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## Considering closure

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Change is constant, and one of the most critical skills in nonprofit leadership is adaptability.



Kate Harris

[Kate Harris Group](#)

Sometimes responsible leaders find themselves considering something that might feel unthinkable—closing their organization. Euphemisms and metaphors abound, but whether we call it sunseting, winding down, retiring, or pulling the plug, let's have an honest conversation about knowing when the time is right for an organization to take its final bow.

Do we think that vast numbers of nonprofits should close?

Of course not!



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The nonprofit sector is a brilliant and critical part of our society, and we want it to flourish. The reality is that a healthy and vibrant sector includes growth, deconstruction, and renewal. A thriving ecosystem needs all three. When a tree falls, it provides shelter and nutrients for dozens of other species, and the gap it leaves in the canopy lets in new light. When a nonprofit makes the intentional choice to cede its space and its resources to the next generation of organizations, it nourishes and protects its thriving community in a new way.

## **Closing isn't failing**

The assumption that the only way for a nonprofit to be successful is for it to exist forever is not only absurd, it creates traps that can cause leaders to spend much more energy on organizational survival than on impact. There are a great many ways that organizations can be successful, and being the leader who thoughtfully stewards an organization through its final chapter can be a bold and rewarding endeavor. When leaders center their clients and communities as the main characters, writing that final chapter in an organization's story can be as much a part of visionary leadership as writing the first page.

If you're a nonprofit leader who has secretly harbored the thought that maybe it's time for the organization to call it a day, you're not alone. If you've been through a messy, traumatic closure and wished that something could have been done differently, you're not alone there either. We keep secret our thoughts about shutting down our organizations—and accept that chaotic, dramatic closures are the

norm—in large part because we don’t have a publicly acceptable way to talk about closing nonprofits. We need a shared language for when, why, and how to make a graceful exit.

## Closure as strategy

Just like launching a new organization, building a plan to close one starts with the “why.”

### **1: “We met our mission—hooray!”**

Yes, this is possible. It generally applies to organizations that begin with a very specific, accomplishable mission. Consider the [playwrights’ collective 13P](#), which formed to produce one play by each of its thirteen members. After the final production, they published an anthology of all thirteen plays and then closed the organization. [If this is you, get ready to take a bow.](#)

### **2: “I’m ready to be done, but I’m the glue holding the organization together.”**

We all know the power of visionary leadership. For some organizations, leaders become so synonymous with the organization that one cannot exist without the other. Whether programs wind down, or are transferred to another organization, sometimes it makes sense for a nonprofit to retire when its key leader does.

### **3: “We are running out of money and haven’t been able to find a sustainable financial model.”**

The nonprofit business model is inherently precarious, and this is especially true during periods of change. Costs are rising everywhere, and revenue can feel harder and harder to secure. If the shadow mission of keeping the organization afloat is superseding its core purpose, it might be time to consider whether the organization is best positioned to meet its community’s needs. In the process of winding down, you might even find a new and more sustainable home for key programs or staff positions as part of a thoughtful [asset transfer](#).

### **4: “We’re not as relevant as we used to be.”**

The world changes every day—and some organizations change right along with it. The [Asian Youth Center](#), for example, acquired a program to advance its shift from a probation-funded criminal justice program to a diversion and empowerment model. The needs of our communities, and the way those needs are best met, will continue to change. If your wagon wheel shop isn't retooling to produce electric vehicles, or relocating to a community in need of wagon wheels, it may be [time to hang up the hammer](#) and be proud of all the miles traveled.

## **5: “Our structure is misaligned with our values.”**

When harmful ideologies—like a savior mentality or white supremacy—are baked into the bricks with which our organizations are built, dismantling those oppressive structures is deep, often challenging, work. Sometimes to rebuild truly equitable institutions, we have to start again with a model that genuinely reflects our values. Dissolution and renewal can create an opportunity to establish an organizational framework that centers those most impacted by the nonprofit.

## **How to start stopping**

If any of this resonates with you, you're not alone, and you're not the first to walk this path. Once you have a solid sense of why this might be the time to consider dissolution, there are a few questions that can help guide your next steps.

### **1: “What needs to be preserved?”**

If you have a program that's really making an impact, or a facility that's important to people, you can preserve it without maintaining your EIN. Running a nonprofit isn't the only way to do good in the world. The program or asset could be transferred to another nonprofit, or it could live on as a fiscally sponsored project. When the Arts & Business Council of Chicago sunset, for example, its signature program, Business Volunteers for the Arts, was [transferred to another Chicago-based arts service agency](#), Lawyers for the Creative Arts. By focusing on meeting the needs of arts organizations in Chicago, the impact of this valuable program will continue to be felt long after the organization that originated it dissolves.

### **2: “How close to the edge are we?”**

If a plane waits too long to engage the landing gear, it will crash. Waiting too long to close a nonprofit can be equally damaging. Consider the sudden closure of [Benefits Data Trust](#). The \$30 million organization was helping people access public benefits until June 2024 when it announced it was closing. Two months later, all of its 300 employees were let go and its call center shuttered. Just one year earlier the organization had helped 120,000 people access \$182 million in public benefits, likely bolstered by a \$20 million unrestricted gift from MacKenzie Scott in 2022. But it wasn't enough - BDT couldn't sustain its financial operations at scale, suddenly leaving agencies scrambling and hundreds of thousands of people without the assistance they had come to rely on. If you want to gently glide into a thoughtful closure, it will take financial resources and human capital. It's important to begin the planning process before these resources are depleted. In some cases, funders may even be willing to help ensure a smooth transition.

### **3: “What support do we need to walk through this gracefully?”**

The administrative and communications work involved in thoughtful closure requires time, energy, and emotional bandwidth. If your capacity is already stretched, or your emotional well is already close to dry, help is available. There are consultants and nonprofit programs that specialize in this work, and there is [a growing library of useful resources online](#).

### **4: “What story are we going to tell?”**

The staff, board members, clients, neighbors, volunteers, audience members, and others who have been part of the organization's journey are the protagonists of this story—and the final chapter is a unique opportunity to recognize and celebrate the lasting impact you have all made together. [Get inspired](#) by others who have walked this path by [reading creative closure announcements](#) or reaching out to the leaders of now-closed organizations in your community.

### **5: “How do we actually do it?”**

There are, of course, tactical steps that need to be taken—and there are resources to help guide you through the process. Here are some of our favorites:

- National Council of Nonprofits - [Dissolving a Nonprofit Corporation](#)
- BoardSource - [When Sunsetting Your Nonprofit is the Hardest \(and Best\) Option](#)

- Sustained Collaboration Network - [Closing the Doors](#)
- Nonprofit AF - [We must all think about sunseting, not just foundations](#)
- Upswell Webinar [Making the Hard Decision to Sunset a Nonprofit Organization](#)
- [The Leaving Well Podcast with Naomi Hattaway](#)

## Talk about it

Whether your nonprofit is taking its first step—or feels like it's on its last legs—talking about the organization's retirement plan can clarify and empower the work you do, while helping to ensure that your impact lasts far longer than your EIN.

You likely have a lot of questions: What happens to the people you serve, your programs, and your staff? Asking these questions long before dissolution is on the table can bring clarity about your purpose and your long-term impact. Planning with the end in mind makes us more creative and open to new ideas. There are funders, consultants, and other nonprofit leaders with experience in dissolution who can help you plan for this transition without leaving anyone behind. Don't be afraid to ask for help.

This article is saturated with analogies, metaphors, and euphemisms because our collective need to share and communicate about the hopes and fears that surround endings isn't met with the same well-defined shared language that we have for things like strategic planning. It's time to bring the difficult process of nonprofit closure out of the incognito browser and into the everyday work of building robust, joyful, and healthy communities.

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