How to Know If You're Heading toward Decline and Dissolution
Adapted from The 5 Life Stages of Nonprofit Organizations

Organizations can experience crisis at any stage in their development. Judith Sharken Simon and J. Terence Donovan observed that: “The unhealthy organization lacks passion, experiences high levels of personalized conflict, or suffers from severe financial and programmatic crises.” They developed the following diagnostic checklist of warning signs of organizational decline, which has been adapted for museums.

Governance
• The organization's board generally rubber-stamps decisions without discussion or knowledge of the issues
• Attendance at board meetings is consistently less than 50%
• Only 20 to 30% of board attendees are the same from month to month
• No new board members have joined the organizations in several years
• More than 75% of the board has turned over in the last two years
• There is ongoing conflict between board and staff
• Board members in more mature organizations have not let go of their involvement in day-to-day operations
• Board members are consistently and vehemently disagreeing and engaged in negative interactions with each other
• Board members cannot agree on the primary mission of the organization
• The board is unwilling/unable to replace an ineffective board chair
• The board lacks skills in key areas like financial and legal expertise
• Individual board members bad-mouth the organization outside of board meetings

Staff leadership
• The executive director makes all decisions and rarely, if ever, consults with the board of directors before implementing the decisions
• The executive director allows the board to make all the decisions
• The executive director is in continual negative conflict with the board
• The executive director is inaccessible—never returning phone calls and seemingly disengaged from the organization
• The executive director is consistently unable to meet deadlines or tend to priority business
• The executive director is the focus of a large number of complaints and grievances to the board

Financing
• The organization is unable to meet payroll
• The organization is consistently behind on payment of invoices
• The organization's receivables are consistently more than ninety days old
• The organization fails or has significant warnings from an audit

Administrative systems
• Critical administrative records such as tax forms and personnel policies cannot be located
• Legal compliance with human resource practices is in question
• The organization consistently relies on cash advances or a line of credit to balance its budget
• More than 30% of funding come from a single source
• New directions in fundraising are discussed but no actions are taken
• A large number of funders are terminating or threatening to terminate relationships with the organization
• The organization's financial staff cannot provide an accurate financial picture
• Well-developed systems are really bureaucratic nightmares

Staffing
• There is high turnover of staff
• Positions go unfilled for a year or longer
• Postings do not attract well-qualified candidates
• Staff morale is extremely low
• Staff members bypass the executive director and take grievances directly to the board
• Roles and responsibilities are unclear, causing confusion and negative conflict

Programs and services
• There is evidence that program and service quality has greatly declined
• Attendance has dropped significantly
• There is no process for evaluating programs and services
• Accreditation is in jeopardy

Marketing
• There is little or no marketing strategy or current promotional materials
• Key constituents cannot clearly define the purpose, programs, or services of the organization
• There is general perception and rumor that the organization is in crisis
• The organization has received ongoing and substantial negative press