!

The Organizational Lifecycle and How It Affects Your Board

THE FIRST IN A THREE PART SERIES *by Michael Burns*

Are the following statements about nonprofit boards true or false?

- ✓ Boards should follow the guidelines that have been neatly and precisely laid out for them by the "experts."
- ✓ Board members must *give, get or get off*.
- ✓ Boards must focus on long range planning and policy development and not be involved with operations.
- ✓ Boards should use a committee structure to do the *homework of the board*.
- ✓ Board members should have term limits.
- ✓ Boards should never be larger than 15 or 20 members.

The answer to each question is—it depends.

Up until this moment, based on the volumes of printed material and the word of experts, you would have probably stated that all of these statements were true. I propose that there are a number of factors that may determine whether any of these statements are ever true. I further propose that by adopting roles, responsibilities and structures that are best suited for some boards, the welfare and potential for success by other boards may be threatened.

This is the first in a four-part series of articles based on the premise that boards, like the organizations they govern, grow in stages—and what is best for one board in a certain stage of development, may not be best for another in a different stage of development. And conversely, boards in similar stages of development may find common benefits from the use of similar board strategies.

In other words the strategy must fit the board. After all, many organizations which do not follow common standards for boards, somehow still succeed. This series begs the question "How does the environment in which the board works and *organizational age* of the board play a factor in their success or failure.

Management literature has long recognized that organizations—like other living things—experience phases of growth and/or decline. The precise number of stages attributed to a *typical* organizational life cycle varies depending upon which expert is speaking. However, most agree that organizations experience stages of life similar to the following:

The stages of development are:

- Infancy (start-up or start-over)
- Juvenile (growth period)
- Adolescence (growth and decline spurts)
- Maturity (established)

At the same time, literature about the activities and responsibilities of boards of directors tends to offer models that are static. These models do take into account that board roles may change with an organization's phase of development. Let's look at some of the board-role implications of the four phases listed above.



In its infancy stage a board, often composed of the founders, thinks about and performs the work of the organization. Members tend to be service providers first, second and always. Usually there is little planning, since needs are held to be obvious. Boards make policies and do fund raising on an as-needed basis. Evaluation focuses on the present.



In the juvenile stage, an organization typically acquires more staff to do support work, but the board members still focus on operations. During this stage the board may begin to see a need for more formal systems and oversight, but often is reluctant to make large changes, particularly if the organization is experiencing program successes.



Later, in adolescence, staff takes on and provides the bulk of service and support while the board struggles with a variety of changing roles. These roles still include providing services, but a greater percentage of the board's attention focuses on addressing governance issues, fundraising, financial oversight or simply staying out of management's way. Staff tends to be the driving force during this period.



Finally, in the mature stage of a healthy organization, staff and board have formally established their roles and responsibilities, hold each other accountable for their responsibilities, agree upon roles and do what is necessary to meet the needs of the organization.

Even in this mature stage of board development change is constant, or at least should be. An unhealthy organization is one where, despite the constant changes of its world, no change occurs within the organization.

Weaknesses

Understanding the inherent behaviors and weaknesses that occur during various developmental stages is key to defining a board's roles and responsibilities to match the organization's needs.

A board's ability to effectively carry out its duties is often directly correlated to the level of documentation, policies and experience available. Unfortunately experience and established policy are usually the weak links in the infancy and juvenile stages of board development. When the organization is suffering its greatest uncertainties, board members have the least experience and fewest historical resources to draw on.

Struggles in the adolescent stage often lead to loss of dedicated and capable board and staff. Episodes of chaos, confusion, absenteeism, extremism and poor productivity are common. In the mature stage, the unexpected or unplanned can be devastating.

Infancy—A Case Study

THE SURVIVORS

The Survivors were established as a tax-exempt organization some four years after its founders worked together in a support group. Support group members didn't have many expenses in those early years. They usually met in another member's home. New members learned of the group through current members or therapists. Their host or an occasional potluck fueled the meeting with food and beverages.

About two years ago, some of the earliest attendees began to talk about how the group could do more than be a support group. They talked about how they thought the public should hear more about their stories. "If the public knew, fewer people might have our experience and those who did would know where to go for help." And, they thought, the "system" needed some changing too. "The system was never really there for those who needed it most."

Members recognized that folks who come to the support group came to address their own needs. To make the Survivors more than just a support group and more broad-based it was going to take some real work. They were going to need some money to do what they talked about. One member thought that a nonprofit organization would be the best way to organize—allowing them to collect donations and get grants to put their programs together. With the help of some friends, they did start a nonprofit.

The president, one of the longest standing members, used his address and phone number as the headquarters for the organization. Now, people in need called him. But, more importantly, the president was running two fundraising events and recruiting volunteers to help out. The treasurer kept the financial books, by hand,

and prepared the financial report for reviewed at every meeting—twice a month after every support group session. The vice president was responsible for trying to get money from foundations and the government so they can get enough money to have a staff who can help with the variety of tasks that deluge them each day. The vice president hadn't really done this before so their 0-3 record of losses didn't surprise the group.

Is the Board Off Base?

We would have to give an "F" to the Survivors Board if we compare it with the standards set by organizations like the National Center for Nonprofit Boards. The board's biggest failings: the board is involved daily in the operations of the organization; there is no long range planning or policy development. But, realistically and practically, the Survivors would not have much of an organization if board members weren't active in operations as they were.

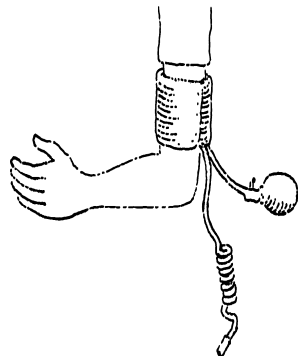
In many ways, the first few years of a nonprofit mirror the first few years of a small business. The owner or small businessperson must see to everything. There is never enough cash to hire employees who can take care of the organizational needs or deliver service. The Survivors board is in what can be referred to as the infancy stage of a nonprofit board's development.

Like a good owner and without resources, Survivors' board members took on active roles in providing service and doing what it takes to ensure service is provided to stakeholders. Unlike the classic and prescribed stage of maturity, a board in the infancy stage must see to the daily needs of the organization. Board members may both be the customers and providers. Often board members in this stage state they don't have time for long range planning or policy development. They may not even have the skills for this type of work. But, they are dedicated to the mission and will do what it takes to ensure success.

What's Next and Board Stress

The Survivors' board may not see relief anytime soon. Could members just stop doing the operations and just do long range planning and policy setting? Absolutely not—there would be no organization! What about just doing fund raising—same answer—yes, they might just do fundraising but what happens to the program?

One practical activity to help address the current stress on members in the infancy stage would be to plan a one or two day



retreat to try to take a picture about the next year or two. A retreat would provide a time out for every member to take a real look beyond decisions like who is going to open the office the next day.

While boards in their infancy stage frequently use committees to get tasks done, it is unusual to have a committee to take care of the board. In mature organizations, there might be a nominating committee or executive committee that has this charge. But, in its infancy stage, operations are so demanding that little attention is given to the welfare of individual board members and the board as a whole. One remedy, maybe the creation

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of a nominating, governance, board development or other such named committee charged with recruitment, orientation and the basic maintenance of board members. This same committee might ensure that the by-laws are current and match the way the board actually functions.

Another way for taking care of the board during its infancy stage, is to schedule meetings to address operations separately from board management. Perhaps, once every six to ten weeks, the board could meet just to talk about longer range planning, policy development and the board. This meeting could be used instead as an alternative to setting up another committee like the governance committee. We have to keep in mind that there is enough business on the board's plate without adding more.

These suggestions for managing during the infancy stage are offered with the understanding that the board in this stage, along with the organization with a board in this stage, has different needs than organizations and boards in latter stages. Solutions that work for more mature organizations should not just be applied with the expectation that they will naturally work. Identifying more creative solutions that address and reflect the demands of an early staged board will offer prospects for the future. The infancy stage may never end if we treat the organization like it was already a grown-up.

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Key QUALITIES Needed for Members of an Infancy Board

- A vision and commitment to mission.
- Skills, knowledge or experience with developing or managing programs.
- Endurance for long meetings that address intricate operational details but may not result in a decision.
- A working experience and knowledge of decision making processes.

Key CHALLENGES Faced by Members of an Infancy Board

- Defining roles, responsibilities and structures that meet the current needs of the organization.
- Maintaining board member's interests and passion for mission.
- Addressing the long term needs of the organization.

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