

Getting Back in Shape:

GUIDELINES FOR IMPROVING THE FITNESS OF ESTABLISHED NONPROFIT ORGANIZATIONS

BY PAUL CONNOLLY AND LAURA COLIN KLEIN

In the nonprofit universe, longevity and relevance are not mutually exclusive. Even after 50 years or more, many organizations are more dynamic and effective than ever. Yet there is no simple formula for maintaining institutional health over the long term. Regardless of the field – health and human services, education, community development, the arts – stable and mature nonprofits face continual change and new challenges materialize at every turn. Sooner or later, leaders of many once-thriving organizations realize that things are not going as well as they once had been: funding support and demand for services are waning ... the volunteer base is beginning to shrink ... staff morale is getting low. Unless it confronts its problems, the organization may slowly begin to stagnate. Other times, a downward spiral begins and descent is rapid and destabilizing.

Clearly every nonprofit is accountable to a range of stakeholders, including clients, volunteers, collaborators, staff, board and funders. All are obviously invested in the organization's survival and success – and lose out when the organization doesn't live up to its potential to do good work.

In this briefing paper from The Conservation Company, we offer our perspective on how nonprofits can reverse stagnation and decline or, even better, prevent them in the first place. Drawing on the firm's nearly two decades' experience helping nonprofits preserve and regain their health, it examines the characteristics of both successful and troubled nonprofits and the risk factors associated with decline. The paper also discusses ways to repair problems and maintain long-term vitality and effectiveness.

The Organizational Life Cycle: What Do Nonprofits Look Like as They Mature and Decline?

In most cases, an organization follows a well-defined life cycle, from start-up, through adolescence and into maturity. At any given stage, the best yardstick for evaluating the organization's health is the degree to which its components – including programs, management, governance and systems – are in balance and help advance its mission. Although effectiveness does not directly depend on age or size, smaller and younger groups usually go through “growing pains” as they evolve. Growth and maturity generally imply track records, self-knowledge and at least the beginnings of stable finances.

Successful, mature nonprofits share several common characteristics. Among them:

- a vital mission
- high-quality, well-regarded, relevant programs
- capable and motivated management and staff
- clear communications and accountability
- a well-organized board with able, involved members
- efficient management support systems
- solid finances, including reliable and diverse revenue streams

Yet even a mature nonprofit can gradually begin to stagnate. In fact, sometimes the very

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Serving organizations that serve the public good.

attributes that drive growth sometimes hasten organizational dysfunction later on.

For example, the formal hierarchy and operating systems that allow for extensive programming for diverse constituents can harden into a kind of organizational strait-jacket – a rigid and outmoded structure and set of procedures that get in the way of effective operations.

As long as clients and funders continue to provide at least minimum levels of support, organizations can languish for some time. Such stagnant organizations can generally be identified by these characteristics: [See also “Stagnation Checklist: Warning Signs of Organizational Atrophy,” p. 3]

- a fixed menu of long-standing and, perhaps, obsolescent programs
- entrenched board and staff leadership
- fragmentation of staff into “fiefdoms” focused primarily on individual program goals, rather than overall mission
- few or no new revenue sources
- outdated systems and procedures
- inadequate planning

All it takes is one significant change, internal or external, to send a stagnating operation into a downward spiral. Market needs stop being met; programs lose credibility. Key staff and board members start to leave – one by one at first and then in droves; turf battles drain the energy of those who remain. As long-time funders pull out, cash flow slows to a trickle and then dries up altogether. By the end, all hope of achieving the organization’s original mission is lost.

When Is an Organization at Risk?

Stagnating nonprofits typically are in denial that they are becoming less effective. Therefore, leaders must be continually on the lookout for internal and external “risk factors” that can undermine operations and thwart the fulfillment of a worthwhile mission. These include:

Decreased Client Demand. Established programs can outlive their relevance and usefulness. Consider the recent history of

Outward Bound Inc. For three decades, culminating in the 1980s, it was the dominant player in what could be called the “self-actualization-through-roughing-it” market. At its peak, in 1986, more than 13,000 people a year were testing their mettle, grit and survival skills through Outward Bound wilderness outings. Funding growth – a mix of foundation, corporate and government dollars – was robust. Since then, however, enrollment has dropped by a third and revenues have leveled.

Although the group faces what appear to be serious problems, the root causes are relatively straightforward. For one thing, it lost touch with its markets – the 16-21 set, for whom the personal growth message has lost its luster, and the booming corporate market, which demands shorter sessions and a more behavioral orientation than Outward Bound provides. Meanwhile, competitors like the National Outdoor Leadership School and Project Adventures, Inc. began offering attractive new programs that have eroded Outward Bound’s client base.¹

Increased Costs. As a result of inflation or supply shortages, an effective program sometimes becomes too expensive to continue. Consider an after-school program that relies on volunteers from a local private college. As their tuition costs have soared in recent years, some volunteers have had to withdraw from the program to take paid jobs. The program will need to address this change or make significant cutbacks to its services.

Loss of Income. The pressure to constantly prospect for new funding sources and generate earned income is a common fact of life. Sometimes, the loss of a large government contract or foundation grant can hamstring a major program. But a healthy nonprofit can often find ways to make up the difference, do more with less or make changes that do not weaken core programs.

For example, the Atwater-Kent Museum, an older city history museum that was faced with the loss of public funding, moved quickly to reassess its role in the community. It launched an aggressive membership campaign, set up a school outreach program and transformed itself from a re-

pository of artifacts into a true cultural resource. Its efforts resulted in attracting new private sector support. A less flexible and motivated institution might well have been forced to close its doors.

Heightened Competition. Competition was once associated principally with the private sector; today, it is a reality for nonprofits, which often vie with each other for funding, volunteers, fee-paying customers and even “market share.”

Consider WQED, a public television station in Pittsburgh. In the early and mid-1990s, WQED was blind-sided by the up-and-coming cable industry, which was able to provide seemingly similar services at a lower cost to sponsors. “Local companies... that put up money to sponsor nationally produced public TV shows ... have found such plugs to be costly. Many viewers can tune in to cable networks like the Discovery Channel to see the kind of programming once exclusive to public television,” The Wall Street Journal reported. While WQED’s problems were complex, its failure to recognize and address competition certainly contributed to its difficulties.²

Stale Leadership. A nonprofit may lose its way when its chief executive stays on past the point of providing fresh insights and approaches. This situation can prove disastrous when the leader is unaware of the need to chart – or is incapable of charting – a plan to address some compelling crisis, such as new competition or a loss of funding. The problems arising from leadership burnout can become even worse in the absence of a succession plan.

For example, a well-established educational organization was beset by a number of ongoing problems. Its situation deteriorated rapidly when the frustrated executive director resigned suddenly without a suitable successor in the wings. Board and funders had had little interaction with other staff members and consequently saw no basis for promoting from within. That the organization exists today can be attributed to the quick recruitment of a dynamic new executive who, by sharing control with staff and board and restoring confidence, was able to revive the operation.

Strategic Planning: Rx for Organizational Health

Some nonprofits become so focused on daily operations – program participation rates, accounts payable, hours of operation – that they give short shrift to long-range planning. Provided revenue streams continue to flow and some viable purpose continues to be served, these organizations can idle in neutral almost indefinitely. However, by occupying themselves exclusively with current activities and the minutia of

and activities and create a realistic blueprint for the future. Ideally, the process will include key staff and board members, giving them a better fix on their operating environment, impending challenges and unexplored opportunities.

It sheds light on the organization's unique strengths and relevant weaknesses, enabling it to identify the causes of current or potential problems related to mission, program, board, staff, systems, finances, etc. The process should also provide a structure for defining goals and making the most

“To stay relevant, an organization must continually monitor itself and the outside world for developments that could affect its operations, viability and effectiveness, readjusting programs and priorities accordingly.”

internal operations, such nonprofits lose sight of their missions and forfeit opportunities to serve clients better.

Other organizations do attend to planning, but base future projections on past revenue and service levels. To an extent, this approach makes sense; there is often much to be learned from history. But trend is not destiny, and managers who take their cues mainly from the past can undermine their organization's short- and long-term effectiveness.

The truth is that the most successful nonprofits look to the past and the future, all the while keeping close watch on what's happening now. They understand that no enterprise can afford to follow the same course in perpetuity, no matter how sound its original mission. Each year, the ground shifts a little, the marketplace imposes new demands, new players emerge in the field, and staffing and systems need to change. To stay relevant, an organization must continually monitor itself and the outside world for developments that could affect its operations, viability and effectiveness, readjusting programs and priorities accordingly.

Strategic planning gives a nonprofit the chance to take stock of its environment

and effective and efficient use of resources. A good plan includes clear objectives, strategies, action steps, time frames and designated responsibilities. The planning process itself often has a galvanizing affect on teamwork, staff commitment, morale and overall momentum – particularly when it includes a well-designed planning retreat away from the workplace. An effective way to heighten involvement is by creating multidisciplinary staff and board teams to address specific problems.

Well-managed organizations often conduct strategic planning on an ongoing basis to be prepared to better manage the future; this “maintenance” approach keeps them from ever getting too out-of-touch.

A case in point is Voices for Illinois Children. Hailed as influential and highly skilled, this advocacy organization was nonetheless aware that its staff and resources were gradually being stretched across too many issues and constituencies. To remain vital and gain new effectiveness, Voices worked with The Conservation Company to draft a strategic plan.

The plan identified a limited number of high-impact initiatives and outlined new approaches for mobilizing community support more effectively. Among the top pri-

Stagnation Checklist: Warning Signs of Organizational Atrophy

Program

- ✓ Demand for long-standing programs has declined
- ✓ Few new programs are developed
- ✓ Services become increasingly difficult to deliver
- ✓ Focus is on operations rather than outcomes; objectives are unmet

Management and Staffing

- ✓ Morale is poor; top performers consider leaving while poor performers are entrenched
- ✓ Communications among staff members and with the board are poor
- ✓ “Turf battles” crop up

Board

- ✓ Decision-making is stalled by excessive process
- ✓ Board members are unenthusiastic and minimally involved
- ✓ Board giving is low

Systems

- ✓ Well-developed systems deteriorate into “red tape”
- ✓ The organization is slow to modify systems and adapt new technologies

Finances

- ✓ Long-term supporters are cutting back or pulling out
- ✓ The organization is falling behind on its financial obligations
- ✓ Cash reserves are insufficient

orities of the newly refocused Voices was its much-acclaimed “Start Early” education campaign, which publicizes the learning needs of children from birth. A year after the strategic plan was adopted Voices retained The Conservation Company to perform a follow-up assessment. In the interim, The Conservation Company found, Voices had obtained a multimillion-dollar foundation grant in support of “Start Early;” another grant underwrote the cost of significant upgrades in Voices’ communications and information technology systems. Voices’ lobbying efforts were also acknowledged to be a factor in the passage of important state legislation related to education and children’s health insurance.

“While Voices was starting from a position of strength,” says a Conservation Company consultant, “there was a recognition that planning for the future and sharpening its focus would make Voices an even better advocate for children.”

To be sure, not all organizations are so farsighted. Often, planning is prompted by a wake-up call. Little or no planning is even contemplated until some precipitating crisis – a devastating funding cut, a drop in usership, or the departure of a key executive [see “When Is an Organization at Risk?” p. 2].

For example, The Conservation Company worked with a nonprofit theater that, after almost 15 years of steady audience growth and critical acclaim, purchased and renovated a building to serve as its new home. But, the capital project eventually saddled the theater with a \$2.4 million debt and chronic operating deficits, hampering ongoing operations and undermining its success.

As a first step toward renewal, the theater retained The Conservation Company to conduct a performance evaluation and create a strategic plan. The plan concentrated on improving marketing and fund development efforts and enabled the theatre to stabilize its financial situation and set a course for the future. Today, the theater is thriving.

Reversing Stagnation and Decline: Other Remedies

Notwithstanding the efficacy of strategic planning, an organization in crisis may need to resolve its most pressing problems before creating a strategic plan. As noted, organizations in decline often suffer from outdated programs, poor morale and funding shortfalls. Although, sometimes, specific treatments can be delayed until a strategic plan is in place, addressing these symptoms is not infrequently a necessary precursor to stabilization and long-range planning.

In all cases, of course, the timing, extent and intensity of the treatment must be suited to the gravity of the condition. Whatever the situation, the following techniques can be helpful. [Also see “Stagnation and Decline: Symptoms and Treatments”, p. 5]:

Executive Search. Getting things back on track often requires the objectivity and fresh insights of new leadership at the executive director and senior staff levels. Successful searches proceed from a clear and carefully drafted job description, which is then widely circulated. To streamline decision-making, search committees – generally composed of board members – often create a profile of the ideal candidate against which to evaluate prospects.

Program Assessment and Development. To improve future prospects, it will most likely be necessary to develop new programs or revise or eliminate existing efforts. This process might reasonably begin with an assessment of market need. Programs can then be evaluated in light of their utility in serving important constituencies and their performance. What are the outcomes, and are these sufficient? Which elements contribute to the program’s success – or failure? The findings can lay the foundations of a plan for reshaping programs to better meet market needs and fulfil the organization’s mission.

Organizational Development. Programmatic shifts are likely to require new skills and operational support – which may mean changes in staffing, organizational structure and administrative systems. Retrain-

ing or reconfiguring existing personnel is often a viable option; other times, it may make most sense to start from scratch in some areas. New staff may have to be recruited and new procedures suited to the revised agenda.

Fundraising. Most organizations in trouble suffer from financial problems that make it difficult to address shortcomings in other areas. The aim of a fund-raising plan when an organization is in trouble should be to capitalize on plans for changes and improvements and engage long-term supporters who have already made a significant investment. The best time to scout new opportunities is after the worst is over. Reason: prior and prospective funders might look favorably on an applicant that has a worthwhile mission and has moved decisively to pull things together.

Increasing Earned Income. New fee-based services or nonprofit business ventures can also be an effective source of needed revenues. However, a financially troubled organization needs to proceed cautiously and to avoid viewing this strategy as a panacea. Generally, it is best for a group to wait until it has “turned the corner” and stabilized before pursuing new earned income activities.

Board Development. In times of trouble, governance might not seem an urgent issue. But formal board development can be of immeasurable benefit in the long run. “If we can improve the level of fiduciary responsibility practiced by nonprofit boards ... we can comfortably handle many of the problems we will face in the future,” says Russell A. Cargo, director of the Nonprofit Management Program at George Mason University in Fairfax, Virginia.³

A competent and committed board can generate new energy by working with staff to identify new program strategies, raising the organization’s profile to potential constituents, improving financial management and raising funds. As a rule, board development should be directed toward bridging skill gaps, removing unproductive members and creating new structures and processes to improve decision-making and outcomes.

Stagnation and Decline: Symptoms and Treatments

The signs of organizational distress are not difficult to identify. Here are some of the most typical and some practical responses:

Program

Symptom: Demand has declined and capacity to deliver services is under-utilized.

Treatment: The needs of target clients or audiences are reassessed and programs are revised to meet current needs. Or, new offerings are added to the program mix and outmoded ones eliminated. Restaffing or retraining may be required to deliver new or revised services.

Management

Symptom: Management is unable to think creatively about the agency's mission or approach.

Treatment: Help from external advisors is enlisted to generate fresh alternatives and provide objective perspectives. A change in leadership may be appropriate.

Staffing

Symptom: The staff is torn by infighting and turf wars.

Treatment: Reorganizing staffing structure – including reallocation of responsibility and retraining – is considered. If necessary, consultants are retained to help clarify disputed issues and assess staff members' capabilities.

Board

Symptom: The same few board members show up at every meeting to rehash familiar issues.

Treatment: Each board member needs to be contacted to discuss his or her commitment to the organization. The board's structure and processes should be revised to reflect present-day needs. As part of this process, some board members may resign voluntarily and new members with critical skills recruited.

Systems

Symptom: Administrative systems are needlessly complex, confusing and outmoded.

Treatment: New procedures are often added to existing ones as the organization grows. At some point leaders need to comprehensively review their systems requirements in light of changing programs and technologies. This may require the expertise of outside management and/or information technology consultants.

Fundraising

Symptom: The organization is "chasing dollars" by inventing new initiatives primarily to attract available funding, contorting existing programs to match funders' special interests, or responding to Requests for Proposals indiscriminately.

Treatment: After clarifying the mission and revising programs to make them more relevant, the development staff concentrates on funding opportunities that clearly fit with the new direction. The approach to funders becomes less reactive and more proactive.

Financial Management

Symptom: Cash flow problems and projected budget deficits are chronic.

Treatment: Expenses are pared by dropping or curtailing non-essential services. At the same time, new sources of earned or contributed income are developed based on revised programs.

Internal Communications

Symptom: Staff members do not willingly speak out on critical problems and feel disconnected from important decision-making.

Treatment: The organization creates an operational policy that outlines procedures for involving staff in decisions that affect their work. This will help foster a culture in which employees can feel comfortable voicing their concerns. Senior staff members also need opportunities to work with the board.

External Relations

Symptom: The organization's reputation has diminished; there is confusion among outsiders about its mission and programs.

Treatment: As goals and programs are revised, funders and other constituents must be regularly informed of progress. Messages about newsworthy activities and accomplishments need to be clarified and conveyed more effectively to key audiences.



Management Assistance Resources

I. Readings on Nonprofit Management

Drucker, Peter. *Managing the Nonprofit Organization*. New York: Harper Collins, 1990.

Eadie, Douglas C. *Changing by Design*. San Francisco: Jossey-Bass, 1997.

Firstenberg, Paul B. *The 21st Century Nonprofit: Remaking the Organization in the Post-Government Era*. New York: The Foundation Center, 1996.

Hesselbein, et al, eds. *The Organization of the Future*. San Francisco: Jossey-Bass, 1997.

Kibbe, Barbara and Fred Setterberg. *Succeeding With Consultants: Self-Assessment for the Changing Nonprofits*. New York: The Foundation Center, 1992.

Kotter, John P. *Leading Change*. Boston: Harvard Business School Press, 1996.

Management Assistance Group. "Steering Nonprofits: Advice for Board and Staff." Historic Preservation Forum: National Trust for Historic Preservation, 1991.

Oster, Sharon. *Strategic Management for Nonprofit Organizations: Theory and Cases*. New York: Oxford University Press, 1995.

II. Readings on Organizational Change and Decline

Estelle, James. "How Nonprofits Grow: A Model." *Journal of Policy Analysis and Management* (Spring 1983), 350-368.

Guthrie, Kevin. *The New-York Historical Society: Lessons from One Nonprofit's Long Struggle for Survival*. San Francisco: Jossey-Bass, 1996.

Passages: Organizational Life Cycles. Washington D.C.: Management Assistance Group, 1982.

Silver, A. David. *The Turnaround Survival Guide: Strategies for the Company in Crisis*. Chicago: Dearborn Financial Publishing, 1992.

Stevens Group, The. "Growing Up Nonprofit: An Essay on Nonprofit Life Cycle Development." Minneapolis: The Stevens Group, 1993.

Wagner, Lilya & Mark Hager. "Board Members Beware! Warning Signs of a Dysfunctional Organization." *Nonprofit World* (March/April 1998) 18-21.

III. National Organizations Offering Written Resources, Courses, Technical Assistance and/or Consulting Services

Amherst Wilder Foundation – Community Services Group, 919 Lafond Avenue, St. Paul, MN 55104, (612) 642-4053

Center for Strategic Communications, 72 Spring Street, Suite 208, New York, NY 10012, (212) 967-2843

The Conservation Company, 50 East 42nd Street, 19th Floor, New York, NY 10017, (212) 949-0990 and One Penn Center, Suite 1550, Philadelphia, PA 19103, (215) 568-0399

Foundation Center, 79 Fifth Avenue, 8th Floor, New York, NY 10003, (800) 424-9836

Indiana University Center on Philanthropy, 550 West North Street, Suite 301, Indianapolis, IN 46202, (317) 274-4200

Indiana University Fund Raising School, 550 West North Street, Suite 301, Indianapolis, IN 46202, (317) 864-8934

National Alliance for Nonprofit Management (formerly Nonprofit Management Association and Support Centers of America), c/o Points of Light Foundation, 1737 H Street NW, Washington D.C. 20006, (202) 549-6943

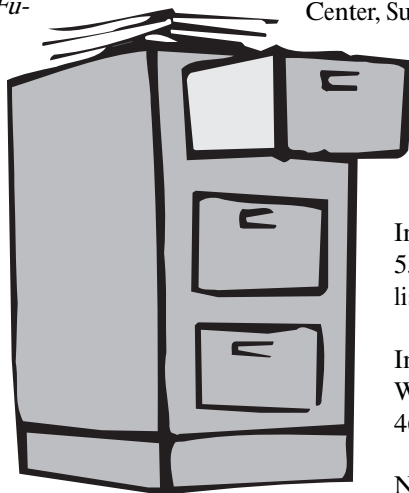
National Center for Nonprofit Boards, 2000 L Street, NW, Suite 510, Washington D.C. 20036, (202) 452-6262

National Executive Service Corps (NY), 257 Park Avenue South, New York, NY 10010, (212) 529-6660

National Society of Fund Raising Executives, 1101 King Street, Suite 700, Alexandria, VA 22314, (800) 666-FUND

Nonprofit Facilities Fund, 70 W 36th Street, 11th Floor, New York, NY 10018, (212) 868-6710

United Way Services – Management Assistance Program, PO Box 12209, 224 E. Broad Street, Richmond, VA 23241, (804) 771-5870



Back from the Brink: Engineering a Turnaround

An organization in an acute state of crisis may require a full-scale turnaround, which involves orchestrating a combination of the treatments and techniques described in this paper. A turnaround is best led by an energetic new CEO with fresh ideas and skills in crisis management. In the most successful turnarounds, staff and board candidly assess the mission and plans for achieving their goals. Programs are overhauled, staffing and board revamped, administrative systems upgraded and new funding secured. In some cases, joint ventures or mergers are considered.

In 1993, the 188-year-old New-York Historical Society closed its doors, canceling all public programs and dismissing more than half of its 41-person staff. The Society's vast collection of books, manuscripts, maps, photographs and documents had been a key resource for pre-Civil War national history, as well as for New York City and State history.

"The Society's salvation came in the form of capable new administrative leadership and a series of major changes – some of them controversial."

Yet its physical plant was dilapidated, library items were inadequately catalogued, and works of art and artifacts were neglected. Funding to maintain operations could not be found. The only possible course of action was to close the museum to the public, severely restrict library hours and continue other operations with bare bones staffing.

It seemed like the end of the line for this venerable – but notoriously cash poor and inadequately governed – institution, which encompassed a library, museum collections and an historical archive. The Society's salvation came in the form of capable new administrative leadership and a series of major changes – some of them controversial.

In particular, the Society raised \$16 million by de-accessioning duplicate materials and pieces unrelated to its more focused mission in order to build an endowment that would support ongoing operations. Betsy Gotbaum, the Society's new chief executive, cut the annual operating budget while acquiring capital development funds. With \$12.6 million from the City and State she initiated structural improvements on the Society's landmark building on Central Park West, including the renovation of the main exhibition galleries.

A \$7.5 million grant from the Henry Luce Foundation is financing the public display, in the year 2000, of the now warehoused museum collection. In addition, the Andrew W. Mellon Foundation is funding a collaborative effort between the Society's library and that of New York University to rapidly expand an on-line cataloguing project. The Mellon grant has permitted the library to restore its public hours to 30 per week.

The New-York Historical Society was able to begin its turnaround by bringing in a talented new Executive Director, honestly evaluating its problems, refocusing its mission, revising programs to meet market needs, mobilizing resources, and restoring the confidence of funders. While much work remains to be done, the society's future is the brightest it has been in years.⁴

When Is It Better to Pull the Plug?

Thousands of nonprofits across the nation close their doors each year. In a few rare situations, a group disbands because it has fulfilled its mission: for example, an organization whose sole purpose is to eradicate a disease may well become defunct after a cure is discovered. More commonly, however, groups shut down for less positive reasons, such as a chronic inability to operate effectively or to advance toward their goals.

Not every drifting organization can get itself back on course. Sometimes, the situation deteriorates to the point where attempting to repair it is unrealistic.

If any of the following problems are chronic and irreversible, the wisest course may well be to shut down:

Image: The organization's reputation is very low and beyond rehabilitation.

Programs: Programs are widely considered to be ineffective and substandard in quality.

Management: Crisis management prevails.

Human Resources: Valuable staff and board members have "jumped ship;" of those who remain, many are not highly regarded.

Systems: Systems do not properly support, reflect or track the organization's work; internal controls are poor.

Finances: Bankruptcy is imminent.

Although senior staff and board members may lack enthusiasm for continuing, the dissolution process needs to be managed strategically and conscientiously. Shutting down in a responsible manner involves informing funders, notifying clients and staff, settling outstanding contractual and financial obligations, and fulfilling all legal requirements.

Increasing the Prospects for Renewal

Is it possible for conditions to deteriorate to the point where no choice is left but to shut down? Certainly. [See “When Is It Better to Pull the Plug?” p. 7] But by dint of expertise, hard work and imagination, it is almost always possible for even seriously ailing organizations to renew themselves. Consider these guidelines:

Use Outside Resources. In some instances, unaided revivals are possible. But more often, some outside agent or resource – guidebooks, courses, peers, or a consultant – can add real value. An outsider’s perspective is especially helpful when a stagnating organization is in denial about its problems. In particular, a consultant can relieve an already overextended work force from the time-consuming effort of gathering data, diagnosing the problem and developing a clear action plan. Also, as an outside observer, a consultant can bring impartiality and accuracy to what, handled internally, might be a subjective, agenda-driven process. An advisor’s candor often provides the impetus for positive change, even if staff and board don’t particularly like what they hear. [A list of relevant publications and resources that can help nonprofits address critical issues appears on p. 6]

Encourage Funder Participation. Organizations sometimes try to conceal problems from funders who might be truly interested in helping. Rather than act as “beat cop,” a funder, especially one with a long-term commitment, can be an effective ally, offering advice drawn from experience with other grantees, referrals to technical assistance providers and grants for consulting or planning services. In some cases, an especially supportive funder can champion an organization’s plan for rejuvenation and encourage other funders to give support.

Be Patient. Once a plan for renewal is in place, it is important to develop a realistic schedule. Remember, the decline of most organizations takes place over a long period. There is no reason to expect that reversing the process should happen overnight.

A Final Word

Organizations most often lose their way through neglect and denial. They tune out external changes or internal difficulties, ignoring problems in the hope they will go away. Staying on the cutting edge of relevance and effectiveness takes constant vigilance: leaders of successful nonprofits make a practice of continually scanning the horizon for change, responding quickly to new challenges and addressing internal problems. They know that organizations can evolve and thrive only when they adapt to change – not when they shrink from it.

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The Conservation Company

For more than two decades, The Conservation Company has provided strategic planning, program development, evaluation and management consulting services to non-profit organizations, foundations, corporate community involvement programs and government agencies. In this time, the firm has developed substantive knowledge and diverse expertise in fields such as arts and culture, education, children and family issues, human services, healthcare and the environment.

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Endnotes

1. Joseph Pereira, “Leader of the Pack in Wilderness Training is Pushed to the Wall,” *The Wall Street Journal* (July 7, 1997): 1.
2. Valerie Reitman, “Missed Signal: Pittsburgh’s WQED Failed to See Change in Public-TV Industry,” *The Wall Street Journal* (January 17, 1994): 1.
3. Ted Hughes, “Creativity, New Features Watchwords for Nonprofits,” *Village Life* (November 4, 1996).
4. David Dunlap, “Historical Society Shuts Its Doors but Still Hopes,” *The New York Times* (February 20, 1993) and Paul Goldberger, “To the Rescue of a Grande Dame of Museums,” *The New York Times* (June 12, 1997): C9-10.