Community Foundations as Capacity Builders

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Introductions

Hand Scan
• Roles (Program, Communications, Fund Development)
• Capacity Building Effort (Yes / No)

Introduce Yourself to A Neighbor
• Share your definition of what capacity building is (making one up works too!)
Definition of Capacity Building

• What is capacity building?
  • Some foundations define capacity building as assisting organizations to have the capacity to fulfill their missions, rather than fill a specific need.

Basic Definition: The term capacity building refers to the process of strengthening an organization in order to improve its performance and impact. Capacity building refers to activities that strengthen a nonprofit organization and help it better fulfill its mission. These activities include, among others, strategic planning, technology upgrades, operational improvements, and board development.

More Specific (GEO): The funding and technical assistance to help nonprofits increase specific capacities to deliver stronger programs, take risks, build connections, innovate, and iterate.

THE CHALLENGE...
WE DO NOT AGREE
Capacity Building Outcomes

Capacity can address aspirational level
• Helping a nonprofit understand where they would like to be

Capacity can address strategy level
• Helping a nonprofit understand how they can get there

Capacity can address organizational skills
• Helping a nonprofit understand and obtain the skills they need to get where they want to go (leadership skills, training, policies, business systems and procedures)

Capacity can focus on infrastructure needs
• Helping a nonprofit understand and obtain the things they need to get where they want to go (building, hardware/software, supplies)
Types of Capacity Building

• Technical capacity to define, deliver and evaluate programs
• Management capacity to align policies, processes, and resources with desired outcomes
• Resource development capacity to assemble adequate physical and human resources as well as a diverse, reliable, and sustainable flow of financial assets
• Leadership capacity to build support among varied constituencies, participate in social and policy dialogue, and govern the organization in such a way as to continuously renew its position in a changing context
Capacity Building through Grantmaking

• Unrestricted Support – General operating grants
• Organization Capacity-Building Grants
• Organization Capacity-Building Grants + Technical Assistance
• Grants to Build Capacity Collectively
• Grants to Technical Service Providers, Intermediaries, or Researchers
Benefits of Capacity Building

• Capacity building can assist organizations advance their effectiveness

• Various capacities are related to organizational success including mission, vision, and strategy; governance and leadership; program delivery and impact; strategic relationships; resource development; internal operations and management; financial management; communications; and technology
Benefits of Capacity Building

• Capacity building can have a ripple effect - By increasing the capacity of an individual, they are able to increase the capacity of an organization, which has the ability to increase the capacity of a community, which has the ability to increase the capacity of a nonprofit sector, which help to improve civil society

• Capacity building can assist an organization in increase its effectiveness, which can garner public confidence which results in discretionary giving and volunteering.
Challenges of Capacity Building

• Although capacity is defined in the nonprofit literature, no standardized measures exist, making it difficult to accurately assess organizational capacity (Despard, 2016, p. 1)

• As a term of art, ‘capacity building’ cries out for rigorous measurement. After all, capacity can be contained in organizations and people, imported through education and practice, exported through peer-to-peer learning and rigorous research, and replenished through even more education and practice (Light, 2004, p. 45)
Nonprofit Effectiveness is Debatable

- In the face of increased accountability pressures, nonprofits are searching for ways to demonstrate their effectiveness. Because meaningful tools to evaluate effectiveness are largely absent, financial ratios are still the main indicators used to approximate it (Liket & Maas, 2013, p. 268).
- While financial ratios can give an organization some information regarding organizational effectiveness they do not showcase the full effectiveness of an organization since financial outcomes are not always associated with programmatic success.
Grantmaker vs. Grantee

• Grantmaking practices can actually undermine nonprofits to development capacity for sustained high performance
• The funder power dynamic – A dangerous drug!
• Foundations increasing their own capacity through capacity building?
Assessing The TRUE Needs

Simple Survey  Internal Assessment  External Assessment
Grantmaking As A Spectrum

- Operating Support
- Capital
- Tool Belt
- Array of Services
Grantmakers as Capacity Builders

- Training Programs & Networking Opportunities
- Training Series to Build Skills
- Customized
- Coaching
Maslow’s Hierarchy of Needs

- **Physiological needs:** food, water, warmth, rest
- **Safety needs:** security, safety
- **Belongingness and love needs:** intimate relationships, friends
- **Esteem needs:** prestige and feeling of accomplishment
- **Self-actualization:** achieving one’s full potential, including creative activities
Our Mission:

Help Evanston Thrive Now and Forever as A Vibrant, Just and Inclusive Community
Working together with community members, donors, institutions, and organizations, ECF

- build endowment funds for current initiatives and future opportunities
- foster private philanthropy
- focus the impact of collective giving
- identify and address community challenges
- allocate grants
- provide leadership training
Why We Support Capacity Building

Since we began supporting capacity building, our experience has shown that effective capacity building builds nonprofits’ ability to serve their missions and have stronger impact on our community.

Our strategic plan mandates that we do our part to build a **Thriving Nonprofit Sector**.

Nonprofit organizations working in Evanston are strong and sustainable for the long run, contributing to a just, vibrant, inclusive community. The Evanston nonprofit sector is strong and thriving – addressing the community’s challenges.
What does success look like when funding Capacity Building?

○ Diverse Revenue Sources
○ Sufficient Staffing
○ Actionable Strategic Plan
○ Effective Communications
○ Effective Marketing
○ Strong Board of Directors
○ Fiscally Sound
○ Robust Fundraising
○ Effective Collaborations and Partnerships
Since 2002 ECF has partnered with the Mammel Foundation, based in Omaha Nebraska, to implement the Root2fruit capacity building program.

Values

• Organizations need strong infrastructure in order to implement their missions and better serve Evanston.
• Organizational development takes time and investment.
• Investing at the right time is crucial to successful organizational development.
• Organizations are more than sum of individuals involved.
Root2fruit program strategy

- 9 Organizations
- $10,000 Grants X 3 Year Cycles

- Beyond funding-grantees form a learning community:
  - At least 2 employees and/or board members participate
  - Meet 4 times a year
  - Curriculum covers business essentials for nonprofit growth and sustainability

- 1 year alumni grants up to $5,000 each for technical assistance
  - No learning community requirements
Root2fruit results

Since 2003, root2fruit has supported 42 nonprofits. There is a current cohort of 9 organizations. Examples of the results of this program include:

• Meals at Home: Over 3 years, grew budget by 38% and number of meals served by 65%
• Books & Breakfast: Over three years, tripled budget and number of children served
• Mudlark Theater: Over three years, budget grew 211% and number of children served grew from 100 to 1500 annually.
If your Foundation is committed to investing in nonprofit organizations through capacity building it’s important that they also invest in themselves.
Tips for Supporting Nonprofit Organizations Through Capacity Building

• Create space and time for peer learning
• Understand what organizational norms are for financing capacity building
• Pay consultants their asking rate for working with nonprofits
• Ask nonprofits to include capacity building in their budgets
• Accept both quantitative and qualitative analysis of impact
Applied Learning

• Write a question or challenge to capacity building that you are currently experiencing at your community foundation?
• What is a challenge within the nonprofit landscape in your community that could be addressed during through capacity building?
Questions / Contact Us

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Free 30-Minute Strategy Session