



The Nonprofit Whisperer

"A new source of funding requesting more accountability, a change in founding leadership, or new staff asking about things like personnel policies signals the nearly inevitable shift toward more organizational structure and systems." In the case of an organization experiencing a first- to second-stage transition, this passage can be freighted with uncertainty and unease. Share readings on this phase with staff, invite them to talk about the shifts they are witnessing and to share their fears, and use the changes already happening to begin the work of bringing the organization's systems and processes into alignment with its mission and responsibilities.

DEAR NONPROFIT WHISPERER,
*I was just brought into a home-
 lessness organization to try
 to create compliance systems
 out of what is currently a lot of infor-
 mal and chaotic (although so far suc-
 cessful) activity. I have been given the
 job of instilling a compliance culture
 as we (literally) move out of the execu-
 tive director's private house to another
 setting. The organization just got its
 first big grant, which has some rules
 attached. The director purposely brought
 me in from the corporate sector—and
 I certainly have the background in
 making rules that stick—but I worry
 about implementation in a culture that,
 so far, has not shown much interest at
 all. Even the director hasn't shown keen
 interest in the details of how this will get
 done. How do I start? With a handbook of
 compliance measures? Do I need to set
 some kind of a base in the culture? There
 are only five employees at this time, but
 it feels like more.*

Compliance Setter

Dear Compliance Setter,
 What you are really managing is the *shift*
 of the organization from its first—or
 "founding"—stage to its second stage of
 development, which is characterized by
 the need for more management coher-
 ence and better systems all around. I
 might, therefore, as a start, consider
 dropping the word "compliance" in
 favor of "building systems to help our
 organization achieve its mission." And
 you are right: Immerse yourself in the
 base of this organization's culture—its
 programs and successful activities—and
 then carefully plan for a shift that main-
 tains what is working in its programs
 while introducing the need for more
 accountability.

Typically, first-stage organizations
 are very on target with regard to strat-
 egy and programs. These come first,
 and board and staff are passionate
 about ensuring that the work on the
 ground meets the needs of constitu-
 ents. Often—but not always—leader-
 ship and staff are aligned around the

needs and the work to be done, and
 communicate informally. The work
 is underscored by a sense of shared
 values, vision, and mission.

A new source of funding requesting
 more accountability, a change in found-
 ing leadership, or new staff asking about
 things like personnel policies signals
 the nearly inevitable shift toward more
 organizational structure and systems.
 Sometimes groups are unaware of this;
 rifts appear in the fabric of "together-
 ness," and tensions arise between the
 more informal staff and those seeking
 more structure. It sounds as though your
 group knows intellectually that it needs
 to shift and become more compliant and
 accountable but does not yet feel it in the
 bones.

How do you start?

Tread lightly. Don't assume that the
 lessons from the corporate setting will
 translate—especially with a staff of five
 people. First, read the literature avail-
 able on nonprofit lifecycles. There is
 plenty of shorthand on the web, and

Susan Kenny Stevens's handbook *Nonprofit Lifecycles: Stage-Based Wisdom for Nonprofit Capacity* will provide a more thorough view.¹

Please note that nonprofit organizational development experts/consultants tend to debate the number of “lives” a nonprofit goes through, and as the nonprofit ages it can be in several lives at the same time. Your organization, however, is at the classic first- to second-stage transition. It is also one of the more difficult passages, as a smaller staff of informal, deeply committed coworkers and volunteers can feel they are losing “their family” as more systems, staff, and funding are added.

Consider sharing readings about this transition with the staff and the board of directors, so that they “gain knowledge” about the transition that is happening. Let them discuss the shifts they themselves are witnessing—bringing knowledge to a description of the current reality. Let them talk about their fear of change or loss, and balance that with what is to be gained. Another way to approach this is to talk about how the organization and its constituents might be at risk due to lack of compliance.

Use the change that *is happening* to begin the change in systems and processes. Discuss the move to a new office and what that means. What kinds of systems and norms would staff like to see established in the new work space? Use their ideas as the basis for the office handbook that will inevitably get developed; it will be easier to accept if they have had some part in its development. Discuss the new funding source, name where accountability and compliance have to change to meet the needs of the funder, *and concentrate first on those changes or any place where the organization is at high risk.*

Even in small doses, the group will fear a loss of old patterns and work

habits; let that surface. All of the above speaks to your real role of *managing change*, not just instituting more compliance. Take a look at the Change Cycle™ Series, which provides a tool to help people in your position in the workplace manage change (information can be found at changecycle.com²). The series should provide insight to you and others on staff about why they feel resistant to or fear change that otherwise makes sense or is necessary (being more accountable to a funder, for example).

Once the first steps in shifting the organization start—again, this means education about the inevitable changes, discussion and feedback, and piloting more compliance where it is already needed (office space/funding sources)—other shifts toward more accountability will begin to flow, and you will be able to create a checklist by priority of those areas that most need focus. This kind of pacing will help you and others to manage change practically and emotionally in balance with maintaining quality of program and “successful activity.”

NOTES

1. Susan Kenny Stevens, *Nonprofit Lifecycles: Stage-Based Wisdom for Nonprofit Capacity* (Long Lake, MN: Stagewise Enterprises, 2001).
2. See Ann Salerno, “Change @ Work,” The Change Cycle™ Series, accessed May 29, 2019, changecycle.com/change-work/.

THE NONPROFIT WHISPERER has over thirty years of experience in the nonprofit sector, serving variously as nonprofit staff and board member, foundation staff member, and nonprofit management consultant.

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