

# Got Growth? Managing Risk When Your Nonprofit is on the Rise



By

**Resource Type:** Risk eNews

**Topic:** General

For several years our NRMC team has had the opportunity to work with a number of nonprofits that have grown rapidly from a small capable corps of nimble and idealistic pioneers to strong, sustainable organizations with functions, departments, and even signs of bureaucracy. We're grateful for the opportunity to partner with young organizations: a courageous start-up team's enthusiasm for bold risk-taking is contagious.

## The Sector is Swelling

Our encounters with quick-growth nonprofits sync with a trend noted in a [study by the PNP Staffing Group](#) (cited by NRMC mission partner 501c Agencies Trust). That study describes a nonprofit sector with no signs of slowing down. For example:

- In the past 10 years the nonprofit sector has grown at least six times faster than the for-profit sector.
- Over 50% of those polled said that they had recently acquired new staff.
- The study finds that "Financial and public support for nonprofits is at an all-time high."

## Watch for Risk on the Slope to Success

Exciting as it is to work with growing organizations, we've noticed that growth spurts may cause or exacerbate risks for nonprofits, especially those working hard to hold on to the founders' original vision, passion and values. We conducted a quick poll of the NRMC team and agreed that the following risks are among the trickiest and most troubling during times of growth:

- *Communication breakdowns:* Small teams will find it a cinch to stay in touch; however, as teams grow keeping everyone up-to-date and connected becomes a top challenge. That challenge multiplies as teams relocate across the country or around the world. See "[Say Cheese: Serving up Risk Communication.](#)"
- *Disillusionment on the frontlines:* In a small nonprofit the team doing hands-on mission work is the same team making the big decisions about the nonprofit's strategic direction. As a nonprofit grows, management-level and strategic decisions move up the ladder and remaining tasks are pushed to the frontlines. For team members who remain on the frontlines as the organization matures, disillusionment may replace enthusiasm.
- *Failure to adapt systems and structures:* Larger organizations generally require more sophisticated systems and structures. When a nonprofit is experiencing rapid growth these foundational assets may suffer a bit of neglect. For example, in one NRMC client a senior leader was given additional direct reports year-over-year until she was responsible for a team of 26 people. The leadership finally realized that a

new reporting structure was needed. In another client, the team realized that its start-up minded board wasn't able to provide the wise fiscal and risk oversight the organization's maturing mission needed.

- *And then there was trouble:* It's generally easier to get along when you're part of a like-minded team. But as the team grows in size, and the nonprofit's mission and programs branch out, the risk of discord grows as well. Disagreements on a team should be anticipated and managed with care and finesse.

## Risk Tips for Growing Missions

Do the growing pains described above seem familiar? Or has your mission experienced even more painful risks associated with rapid growth, such as high turnover, litigation, or disgruntled donors? To keep a keen watch on the potential growing pains associated with a maturing mission, remember to:

- *Train your board:* Help your board stay abreast of its important role and responsibilities by delivering board training no less than annually. Best-in-class boards integrate board education segments into meeting agendas year-round. For inspiration, see: ["Not so Great Governance? Resolve to Reinvent the Board."](#)
- *Seek insight and expertise at all levels:* As nonprofits grow there may be a tendency to overlook or discount the wisdom on the expanding frontlines. To learn how to adopt a "deference to expertise" mindset and mine wisdom wherever it lies, see ["Person of Interest: Soliciting Insights from Staff In-the-Know."](#)
- *Pump up your process:* Hiring IS everything: According to David Earle of [www.staffing.org](http://www.staffing.org), "Quality is the most important core staffing metric because it has the greatest impact on the performance of the enterprise." If staffing gets short shrift, resolve to update your process and use an inclusive process to profit from the diverse perspectives on your growing team. Learn ways to do that—and turn team members into lifelong fans in our article, ["Magnify Your Mission: Inspire Customers for Life."](#)
- *Embrace a "growth mindset" as you grow and even when it's slow:* Regardless of your size and trajectory for growth, always remember that a "growth mindset" is a healthy frame of mind for any nonprofit, as Melanie reminds us in her article ["Ready, Mindset Go!"](#) For those going through a time of expansion or anticipating it, remember to pay special attention to overall sustainability, financial sustainability, and board development. See these resources for help on always timely topics:
  - ["Organizational Sustainability, Capacity and Growth: Not Just for the Big Guys!"](#) by Ellen Mowrer, GrantStation
  - [Board Development: Surf the Board Talent Pipeline](#)
  - ["6 Steps to Make Your Board More Involved and Effective at Fundraising,"](#) via National Executive Service Corps Roundtable

As singer-songwriter Alessia Cara reminds us, there are "no band-aids for the growing pains." Although growing pains will be hard to avoid, remember that a fortified mission means greater impact, and good things are on the other side.

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