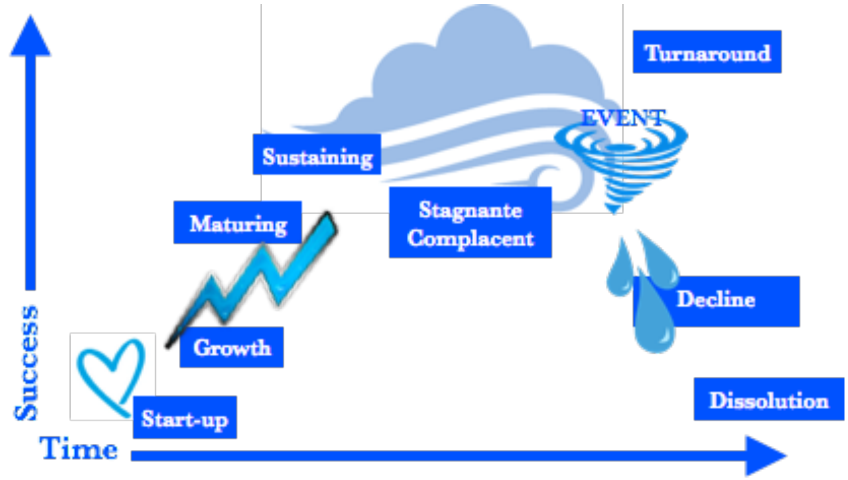
Every nonprofit organization has a lifecycle.



Entities start with enthusiastic charismatic leadership and begin to take off. Over time the entity begins to mature. Usually a different kind of leadership is needed here, one that knows hot to grow efficiently and sustain operationally. This is not the entrepreneurial period, rather a time of measured growth. If organizational leadership does not evolve, they tend to continue behaviors that have more risk and rarely survive. The leadership simply burns out. Those that make it through this life period tend to flatten out. Programs are mature and working. Brand image is fairly consistent and they are known widely enough to sustain. Organizations can go on in this mode for years. Then, usually one of two things happens. They either have some event, major change or spark that pushes them to a new level such as an unexpected influx of capital or one of their branded events really takes off and they begin to grow again, almost with the fire and enthusiasm of when they were first formed; or they start to decline.

The phase of decline can also last for years. All their measurements such as gross funds raised, number of volunteers, cash reserves, return on investment in events and activities, and general economic and organizational health is trending down, year after year. If they are careful with expenses and willing to shed people from the payroll this period drags over time. Morale sinks to new lows and employee turnover rates soar. This signals that the end is near and the organization will either close or find a partner that will in essence help or take over their mission.

Unfortunately, at this juncture, it is too late for the entity to have any leverage or negotiation postures with a viable partner. They have nothing but decline and debt to offer. They will try and say their brand is worth something. If that were the case, that brand would be bringing them money. The fact is, anyone that will take them will be taking on loss, devaluing their own company and potentially putting their organization at risk. The time to act on finding merger partners is early. Long before you are in decline. Building a relationship among peer entities that are in good health is a better to do early and carefully maintain than trying to find partners and merger when you are one breath away from turning out the lights.

What all this means is that organizational leaders that are willing to make an honest assessment of their health and recognize the impact of trend early will be better served. Of course that only applies if they are willing to lead and help their volunteers think about joining with others.

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