Tools For Success: An Assessment of Capacity Building in The Nonprofit Sector

David Byrd

NPA-622: Nonprofit Data Analysis-Capstone
Spring 2020
Instructor: Prof. Marco Tavanti, Ph.D.
OVERVIEW / INTRODUCTION

This project examines capacity building in the nonprofit sector.

As a nonprofit professional for close to 18 years, I have been interested in how capacity building can impact organizations through activities that are often “behind-the-scenes.”

This project could help nonprofit organizations, consultants, and funders think about how to assess, evaluate, and prioritize capacity building activities.

My own consulting company, Capacity Blueprint, focuses on these activities.
OBJECTIVES AND VALUES

Objectives
1. Assess existing literature on capacity building
2. Discuss capacity building challenges and opportunities with experts
3. Hear from nonprofit professionals through a survey
4. Provide recommendations for improvement

Values
1. Respect the diversity of the sector
2. Create room for dialogue
3. Accept Imperfection
Research Questions

This project examines capacity building in the nonprofit sector and asks:

What are the capacity building needs and activities of nonprofit organizations?

How are these gaps identified and capacity building efforts evaluated?
Capacity Building

www.inphilanthropy.org
Literature Review

- Organizational Capacity
- Organizational Effectiveness
- Capacity Building Defined
- Assessment and Evaluation
- Adaptability & Resilience

METHODS AND APPROACHES

Primary Data:
• Interviews with five experts in the field
• Survey of nonprofit professionals (n=32)

Secondary Data
• Literature Review
• Existing survey data
Expert Interviews

Josh Leonard
Sr. Executive Director
Stonestown YMCA

Julia Wilson
Executive Director
John Paul Stevens Fellowship Foundation

Sarah Nelson
Executive Director
18 Reasons

Lex Leifheit,
Sr. Business Development Manager
San Francisco Office of Economic and Workforce Development

Catherine Collen
Program and Grants Officer Metta Fund

MNA Master of Nonprofit Administration
THEMES FROM INTERVIEWS

• **Capacity Building**: anything you do outside of programs to make your organization work
• **Key Systems**: finance, human resources, IT, fundraising, external partnerships, effective governance
• **Key Capacity Building Activities**: listen to partners, understand finances, listen to the communities, engage in organizational learning
• **Challenges**: time, assessment tools, evaluation methods
• **Successes**: long-term sustainability, budget increase, career paths created
• **Funders**: grants should be less restrictive and for longer
COVID-19

• “Put us into survival mode. Definitely not interested in expanding programs at this time or in the near future."
• “All in person program services have been stopped in the short term, we are looking at how to provide at least limited services via technology."
• “We are 100% reliant on public participation. Without being able to open our doors we are at a severe stand still. The future is unknown."
• “We are pivoting everything that we do to support student achievement remotely while continual/distance learning is implemented.”
### Training

My organization needs additional training to improve the following functions:

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Strongly Agree (1)</th>
<th>Somewhat Agree (2)</th>
<th>Neither agree nor disagree (3)</th>
<th>Somewhat disagree (4)</th>
<th>Strongly disagree (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programs and Services</td>
<td>31</td>
<td>2.3</td>
<td>1.1</td>
<td>29.0%</td>
<td>32.3%</td>
<td>22.6%</td>
<td>12.9%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Fundraising</td>
<td>31</td>
<td>2.0</td>
<td>1.0</td>
<td>32.3%</td>
<td>41.9%</td>
<td>19.4%</td>
<td>3.2%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>31</td>
<td>2.3</td>
<td>1.0</td>
<td>25.8%</td>
<td>32.3%</td>
<td>35.5%</td>
<td>3.2%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Finance and Accounting</td>
<td>31</td>
<td>2.8</td>
<td>1.1</td>
<td>12.9%</td>
<td>19.4%</td>
<td>48.4%</td>
<td>12.9%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>32</td>
<td>2.0</td>
<td>0.9</td>
<td>34.4%</td>
<td>40.6%</td>
<td>21.9%</td>
<td>0.0%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Marketing and Communications</td>
<td>31</td>
<td>1.9</td>
<td>0.9</td>
<td>38.7%</td>
<td>41.9%</td>
<td>12.9%</td>
<td>6.5%</td>
<td>0%</td>
</tr>
<tr>
<td>Board Development</td>
<td>31</td>
<td>2.1</td>
<td>1.1</td>
<td>35.5%</td>
<td>32.3%</td>
<td>22.6%</td>
<td>6.5%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Volunteer Management</td>
<td>31</td>
<td>2.4</td>
<td>1.2</td>
<td>22.6%</td>
<td>35.5%</td>
<td>25.8%</td>
<td>9.7%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>
What would you do with $25K?

If my organization received a $25,000 general operating support grant, we would prioritize it to:

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hire new administrative staff</td>
<td>6.9%</td>
</tr>
<tr>
<td>Provide training to staff</td>
<td>13.8%</td>
</tr>
<tr>
<td>Purchase equipment or supplies</td>
<td>17.2%</td>
</tr>
<tr>
<td>Expand Programs</td>
<td>27.6%</td>
</tr>
<tr>
<td>Other*</td>
<td>34.5%</td>
</tr>
</tbody>
</table>

(n=29)

*Other responses include:
1. Re-imagine and restructure programs
2. Pay admin costs, bills
3. Pay competitive salaries
4. Fund programs with a deficit instead of using general funds
5. (Partially) fund the revitalization of the website
6. Invest infrastructure including IT and fundraising staff
7. Cover shared and indirect costs
8. Core operating expenses
My organization faces the following challenges around capacity building:

<table>
<thead>
<tr>
<th>Challenge</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Strongly Agree (1)</th>
<th>Somewhat Agree (2)</th>
<th>Neither agree nor disagree (3)</th>
<th>Somewhat disagree (4)</th>
<th>Strongly disagree (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of time to plan</td>
<td>29</td>
<td>2.2</td>
<td>1.1</td>
<td>27.6%</td>
<td>37.9%</td>
<td>20.7%</td>
<td>10.3%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Not sure how to assess capacity needs</td>
<td>29</td>
<td>2.3</td>
<td>1.2</td>
<td>27.6%</td>
<td>37.9%</td>
<td>13.8%</td>
<td>13.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Lack of tools or resources to help assess capacity needs</td>
<td>29</td>
<td>2.4</td>
<td>1.2</td>
<td>20.7%</td>
<td>44.8%</td>
<td>13.8%</td>
<td>13.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Disagreement between staff on needs</td>
<td>29</td>
<td>2.6</td>
<td>1.4</td>
<td>31.0%</td>
<td>24.1%</td>
<td>13.8%</td>
<td>20.7%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Never assessed our needs</td>
<td>29</td>
<td>3.5</td>
<td>1.4</td>
<td>10.3%</td>
<td>13.8%</td>
<td>24.1%</td>
<td>17.2%</td>
<td>34.5%</td>
</tr>
</tbody>
</table>
Implications: Capacity Building Model

Capacity Building

Tools & Resources
- Training
- Funding
- Assessment
- Evaluation

Organization Operations
- Program Development
- Finance
- Human Resources
- IT
- Board Development
- Volunteer Management
- Organizational Culture

Programs

Mission & Sustainability

Concept by David Byrd, Visual by Henry Pacheco
RECOMMENDATIONS

1. Simpler Assessment Tools
   Create simpler assessment tools that spur conversation and save time

2. Longer-term evaluation methods
   Longer-term evaluation tools are needed to understand capacity building impact and efforts

3. Adaptability and Resiliency embedded in capacity building
   Integrate resiliency and adaptability into all capacity building efforts and work to break the nonprofit cycle of starvation


TOOLS FOR SUCCESS: AN ASSESSMENT OF CAPACITY BUILDING IN THE NONPROFIT SECTOR

David Byrd - Master of Nonprofit Administration - Capstone Project

SUMMARY

Nonprofits often face the obstacles of uncertain funding and a perception that spending money on overhead or infrastructure is wasteful. This project examines the concept of capacity building as a method to increase organizational effectiveness and create stronger organizations. Capacity building is so important and critical to the strengthening and longevity of nonprofits. It is particularly important during times of change and crisis, such as the global COVID-19 pandemic.

PURPOSE

This project examines the concept of capacity building as a means to increase organizational effectiveness and create stronger organizations. This research is designed to examine current needs, challenges, and gaps in order to better inform activities and policies regarding capacity building. The intent is to help nonprofit organizations, consultants, and funders understand the real needs and challenges facing nonprofit organizations and how to address them.

RESEARCH

What are the capacity building needs and activities of nonprofit organizations? How are these gaps identified and capacity building efforts evaluated?

METHODS

Primary Data:
- Interviews with 5 experts in the field
- Survey of nonprofit professionals (n=32)

Secondary Data
- Literature Review
- Existing survey data

DATA AND ANALYSIS

“Capacity building works to change or improve some aspect of an organization’s existing environment, internal structure, leadership, and management systems, which in turn should improve employee morale, expertise, productivity, efficiency, and so forth, which should strengthen an organization’s capacity to do its work, which should increase organizational performance” (Light, 2004, pg. 46)

<table>
<thead>
<tr>
<th>Capacity Building Challenges</th>
<th>Mean (Std. Dev.)</th>
<th>Strongly Agree (1)</th>
<th>Somewhat Agree (2)</th>
<th>Neither agree nor disagree (3)</th>
<th>Somewhat disagree (4)</th>
<th>Strongly disagree (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of time to plan</td>
<td>2.2 (1.09)</td>
<td>27.6%</td>
<td>37.9%</td>
<td>20.7%</td>
<td>10.3%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Not sure how to assess capacity needs</td>
<td>2.3 (1.23)</td>
<td>27.6%</td>
<td>37.9%</td>
<td>13.8%</td>
<td>13.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Lack of tools or resources to help assess capacity needs</td>
<td>2.4 (1.18)</td>
<td>20.7%</td>
<td>44.8%</td>
<td>13.8%</td>
<td>13.8%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

What can the philanthropic sectors do to support the sustainability and growth of nonprofits?

“Just make 10-year grants. Even programmatic grants.”
Sarah Nelson

Capacity Building Decisions

If my organization received a $25,000 general operating support grant, we would:

- Hire new administrative staff: 6.9%
- Provide training to staff: 13.8%
- Purchase equipment or supplies: 17.2%
- Expand Programs: 27.6%
- Other*: 34.5%

RESULTS


REFERENCES

RECOMMENDATIONS

1. Create simpler assessment tools that spur conversation and save time.
2. Longer-term evaluation tools are needed to understand capacity building impact and efforts.
3. Integrate resiliency and adaptability into all capacity building efforts and work to break the nonprofit cycle of starvation.