Results of an Inquiry Into
CAPACITY BUILDING PROGRAMS
FOR NONPROFIT PROGRAMS

By
Susan Doherty and Steven E. Mayer, Ph.D.
Effective Communities Project

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1216 Powderhorn Terrace / #12
Minneapolis, MN 55407
612 / 724-0351

www.EffectiveCommunities.com
“Organizational capacity building” is a buzzword these days, along with “organizational effectiveness.” The Effective Communities Project (ECP), as an organization helping foundations and nonprofit organizations “get to the next level of effectiveness,” seeks to provide information and perspective that allows foundations and nonprofits to better understand the dynamics of building capacity, so they can put these dynamics to work rather than be puzzled by them.

We hope that clarity about dynamics will help foundations and nonprofits take seriously the idea of building capacity in a way that’s most likely to succeed. And we hope that nonprofits will incorporate the elements of successful capacity building into organizational planning and operation, and that foundations will incorporate these elements into their work of supporting and strengthening nonprofits.

To gather information and perspectives, we embarked on a semi-formal “inquiry process,” not meant to be exhaustive. We’ve drawn on our own thirty years of experience in work in the organizational effectiveness arena, reviewed some of the recent literature, and talked with a number of foundation, nonprofit and intermediary organization staff in the Twin Cities area -- a crucible for thinking and innovation in the third sector.

What is “organizational capacity?”

There are many ways to define “organizational capacity.” Indeed, one of the many problems of the field, according to Paul Light of the Brookings Institution, is the great variety of definitions and approaches. Three that capture the middle-ground essence are the following:

- The California Wellness Foundation talks about “an organization’s core skills and capabilities, such as leadership, management, finance and fundraising, programs and evaluation, in order to build the organization’s effectiveness and sustainability.” They see capacity building as the process of assisting an individual or group to identify and address issues and gain the insights, knowledge and experience needed to solve problems and implement change.”

- Penelope McPhee and John Bare of the John S. and James L. Knight Foundation define capacity as “the ability of nonprofit organizations to fulfill their missions in an effective manner.”
At the Effective Communities Project, we define it as “the combined influence of an organization’s abilities to govern and manage itself, to develop assets and resources, to forge the right community linkages, and to deliver valued services – all combining to meaningfully address its mission.”

Why is organizational capacity important?

Every organization has some capacity. But all organizations could use more, because with more capacity, there’s a greater chance of better addressing mission or purpose. All organizations are strong in some areas and weaker in others, but the task is to build on existing capacity, to develop it further, to improve on it – to get to the next level of effectiveness.

“Capacity” is not just a fad; it’s the key to long-term sustainability. If an organization is working well in governing and managing itself, in developing assets and resources, in forging community linkages and in delivering valued services, it is a sustainable enterprise. It’s taking care of business. It has the full array of options working for it. An organization that works on all these points is increasing its chances of survival.

We believe that increasing an organization’s overall effectiveness will contribute greatly to its programs, and that without strong internal operations (Board, management, staff, fund development, communications, accounting, community linkages, etc.), it’s difficult to do a good job of delivering effective programs.

We’ve focused on capacity building at the nonprofit organization level. We’re advocating not a piecemeal approach that “fixes” only a limited aspect of an organization, (e.g., its Board, accounting, fundraising, technology), but a holistic and intentional approach in which all the working parts of an organization – both program and “back office,” internal and external work, are addressed as a whole.

We also recognize that however important the work of individual organizations, there is a need to consider the “sector” in which the organization works – the youth sector, the community development sector, the social service sector, etc – and to strengthen the sector as an entity as well. Indeed, one can imagine efforts to strengthen the entire nonprofit sector as an entity – this is the mission of a statewide association of nonprofits. While this inquiry focuses on what an individual nonprofit organization can do, working with the support of foundations or intermediaries or not, to strengthen its overall capacity to meet its mission, we certainly recognize the importance of building the capacity of the nonprofit sector as a whole.
Why Doesn’t Capacity Building Happen Naturally?

One would think that if organizational capacity were so important, nonprofits would make every effort to build it, to create more of it so that they would have greater likelihood of succeeding with their mission. There are a variety of reasons why organizations don’t “just do” capacity building as a matter of course:

- The priority with most nonprofits is on “doing program,” not management. Indeed, most people go to work for a nonprofit identifying with its mission, not with “doing administration.” Building up the organization so that it can do its programs well seems to be interpreted by most as a management function.

- There is typically insufficient understanding of how strengthening the whole organization can contribute to achieving its mission, of how improving “back office” function can contribute to better programs. Board and/or staff may not buy in to the idea of putting scarce resources and time into building organizational capacity.

- The organization’s culture and reward structure may not support change and activities to strengthen overall functioning. Job descriptions may not include capacity building activities. Building overall organizational capacity requires insightful and skillful Board leadership and staff management, and the organization may not have it.

- While there is a plentitude and variety of resources for building capacity (at least in urban areas, and especially in the Twin Cities area), the organization may not be aware of these options, or know how to access them. But in many other places, especially in rural regions, it may be that the quality of the local consulting pool is insufficient to provide needed help.

- If a nonprofit recognizes a need for more capacity, there is too often the unrealistic expectation that capacity can be built with little time or effort, and by focusing on the little things rather than the bigger picture.

- Building capacity doesn’t just happen, it takes work. In other words, “building capacity” is an active verb. It takes leadership, a plan, and support from the top. But what also happens, way too often, is that frustration sets in, because building capacity doesn’t stay on anyone’s list of things to do very long. The dynamic too often works like this: One goes to a workshop or takes a class on a capacity building subject, such as “Time Management” or “Strategic Planning,” or “Improving Your Volunteer System,” and gets all excited about how to incorporate this into a daily work routine, but the next crisis kicks in and takes the edge off that excitement and these intentions aren’t followed. It’s a little like making a New Year’s resolution. The way around that, is to be deliberately, intentionally, persistent.

- And the most obvious reason why capacity building doesn’t “just happen”: most nonprofits haven’t the time or money to invest in capacity building efforts.
**The impact of operating in times of stress**

We can add “crisis” to the above list. In this troubled economy, the entire “third sector” is under stress. As Jon Pratt of the Minnesota Council of Nonprofits pointed out, the last ten years of growth allowed for diversification and management improvements. But now state and local government budgets are being slashed, with huge repercussions for local nonprofit organizations. Foundation endowments are down 10+%, and the consequent payouts are also down commensurately. United Way is making 5% cuts in allocations to its member nonprofits, and donations by individuals are down as well.

There’s also renewed pressure on nonprofits “to act more like a business.” And Judy Alnes of MAP for Nonprofits said, “We’re operating in time of major stress from ‘bigger, deeper cuts’ and need to figure out how to continue to do what we do.” But as the Chinese symbol for crisis combines “danger” and “opportunity”, this stress can have an up-side. Mark Lindberg of the Otto Bremer Foundation reminds us that "times of change in an organization sometimes present the best opportunities to help an organization become stronger."

In our view, times of stress are times in which to focus more, not less, on one’s organization’s capacity to do its job. Serious stress tends to break a system at its weakest point; therefore, it’s important to strengthen the weakest point, the points adjacent to it, and the whole assemblage of organizational structure. Under stress, a nonprofit has to pay particular attention to its structure and functioning, to avoid collapse.

With its grantees and own program under stress, a foundation can “take out insurance” on organizations it cares about by supporting them in strengthening their weak points and building on their strengths, thus making its survival more likely. But it takes courage and daring to focus on organizational effectiveness at a time when the tendency in many nonprofits is to hunker down and focus on attending to their growing To-Do list, rather than to look upward and outward to the bigger picture. A sense of idealism characterizes the nonprofit workforce, and letting go of mission work is the last thing they want to do.

Our goal in this paper is to clarify elements of successful capacity building, so that nonprofits can see how to incorporate an emphasis on strengthening their ability to achieve mission into their everyday work, and so that foundations can effectively support nonprofits in that work. Times of change and stress can provide the impetus to do things differently.
Elements That Work

We approached this inquiry from two directions: (1) What does it take for a nonprofit to build capacity? (2) What can a foundation or intermediary do to help? Given all the difficulties involved, it’s quite remarkable that organizations ever undertake capacity building or that foundations ever support them. But there are many examples of success. After reviewing the literature, talking with people from the field, and reflecting on our own experiences, we’ve developed the following list of “elements that work.”

1. **Capacity building is guided by overarching principles or values.**

There are a variety of principles that guide excellent capacity building efforts. Some are best carried out through the work of foundations, others through nonprofits. They include the following:

*Be guided by an “assets model” in addition to a “deficits model.”* Capacity building “is not just for underdeveloped” organizations, as Judy Alnes of MAP for Nonprofits points out. Rather, all organizations have strengths on which to build and weaknesses that need addressing; size is immaterial. Capacity building efforts shouldn’t “shame nonprofits about their deficits,” Alnes said, “but encourage them to get stronger.” Perhaps even the term “capacity building” contributes to an assumption of compensating for weakness. Perhaps “leadership development” would better describe the strengthening process we feel the effort is really all about.

*There is a valued partnership between the nonprofit building capacity and the foundation funding the effort.* A significant lesson learned through the Organizational Capacity Grants Initiative of the Peninsula Community Foundation (California), Charles and Helen Schwab Foundation and Sobrato Family Foundation was the importance of developing a genuine foundation/agency partnership in which partners shared information, experience and reflections. Capacity building allows both grantmakers and grantees to achieve their goals, and should be seen as a partnership effort. And one expression of true partnership is that nonprofits have choices throughout the capacity building process – choices about whether to make capacity building a priority at all, about where to put emphasis, about best methods for building capacity, and about the individuals and organizations they choose to work with as they build capacity.

**Capacity building is recognized as an ongoing process.** Increasing an organization’s ability to achieve its mission is not something that’s ever “finished.” As Paul Light of the Brookings Institution says, “Once you start the journey to high performance, you never stop.” Essentially, embarking on a capacity building effort involves having an organizational culture that values ongoing learning and improvement so that a nonprofit organization is continually getting better able to fulfill its mission.
2. **The nonprofit itself supports its own capacity building efforts.**

People tend to support what they help to create, and an organization must be in charge of its own growth. As Judy Alnes at MAP for Nonprofits said, “We do our best work when the nonprofit does the thinking and owns the solution; our worst is when we just hand them something.”

For an organization to effectively build its capacity, staff and Board must see the link between capacity building and the ability of the organization to fulfill its mission. We’ve heard staff in nonprofits say, “We’d love to be involved with capacity building, but we don’t have the time because we’re focusing on doing program.” Buy-in from Board and staff is crucial if capacity building is to be more than a piecemeal effort.

Judy Alnes of MAP for Nonprofits advocates an “organic” approach in which the whole organization comes to an understanding of the need for strengthening all aspects of the organization. But *leadership* in this process is important. Emmett Carson of The Minneapolis Foundation sees that leadership at the CEO level is the crucial element in making decisions to implement capacity building. “Leadership at the top is key,” he said. “We tend to trust the leader and invest in the organization so people around the leader can rise to that level.”

3. **The nonprofit creates its own plan based on an assessment of strengths and weaknesses.**

There’s always a question about whether to take a piecemeal approach or make an integrated effort. Venture Philanthropy Partners asked McKinsey & Company to identify examples of successful capacity building experiences at nonprofits across the country. One of the things they found was that it works better when inter-relationships of all areas of an organization’s functioning are considered.

How does one create a plan for building capacity? Typically the first step is an assessment of present capacity -- a look at the whole organization to identify what’s working well and what’s needed to get stronger to better enable it to fulfill its mission. There are many “tools” or "instruments" for assessing present capacity, some more complex than others.

- The Principles and Practices for Nonprofit Excellence Standards developed by the Minnesota Council of Nonprofits could be modified for use as an assessment tool.

- Venture Philanthropy Partners has a very comprehensive, though lengthy, tool.

- Independent consultants often have their own tool or systematic approach. The Organizational Capacity Grants Initiative of the Peninsula Community Foundation, Charles and Helen Schwab Foundation and Sobrato Family Foundation determined that it was best to have a third party help assess current capacity.

- Our Effective Communities Project (ECP) has a shorter tool based on our 12-point framework for looking at an entire organization's capacity. We use the tool in one of three ways: (a) We teach an organization to use it themselves; (b) We do a formal assessment of
the organization, using the Tool ourselves; (c) We use the Tool as a conversation starter in meetings with Board, with staff, and, depending on the organization, with community stakeholders as well, so the organization can get a 360° view of itself. Then the Board and staff can prioritize needs and develop a plan from there. Such a process is more easily done using us as consultants, as people tend to be more candid in talking with a third party than they might be talking with someone more closely identified with the organization. But with attention to objectivity and the right ground rules, such a process could be led from within the organization.

Regardless of the method used to identify capacity needs, it’s important to prioritize which areas of an organization’s functioning to focus on first. Once the priorities are clear, an organization should develop a plan outlining:

- strategies or methods that best allow it to get stronger in each priority area;
- who will lead the effort in each area and by when;
- how the organization will know it’s been successful in building each area;
- how those within the organization will be accountable for following through in areas that affect them; and
- how the organization will integrate what’s learned into day-to-day operations.

4. The nonprofit has choices about capacity building methods.

A great many strategies exist for developing capacity, and it’s important that a nonprofit has the full variety to consider and choose from. This flexibility is written into the guidelines of The Community Foundation Silicon Valley, which makes grants “that increase the internal capacity and resiliency of agencies. Requests may include visits to sites to see best practices, classes or workshops, travel to visit best practices of other agencies, consultants to help agencies address specific issues such as creating or updating a strategic plan, other strategies that will result in increased organizational capacity and resiliency.”

The Otto Bremer Foundation’s Organizational Effectiveness Program has funded some short-term efforts, such as Board training or an organizational assessment, and some more intensive efforts, such as strategic planning or an overhaul of personnel systems, which can shape the form of an organization for several years. The Foundation “neither endorse[s] one particular model nor encourage[s] nonprofits to follow one particular approach to organizational development.” However, Mark Lindberg notes, “the Foundation strongly encourages organizations to focus their capacity building work through their missions, and on becoming more effective, rather than merely efficient.”

It’s also important that a nonprofit chooses whether to hire a consultant or facilitator, or whether to use its own staff to work on capacity issues. As Judy Alnes at MAP for Nonprofits said, “It’s a mistake to require that someone be brought in.” The Joyce Foundation
commissioned a survey to learn about grantees’ needs and preferences, and found that nonprofits want to have a choice about whether to hire a consultant. The survey also showed that if they do decide to hire consultant(s), nonprofits want to be able to select their own consultants, based on guidance from the funder.

5. **There is ongoing support from outside the organization.**

Foundations can make a number of resources available to help nonprofits working to strengthen their organizational effectiveness.

**Peer support.** A network of nonprofits which are undertaking capacity building efforts provides opportunities to share experiences and learning, to build a support network, and to create a culture of accountability and follow-through. Such a support network can help the organization be aware of progress and what it looks like, share stories of successes and mistakes, and help think through new approaches to incorporating change into the organization.

A study conducted by The Environmental Support Center and Innovation Network, Inc. for the David and Lucile Packard Foundation found that team and peer learning are effective capacity-building tools, as participants bring ideas into the learning process. The Joyce Foundation survey found that grantees wanted knowledge and contacts to help them learn, and that grantees felt overwhelmed with everyday management and administrative issues and therefore felt isolated and out of touch with their peers.

The Organization Capacity Grants Initiative (OCGI) of the Peninsula Community Foundation, Charles and Helen Schwab Foundation and Sobrato Family Foundation recognized the need for peer support and made it an important element of their initiative. They created a supportive learning cohort which provided a safe environment that allowed grantees to share lessons, challenges, and successes and to build on each other’s capacity, knowledge and effectiveness. One of the lessons learned through that initiative was that “it is important to establish a safe environment for participants to talk about what it takes to be effective organizations in the 21st century.”

**Financial support.** Because of the natural resistance to capacity building, as described earlier in this paper, an organization must “build capacity to build capacity” – freeing up staff time and organizational resources from daily responsibilities in order to focus on the bigger picture and incorporate changes into day-to-day operations, according to the Venture Philanthropy Partners/McKinsey & Company study. Extra financial support is typically to support the time it takes to create organizational change.

**Facilitation.** A neutral third-party facilitator or coach can serve a very useful role for the nonprofits involved in a capacity building effort. Such a consultant can assist in assessing capacity building needs, in developing plans, in providing accountability for “working the plan” and in sharing the learning with other nonprofits. The design of the Organization Capacity Grants Initiative included a third-party with expertise in capacity building and consulting to nonprofits to facilitate design discussions, collect examples of other capacity-
building initiatives to inform that design, and manage relationships that emerged. “The success of the relationship building that defined OCGI was in part due to the support and direction provided by an independent nonprofit technical assistance organization.”

The Ford Foundation Leadership Program for Community Foundations, which sought to strengthen the capacity of community foundations, included facilitated annual meetings for sharing among peers, as well as annual visits from a third-party evaluator. These visits provided a friendly and supportive check-in and gave community foundation staff a chance to talk about progress and problems.

**Access to technical assistance.** Each of the areas covered by the Effective Communities Project’s Organizational Capacity Assessment Tool has virtually dozens of consultants practicing to be of assistance to organizations, whether for profit or not for profit. An Appendix to this report provides a list of these areas and the associated specialties. These consultants have the skills to help nonprofits, but of course they cost money.

The Ford Leadership Program for Community Foundations made a small pot of money available to each participant for use in buying the services of a technical consultant, given approval by Ford staff. A survey of participants rated these highly as important support to their process.

6. **There is emphasis on outcomes and accountability.**

Holding nonprofits accountable for achieving capacity building outcomes is another area in which partnering between grantmaker and grantee is important.

The Organization Capacity Grants Initiative of the Peninsula Community Foundation, Charles and Helen Schwab Foundation and Sobrato Family Foundation concluded that it’s important to work with organizations to identify areas to address, to set measurable process and outcome objectives, and to agree to track progress, share experiences, and make corrections along the way.

The Effective Communities Project conducted a series of focus groups with nonprofits on Hilton Head Island as part of an evaluation of the Community Foundation’s grantmaking. These nonprofits expressed a desire to be held accountable.

But accountability alone isn’t the answer. Organizations must be accountable for the right outcomes. Grantees responding to the Joyce Foundation survey said they want to be held accountable for results, though they want to partner with funders in setting standards and expectations for their work together.

Paul Light and Elizabeth Hubbard emphasize the need to shift emphasis from grant outputs to organizational outcomes; this requires articulating more clearly how a capacity building effort is expected to contribute to organizational effectiveness. Ted Halstead of the New America Foundation agrees, saying that it’s important to rethink evaluation criteria to look for “long-term measurable objectives as opposed to short-term results.”
7. **There is emphasis on learning about what is working and what is not.**

We have already spoken about the importance of noticing results and being held accountable for results. Also important is sharing lessons learned about what’s working and what isn’t, so that the larger field can benefit. It’s important to learn about what works and then share that information so others can improve their efforts. Any comprehensive effort in which funders and nonprofits partner to build organizational capacity provides an opportunity to contribute valuable information on how such efforts can be most effective.

The Organization Capacity Grants Initiative of the Peninsula Community Foundation, Charles and Helen Schwab Foundation and Sobrato Family Foundation wanted to ensure that it learned from the initiative, and retained a third-party evaluator from the beginning to contribute information gathered from the evaluation to ongoing discussion about the project.

The Ford Leadership Program for Community Foundations commissioned Rainbow Research to follow its 18 participating community foundations over five years, discover what growth in organizational capacity “looks like,” and write about it for the field.

It’s important that the capacity building effort be designed with a clear understanding of what constitutes success. Some possible areas for evaluation which could provide valuable lessons for others include the following:

- In what ways did the organization get stronger? How did it happen?

- Were the underlying assumptions about how change happens – the logic model – correct? Is change integrated into organization?

- How well did the organization have a sense of the big picture before they embarked on capacity building?

- To what extent did organizations see a variety of options for ways to increase capacity?

- What was the quality and skill of the outside help they received? Did it make a critical difference? Was the recipient organization satisfied?

- Did spending time and effort on capacity building make a difference, long-term? How well were the chances of the organization’s long-term viability improved?
8. **The nonprofit incorporates capacity building into day-to-day operations and persists in implementing its plan.**

Building capacity is not just about participating in workshops or hiring consultants to facilitate a strategic planning process. It is about implementing changes that will strengthen all aspects of a nonprofit organization’s ability to effectively address its mission. This means that it’s not enough to identify capacity building needs, participate in workshops, learn new skills or upgrade technology. The skills and systems must be implemented into day-to-day operation so that they become part of the organization and its culture.

How would we know the organization is truly stronger and better able to address its mission as a result of capacity building efforts? New attitudes, skills, knowledge, and systems would be built into job descriptions and included in the reward structure for staff. Integrating change into the organization is part of implementing the capacity building plan.

Grantmakers can play a part in ensuring that capacity building becomes a “way of life” for an organization. According to a principle we learned long ago, every grant should achieve two purposes: to allow the grantee to deliver something valuable to its stakeholders, *and* to allow the grantee to become stronger in the process. Not every grant – indeed, very few grants – accomplish both these purposes at once. Serving these two purposes ensures that the nonprofit is more likely to stay effective and have a sustainable future. And it means that capacity building efforts are incorporated as a way of doing business. Using this principle – we call it the “Mittenthal Principle” for Stephen D. Mittenthal, Ph.D., President of the Arizona Community Foundation, who first presented it to us fifteen years ago—requires discipline and practice on the part of the grantmaker, who has also to teach it to applicants.

9. **Outside support can make a big difference.**

While it’s for the nonprofit to build its own capacity, this work can be greatly aided by support from outside. Support is useful in the following areas:

**Resources** - Ask most nonprofits what would better allow them to focus on sustained capacity building, and they’ll reply with one word: “money.” It takes money to cover staff time for planning, participating in workshops, and working with a consultant to design new systems. It takes money to hire consultants and facilitators.

Where can such money come from? Judy Alnes of MAP for Nonprofits sums it up well when she says, “There’s a need to build capacity building into grantmaking” and “encourage grantmaking to really support capacity building.” Some funders still see support for capacity building as “paying for infrastructure” and still prefer to fund “new projects” instead. But more foundations are seeing that an investment in strengthening an organization is one that increases the organization’s sustainability and ability to make valuable contributions to the community.
**Time** - Comprehensive capacity building takes time. One of the “lessons learned” from the Organization Capacity Grants Initiative of the Peninsula Community Foundation, Charles and Helen Schwab Foundation and Sobrato Family Foundation was that capacity building needs at least three years to give organizations time to implement projects, begin to see evidence of impact, and reflect on the meaning and applications of project experiences to other efforts. The Venture Philanthropy Partners/McKinsey & Company study found “you must have patience.” And a study by The Environmental Support Center and Innovation Network, Inc. for the David and Lucile Packard Foundation lists as a core principle that “capacity building takes time.” So foundations must be realistic in their expectations of what nonprofits can accomplish and provide sufficient time for the process to unfold.

**Cachet** - But it also takes more than just money. Nonprofits need expertise and connections as well. As Emmett Carson of the Minneapolis Foundation said, “We have learned that to fully create capacity takes an investment of dollars and time we aren’t always prepared to make.” So the Minneapolis Foundation chooses which organizations to invest in for the long haul, and makes a long-term critical investment that often includes more in overhead expenses and being more responsive when the organization has technical assistance needs. “We provide dollars and the Foundation’s cachet to help leverage the organization’s connection with other foundations.”

**Attention to grantmaker/grantee relationship** - Earlier we said that an excellent capacity building initiative must be built as a true partnership between grantee and grantmaker. The Organization Capacity Grants Initiative of the Peninsula Community Foundation, Charles and Helen Schwab Foundation and Sobrato Family Foundation recommends to others interested in pursuing capacity building as a strategy for creating more effective organizations that they “develop a genuine foundation/agency partnership.” This allows sharing of information, experience, and reflections.

What can grantmakers do to help create such a genuine partnership? These tips come from focus groups conducted by the Effective Communities Project with dozens of nonprofits.

- Build a sense of mutual respect and openness with nonprofit(s).
- Don’t tell nonprofit(s) what to do. Rather, be allied with nonprofit(s).
- Sincerely want the nonprofit(s) to succeed.
- Respect the ability, integrity, and competence of nonprofit(s).
- Allow for mistakes without repercussion.
- Have high expectations.
- Expect follow through on commitment.
Sources

Written material:


Center on Nonprofits and Philanthropy at The Urban Institute, *Building Nonprofit Capacity*.


Peninsula Community Foundation, Charles and Helen Schwab Foundation and Sobrato Family Foundation and BTW Consultants, *Building Effective Organizations: An Evaluation of the Organizational Capacity Grants Initiative (OCGI)*


Interviews:

Judy Alnes, Executive Director, MAP for Nonprofits, Minnesota

Patricia Cummings, Executive Director, Jay and Rose Phillips Family Foundation

Emmett Carson, Executive Director, The Minneapolis Foundation, Minnesota

Mark Lindberg, Program Officer, Otto Bremer Foundation, Minnesota

Jon Pratt, Executive Director, Minnesota Council of Nonprofits, Minnesota
Appendix: Areas of Capacity Building

In a variety of projects, nonprofits were asked to list the areas in which they wanted capacity building. The following list is organized according to Effective Communities Project’s Twelve Building Blocks of Strong Nonprofit Organizations, and shows the areas in which both foundations and nonprofits identified capacity building needs:

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<th>Areas of Capacity Building</th>
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<td><strong>ORGANIZATIONAL DEVELOPMENT</strong></td>
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| Board Functioning                           | ➢ Board recruitment  
➢ Board training/development  
➢ Issues of diversity                                                                                   |
| Staff Functioning                           | ➢ Staff development/training  
➢ Issues of diversity  
➢ Interfunctional coordination and job descriptions  
➢ Mentoring  
➢ Executive Director transition  
➢ Executive Director leadership                                                                |
| Administration Policies and Procedures      | ➢ Financial management/financial systems  
➢ Technology—computers, information systems, software, web design, MIS development  
➢ Creating and managing multicultural organization  
➢ Knowledge management  
➢ Common sense of purpose and direction—mission, vision, overarching goals  
➢ Strategy—coherent set of actions and programs aimed at fulfilling organizational goals  
➢ Organizational culture—shared values and practices, behavior norms, orientation toward performance |
| **ASSET DEVELOPMENT**                      |                                                                                                              |
| Fundraising Practices                       | ➢ Fundraising/Development                                                                                   |
| Communications Strategies                   | ➢ Marketing and communications  
➢ Public relations  
➢ Community education and advocacy                                                                      |
| Short-term vs. Long-term Balance            | ➢ Planning for long-term future (Strategic planning)  
➢ Planning for short-term future (one year)  
➢ Organizational assessment and development                                                             |
| **COMMUNITY LINKAGES**                      |                                                                                                              |
| **Leadership Roles** | ➢ Networking  
➢ Support for partnerships, coalitions and collaborative efforts  
➢ Mergers, alliances, joint ventures |
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<tr>
<td><strong>Relationships With External Stakeholders</strong></td>
<td>➢ Constituent relations</td>
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<td><strong>Support Given to “Community Capacity”</strong></td>
<td>➢ Build capacity of sector as a whole</td>
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<tr>
<td><strong>PROGRAMS AND ACTIVITIES</strong></td>
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| **Program Design Based on Rationale** | ➢ Improve/Expand existing programs  
➢ Feasibility assessments preliminary to developing new services  
➢ Evaluation of service delivery theory of action |
| **Activities That Create Benefits for Target Audiences** | ➢ Developing outcome measures or other forms of benchmarks |
| **Actions That Yield Results and Knowledge** | ➢ Evaluation design/implementation  
➢ Visits to other sites to see best practices  
➢ Learning circles and effectiveness institutes |