There is nothing as practical as good theory.
Being Knowing Doing

I/we It/its

Poesis Theoria

Praxis

Dignity
Prosperity
Self-sufficiency
Safety
Self-transcendence
Actualization
Basic

Transactional Transitional Transformational

Effectiveness
Capacities & Forces

I/we

It/its

Leadership capacity

Management capacity

Adaptive capacity

Technical capacity

Dignity

Prosperity

Self-sufficiency

Safety

Socio-demographic forces

Economic forces

Political & Regulatory forces

Technological forces

Transaction, Transitional, Transformational

Effectiveness
Life-Cycles
Organization, Business-Model, Programs, Functions

Builder, Explorer
direction, delegation
Core program development
Exit strategy
Brand Authority
Differentiate & Scale
Ideation & Launch
Decline or Renewal
Obsolescence
Infrastructure development
Community impact scaling
Process innovation
Partner innovation
Revolution
Revolution
Needs
Dignity
Praxis
Poesis
Theoria
Effectiveness
Innovation
Product development
Product innovation
Business-model
Exit strategy
Core program development
Ideation & Launch
Decline or Renewal
Obsolescence
Brand Authority
Differentiate & Scale
Builder, Explorer
direction, delegation
Builder, Explorer
direction, delegation
Hands-on Policy

I/we

It/its

Governance

Generative

Leadership capacity
Management capacity
Adaptive capacity
Technical capacity

Needs

Dignity

Barbarian
direction

Prophet
creativity

Builder, Explorer
delegation

Aristocrat

Bureaucrat
control

Effectiveness

Revolution

Revolution

Evolution

Differentiate & Scale

Ideation & Launch

Decline or Renewal

Obsolescence

Praxis

Poesis

Theoria

Brand Authority
Conversion of Capital into Revenue

Business-Model

External equity
Debt
RE & monetized assets

create
Adaptive capacity
Technical capacity
Ideation & Launch
Praxis
Theoria
Brand Authority
Management capacity
Leadership capacity

I/we
deliver
capture

Sustainable Revenue

Spiritual
Innovation
Social
Human
Financial
Hans-on

Policy
Bureaucrat
Barbarian
Aristocrat
Administrator

Dignity
Revolution
Evolution
Conversion of Capital into Revenue

RE & monetized assets

Re

Efficiency

Effectiveness
Generative Policy Hands-on Prophet Builder, Explorer Ideation & Launch Differentiate & Scale Revolution or Renewal Ideation & Launch Obsolescence

I/we I/its

Policy

Spiritual

Human

Needs

Innovation

Social

Financial

Hands-on

Financial

Human

Needs

Innovation

Social

Policy

I/we

control

ancr

red tape

Alliances

control

Revolution

Revolution

Evolution

Effectiveness

Generative
The “So What” Factor – what is success?
Community Revitalization & Resilience

- Economic Development
- Community Development
- Organization Development
- Leadership Development
- Human Development

- Absorptive Capacity
- Transformative Capacity
- Adaptive Capacity

- Hands-on Policy
- Prophet Builder, Explorer Administrator
- Bureaucrat Barbarian Aristocrat
- Brand Authority

- Ideation & Launch
- Differentiate & Scale
- Decline or Renewal

- Spiritual Innovation Social Poesis Theoria Praxis

- Financial Human
direct needs

- Revolution
- Effectiveness
- Control

- Community Revitalization & Resilience
- Economic Development
- Community Development
- Organization Development
- Leadership Development
- Human Development

- Absorptive Capacity
- Transformative Capacity
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- Hands-on Policy
- Prophet Builder, Explorer Administrator
- Bureaucrat Barbarian Aristocrat
- Brand Authority

- Ideation & Launch
- Differentiate & Scale
- Decline or Renewal

- Spiritual Innovation Social Poesis Theoria Praxis

- Financial Human
direct needs

- Revolution
- Effectiveness
- Control
Social Movements – moving beyond a brand
Towards a T.O.E. – hubris & humility
Nobody expects the Spanish Inquisition!
<table>
<thead>
<tr>
<th></th>
<th>Leadership</th>
<th>Culture</th>
<th>Financial</th>
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</thead>
<tbody>
<tr>
<td><strong>Today</strong></td>
<td>Founder needing to make room for and delegating more to specialized competencies (i.e. other org leaders) to drive change (transitioning through the founder and the general/barbarian phases into an age of multiple entrepreneurial discovery (builder/explorer).</td>
<td>Mix of true believers and managerial competence. Biggest internal complaint: founder is in the way. Biggest external complaint: the place couldn’t exist w/o the founder. <em>Creative destruction pivot: Can the potential of the organization exceed the founder’s limitations?</em></td>
<td>Scaling through funder/revenue concentration, but risk with only 1-2 capital investors. Use of line-of-credit. Will impact-evaluation continue to attract equity? When will business-model generate sustainable margin, including what in the cost-structure to keep in-house and what to outsource vis-à-vis LTS’s unique value-proposition? What is the Total Available Market (TAM) to exploit vis-à-vis competitors?</td>
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<tr>
<td><strong>Tomorrow</strong></td>
<td>Strong, interdisciplinary team – each playing to its own strengths/skill-sets – is needed.</td>
<td>Among other metrics of success, focus on service/stakeholder satisfaction, to validate continued investment and growth potential.</td>
<td>Strengthen evidence for value-proposition’s ability to continue to attract investment. Explore revenue diversification, especially since founder wants LTS to be a Heartfelt Connector funding model. Explore M&amp;A activity over time.</td>
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**LTS**

Prophet

Barbarian

Builder/Explorer
<table>
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<tr>
<th>Leadership</th>
<th>Culture</th>
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<tbody>
<tr>
<td><strong>Yesterday</strong></td>
<td>Bureaucratic: Procedures (process control) take precedence over problem-solving. Threat of aristocracy, in which appearance is more important than dealing with reality.</td>
<td>Us vs. Them silos. Unexamined taboos and sacred cows. Lack of productive conflict. Avoidance of or under-the-radar innovation/risk. Biggest internal complaint: favoritism/patronage. Biggest external complaint: org is 800 lb. gorilla with partners.</td>
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<tr>
<td><strong>Today</strong></td>
<td>Mix of autocratic (aka “barbarian”) &amp; entrepreneurial leadership strategies. Luckily, because it’s facing the need for business-model renewal/overhaul vs. decline, the CFBSA is in a change-management sweet-spot. Need to substitute the lure of excessive administration (red-tape crisis) for the lure of a renewed builder-explorer phase.</td>
<td>Focus on programmatic contribution margin and portfolio management, with goal to increase innovation, accountability, effectiveness, &amp; efficiency. Biggest internal complaint: insufficient communication across org and insufficient resources/time. Biggest external complaint: lack of agility. <strong>Creative destruction pivot:</strong> Can org get “far enough fast enough” (a sense of missional urgency) in simultaneously building effective external alliances for community impact, and grow programmatic intrapreneurship and quality at the same time?</td>
</tr>
<tr>
<td><strong>Tomorrow</strong></td>
<td>Synergistic leadership, combining entrepreneurship &amp; administrative control. Key question: can org invest in ecosystem &amp; sacrifice its self-serving track-record?</td>
<td>Accelerate change-management (learning, experimentation, continuous improvement). For ecosystem alliances: Skilled diplomacy/negotiation in complex/evolving internal &amp; external environment. Productive tension and interdependence between centralized services, strategic portfolio management of diverse programs, and autonomous intrapreneurship.</td>
</tr>
<tr>
<td>yesterday</td>
<td>Leadership</td>
<td>Culture</td>
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<td>Entrepreneurial founder willing to lead but not control, ensuring diverse talent density to grow organization.</td>
<td>Entrepreneurial, mission-driven.</td>
<td>Starting in 2002, began acquisition process, both proactive/strategic and reactive (e.g. distressed NPOs).</td>
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<table>
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<td>See themselves competing with for-profits. Risk-taking ambition for impact scaling.</td>
<td>Cross-subsidization of innovation across portfolio of businesses’ deep talent pools &amp; diverse core-competencies. Intentionally competes with for-profits. Subsidiary business expertise is backed by holding company expertise in business development, capital acquisition &amp; finance, evaluation, HR &amp; org development/learning, procurement, etc. Creative destruction pivot: What is the limit to the org’s ability to continue to simultaneously scale, improve quality, and lower costs?</td>
<td>Holding company of 45+ M&amp;A businesses at 330+ sites in 35 countries, with 12,000 employees and 1m clients on annual revenue approaching $1b on average annual growth of 30% the last 10 years. Economy of scale yet diverse revenue acquisition, procurement, HR, knowledge-sharing, etc.</td>
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<th>Culture</th>
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<tbody>
<tr>
<td>Organic start-ups. Evaluating the purchase of desirable for-profits to bring into their program portfolio, aka GSOS is tax-designation agnostic.</td>
<td>Subsidiary business programmatic expertise is backed by holding company’s expertise in business development, capital acquisition &amp; finance, evaluation, HR &amp; org development/learning, procurement, etc.</td>
<td>Just launched an intrapreneur incubator and a social-impact investment fund to invest in key areas of high-growth interest (e.g. healthcare) in order to achieve both a high social-return while also receiving a high financial ROI to help finance the holding company.</td>
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</table>
Assessing where your organization and/or program is at in its life-cycle will help you to know:

- What human-capital, financial-capital, and/or business-model priorities and needs to focus on;
- What is normal and to be expected in your life-cycle stage, both for your own “deep-breathing” and focus, and for your performance benchmarking purposes;
- What to expect in the upcoming life-cycle stage, so that you can proactively prepare for that;
- What to communicate about your current and projected challenges and priorities to key stakeholders, such as your board members, staff, donors/investors, clients, etc., so that you can better manage and align everybody’s expectations.
A handful of asides in no particular order...

• To ensure retained earnings (increasing net assets or fund balance), budget a 1%+ profit margin each year;

• Yeah, yeah, we need to diversify our revenue streams, but is that appropriate at this stage in our life-cycle, given our capabilities, adjacency capabilities, and opportunity cost considerations;

• Since AZ nonprofits do relatively well managing their liabilities, the riskier half of our balance sheets is how much cash we have tied up in long-live assets like property, plant, & equipment and endowments;

• And besides, if an endowment isn’t big enough to make a difference (i.e. the size of your annual operating budget), there are better uses for that cash for today’s mission-impact and building a more resilient business-model by investing in your organization’s capabilities.
Poets make available a future that does not, as yet, exist; they are eschatologically oriented.

From this environment, a missional imagination emerges.
Aristotle
Boardsource
Bohm, D.
Bridgespan
Chait, R.
Christensen, C.
Collins, J.
Ebrahim, A.
Emerson, J.
Frankenberger, T.
Greiner, L.
Kania, J.
Magretta, J.
Masaoka, J. (by way of Boston Consulting Group)
McDonald, M.
Miller, C.
Miller, L.
Mintzberg, H.
Nilsson, W.
Osterwalder, A.
Porter, M.
Rangan, K.
Ries, E.
Roxburgh, A.
Weiss, C.
Wilbur, K.

Sources

www.nonprofitjourney.org