

**REFLECT AND INNOVATE:**  
**Capacity Building from the Consumers' Perspectives**

A Report from Building a Learning Organization: Strengthening Evaluation Capacity.  
A project funded by the California Community Foundation

*Research & Evaluation Unit*  
*Special Service for Groups (SSG)*  
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## **Background**

Building a Learning Organization: Strengthening Evaluation Capacity (BLO) is a project that has been funded by the California Community Foundation since 2008 to support its grantees by providing technical assistance in program evaluation. For participating grantees, expected outcomes of this technical assistance include:

- Improved clarity of program outcomes aligned with the organization's mission and strategic directions;
- Increased skill, knowledge, involvement, and ownership among staff in evaluation efforts;
- Improved infrastructure for program evaluation, including the development of evaluation tools/instruments, protocols, database, etc.; and
- Improved usage of evaluation data for program improvement, staff empowerment, organizational planning, and reporting.

To carry out this project, each year SSG provides a cohort of participating grantees the following capacity building services: organizational assessment, training workshops, coaching, meeting facilitation, modeling, peer learning, and development of evaluation materials.

In 2011, the California Community Foundation asked SSG to convene a group of 11 nonprofit capacity builders, also known as management service organizations (MSOs), as the BLO cohort for that year. Distinct from the previous cohorts, this BLO cohort focuses on the sector (i.e. capacity building) rather than individual CCF grantees. **The objective of this sector-wide cohort is to identify common outcomes in capacity building and potential evaluation methodology to document capacity building effectiveness and impact on the nonprofit sector in Los Angeles County.** Participating MSOs included:

- California Budget Project
- Center for Nonprofit Management
- Community Partners
- CompassPoint
- Executive Services Corps

- Flintridge Center
- Long Beach Nonprofit Partnership
- Los Angeles Junior Chamber of Commerce
- Nonprofit Finance Fund
- Taproot Foundation
- Valley Nonprofit Resources

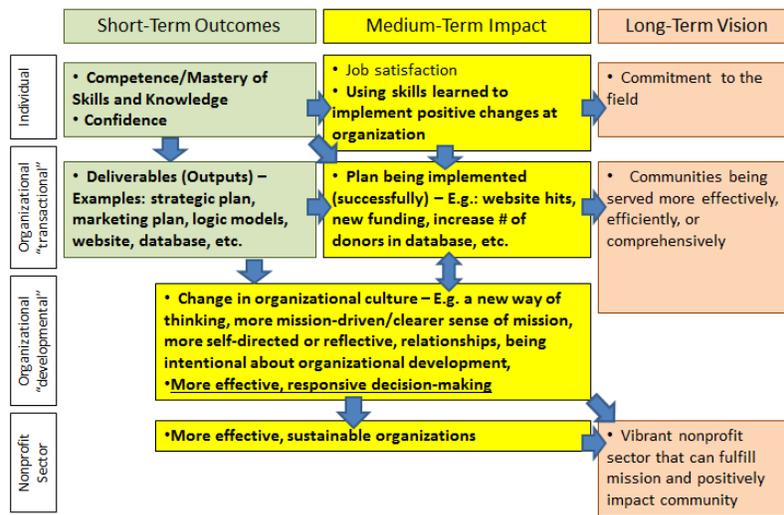
For the purpose of this report, we use the definition of capacity building from “Practice Matters: The Improving Philanthropy Project.” In its “The Capacity Building Challenge” report, its authors define it this way: “The term ‘capacity building’ is most commonly used to describe activities that strengthen an organization so that it can more effectively fulfill its mission. Capacity building focused on improving the leadership, management and/or operation of an organization – the skills and systems that enable a nonprofit to define its mission, gather and manage relevant resources and ultimately, produce the outcomes it seeks” (Light and Hubbard, 2004). Specifically, the participating MSOs in this report, like SSG, provide capacity building services to nonprofit organizations in Los Angeles in different organizational development areas, including:

- Board development
- Executive leadership development
- Financial literacy and management
- Fundraising, particularly grassroots fundraising
- Program evaluation
- Strategic planning

Shortly before the beginning of this project in 2011, some of these MSOs had begun meeting to discuss the need for a more coordinated network of nonprofit capacity building providers. This group has now become formalized as the Los Angeles Nonprofit Capacity Builders Network. At the time, the MSO partners in the Network decided that much of the objectives of the BLO project would be useful in their own work, such as defining “capacity building” (a term used to cover many different things), identifying quality standards for capacity building, and assessing consumer readiness for services. The BLO project, facilitated by SSG, in essence became a “working committee” of this Network.

The first task of this project was to determine a methodology for identifying and measuring capacity building outcomes. SSG first conducted a site visit with each MSO partner and reviewed their program materials, including existing evaluation instruments. SSG synthesized these data and developed a set of capacity building principles and core interventions that are common to all the partners, regardless of their capacity building areas and service delivery models. SSG also inventoried evaluation methods partners have used to document their impact, including strengths and limitations of each. All of this information was validated by the MSO partners and documented in a PowerPoint report in August 2012 (See *Building a Learning Organization, MSO Meeting #2, Appendix A*) Finally, SSG also developed a common outcomes pathway for the capacity builders. (See Figure 1.)

Figure 1. Capacity Building Outcome Pathways



In the “Practice Matters” report, the authors mapped capacity building programs by their duration (short-term to long-term) as well as target (individuals to nonprofit sector). This diagram of outcome pathways complements that model by adding capacity building outcomes. It also reinforces the complexity of capacity building and its impact on multiple levels. In most cases, the capacity builder seeks to increase the skills, knowledge and confidence of an individual (or a small group of individuals) within an organization. While that individual can be a champion, the acquired capacity has to be “bought in” by other staff and “diffused” throughout the organization in order to effect meaningful changes for the organization. MSO partners also made a distinction between **transactional** capacity building, which results in a tangible deliverable, such as a marketing plan or a website, and **developmental or transformational** capacity building, which results in a change in organizational culture or work structure that will allow successful implementation of that tangible deliverable. As previous research suggested, organizational culture is important in any capacity building project because it is “the context in which the core capacities operate. Each organization has a unique history, language, organizational structure, and set of values and beliefs that affect staff unity and engagement” (TCC Group, 2010). For instance, a customized database theoretically can allow an organization to have more instant access to data in order for them to make timely decision and reports. However, without a change in organizational culture that values data, staff may not be collecting data completely or accurately, and eventually the database will go unused.

Following the agreement on the outcome pathways, the MSO partners established workgroups for each of the six capacity building areas. The objective of each workgroup was to use the expertise of MSO partners as capacity builders to develop specific and meaningful outcomes and indicators (using the outcome pathways as a common framework) in their respective capacity building area. The results of the workgroup meetings are documented in an Outcomes matrix for each capacity building area (See

*Building a Learning Organization, MSO Meeting #3, Appendix B*). In March 2012, the MSO partners met with CCF staff to share and discuss these outcomes and indicators. At this meeting, the MSO partners decided that it was essential to include the perspectives of the consumers (i.e. community-based organizations receiving capacity building services) in order to determine the true impact of capacity building in the nonprofit sector. CCF staff decided that this shift in focus would be a valuable supplement to the first part of the project, which focused more on core values, interventions, and intentional outcomes from the point of view of the MSO partners. This engagement with capacity building consumers also fills a gap in existing research, which often centers on the experiences of capacity builders and funders of capacity building. Even when research addresses the experiences of capacity building consumers, it is likely to focus on capacity building needs and funding for capacity building efforts. There is a need to document capacity building consumers as active agents of change in their own organization through these efforts. The appreciative inquiry approach of this project also assumes that sophisticated capacity building consumers have many insights to share about the best way to increase an organization's readiness to engage in capacity building efforts and get the most from these experiences.

## **Methodology**

Partners in the Los Angeles Nonprofit Capacity Builders Network nominated 36 nonprofit organizations they have supported over the years to be case study candidates; these were organizations that they believed to be "thoughtful users" of capacity building. SSG also requested information separately about the MSO partners'<sup>1</sup> past engagement with these organizations in order to make the final selection. Out of the 36 nominations, SSG selected 13 consumer organizations based on several criteria.

First, to be fair, all of the MSO partners were represented for having provided capacity building services to at least one of the organizations.

Second, consumer organizations had to have multiple engagements with substantial capacity building so they can have a reference point for make comparisons among their experiences. *Substantial capacity building* means more than attending trainings or workshops and includes one-on-one interactions with capacity builders to address issues specific to their respective organization. Attendance only at trainings or workshops was not considered "capacity building" for purposes of discussion with interview participants, because they tend to focus on individual change rather than organizational change. As previous research suggests, "it is unclear that the individual's gains in knowledge and skills will automatically lead to organizational sustainability and lifecycle advancement without more organization-specific supports, follow-up, coaching, and/or consulting" (TCC Group, 2010). Also included were engagements with independent consultants or MSOs that are not part of this project, to allow

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<sup>1</sup> Starting with this section of the report, "MSO partners" refers to those management service organizations that were both in the original BLO cohort as well as members of the Los Angeles Nonprofit Capacity Builders Network. There was significant overlap between the two groups: all but two organizations in the original BLO cohort are also members of the Network.

interview participants to reflect on the full range of capacity building efforts undertaken by their organizations.

Third, SSG made sure the final list of candidates represented organizations with different staff and budget size as well as stages of organizational lifecycle. The organizational lifecycle was considered as a diversity criterion because previous research suggested that it “informs the type and structure of capacity-building assistance that will have the most impact at its stage of development” (TCC Group, 2010).

Finally, considerations were given to other types of diversity, including geography, program focus, and race/ethnicity of population served.

The 13 participating consumer organizations are:

- African American Board Leadership Institute
- Bienvenidos
- Bookends
- California Council on Economic Education
- Descanso Gardens
- Downtown Women’s Center
- Families in Schools
- My Friend’s Place
- New Ground
- Pacific Asian Counseling Services
- ReadLead
- Valley Community Care Consortium
- Violence Prevention Coalition of Greater Los Angeles

SSG conducted in-person interviews with each consumer organization. All organizations were represented by at least its executive director; in rare cases, the interview also included board members. Participants were asked to describe their past capacity building engagements. Other key questions included:

1. Why did your organization decide to seek out capacity building services?
2. How did your organization choose the capacity building provider/program that you worked with?
3. What did you learn? How did the organization grow as a result of the capacity building engagement?
4. Were you satisfied with the capacity building services you received? What factors made these capacity building services successful (or not)?
5. What advice would you give to other nonprofit organizations seeking capacity building?
6. Do you have any additional thoughts to share about capacity building in general?

SOG transcribed each interview, and the transcripts were the basis for content analysis to identify key themes that address the objectives of the BLO project as well as for the Network; namely, from the perspectives of informed consumers: What does quality capacity building service look like? What are meaningful impacts of capacity building on organizational development? What factors prepare consumers to use capacity building services optimally?

SOG summarized the key findings according to key themes and presented them to both the Los Angeles Nonprofit Capacity Builders Network and the California Community Foundation for feedback. Transcripts were not shared with these partners, and no quotes or stories were attributed to specific individuals and organizations in the summary. We believe this methodology had an advantage over other evaluations of specific capacity building programs. In addition to the confidentiality, our open-ended case-study methodology encouraged honesty and reflection from the interview participants by not tying the evaluation to any one specific capacity building effort. In many cases, participants compared their various experiences with capacity building approaches, often with some distance so they could more accurately describe the longer-term impact of these engagements.

## Findings

### 1. Why did your organization decide to seek out capacity building services?

In spite of common perception that nonprofit organizations seek out capacity building services usually in times of crisis, our case studies suggest that, at least among seasoned consumers of capacity building services, **nonprofit organizations seek out these services in anticipation of transition and growth**. Some examples of transitions are change in leadership (board or executive director), scaling of program services or organization's scope in response to community needs, and anticipation of change in external landscapes, such as funding and policy trends. One participant explained, "I was very much aware of the founder's syndrome that happens at a lot of start-ups and them collapsing after the first executive director walks away. That's the last thing I would want to happen." Whether the leaders plan to stay with an organization or are making their succession plans, "there's a recognition that what's going to make us successful is having strong system and infrastructure."

Other interview participants use capacity building when they want to become more reflective and systematic about the strengths and expertise they have accumulated over the years. They see capacity builders as "thought partners who can really push you to grow." Many of the interview participants described having an ongoing relationship with one or more capacity builders as their organizations move through their lifecycles. The need for capacity building does not stop with each engagement. **As the organization matures and meets new opportunities, capacity building services offer an opportunity to reflect and innovate**. One participant said, "You're in the weeds from day to day. Capacity building allows us to see things in a larger perspective. It pushes us to dream larger and think bigger and feel okay to take more risks...It's good to have someone who pushes you from the outside and helps you see things differently."

### 2. How did your organization choose the capacity building provider/program that you worked with?

Nonprofit organizations connect to capacity building services through multiple pathways. Word of mouth remains the most common method (if not the most reliable one). Some referrals come from personal relationships of organizations' own board and staff members with capacity builders. This is a less vetted method than referrals from peer organizations who are former clients of capacity builders or from management service organizations. Some funders also provide referrals (and funding) for capacity building services, while others shy away from the appearance of "endorsing" one capacity builder over another. Referrals from funders do carry much weight with nonprofit organizations. Interview participants emphasized that, even when the referrals come from the most trusted source, consumer organizations need to interview the candidates to see if they are a good match for the organizations and be prepared to say no. In their experiences, the referral sources, be it funders or MSOs, are usually open to working with the consumer organizations to find the right match, as they are also invested in the success of the capacity building.

Less common is direct contact with potential capacity builders at different professional events, both informally and formally (events where the capacity builders are there to conduct outreach). Only two of the organizations interviewed used requests for proposals (RFPs) to define services needed and solicit proposals from capacity builders. Those who chose this method reported greater satisfaction with their experience. One participant advised, "I think coming up with a clear job description or RFP, coming up with specific goals that you want to have, is key. You have to interview multiple people, and not relying on a recommendation from a board member, which we did one year. Just because they are recommended doesn't mean that they are going to be the best person. It's about clarity of what you want and staying clear. Remember that you're driving the process." On the other hand, the findings suggest that those who used this method believed they were able to develop a clear RFP that articulated the kind of capacity builder they wanted only after multiple capacity building engagements. It is not clear if this method would work as well for less sophisticated consumers or organizations at early stages of their lifecycle. Such due diligence, according to one interview participant, may be "a big obstacle for smaller nonprofits." Less experienced organizations could benefit from RFP templates or activities that help clarify their capacity building needs.

### **3. What did you learn? How did the organization grow as a result of the capacity building engagement?**

**Most participants discussed the benefits of their capacity building engagement in terms of "developmental" or "transformational" outcomes; in other words, they focused on how the engagement changed the organizational culture – how staff and leadership perceived and discussed an aspect of organizational development – and its impact on everyday business, rather than specific skills and knowledge acquired or a tangible deliverable.** Capacity builders create opportunities for and facilitate strategic conversations that otherwise are not likely to take place in an organization. In doing so, capacity builders often introduce new information, skills, and frameworks about different aspects of organizational management and operations. These new ideas serve to give all stakeholders a common ground to have deeper conversations. They are institutionalized when the consumer organization applies them in daily practice or to inform key decisions. One interview participant stated how their work with the Nonprofit Finance Fund "has really shifted the financial accountability and the financial

leadership of the Board by institutionalizing the need for that kind of conversation.” Another interview participant discussed how her engagement with Alchemy gave her a different perspective on organizational sustainability. As a result, she has been working with her Board to develop new strategies to increase the organization’s role as a lead agency for grant-funded collaborative projects.

**A few participants mentioned capacity building programs that involve both executive and board leadership as being useful in “pushing the board towards greater professionalism,” something that the executive directors find it difficult to do on their own.** One interview participant cited her board president’s participation in Alchemy which provided “several a-ha moments. He was listening to these other organizations and to the facilitator. They really changed his mind to be more supportive of the type of fundraising we were moving towards, like a giving circle concept rather than doing events where you net about \$7,000. Sometimes they need to be told by other people. He reported his experiences to the board. His attitude towards fundraising was a big shift.”

**Because they are exposed to trends and innovations either through research literature in their fields or through their own work with diverse nonprofit organizations, capacity builders (especially MSOs) often offer opportunities for organizations to assess themselves more effectively and adapt innovations.** This sometimes leads to new program development. An interview participant gave examples of how board interns from the Riordan Volunteer Leadership Development Program brought their content expertise that led to new and improved ways of delivering services. He explained, “Our third board intern helped us launch Shared Medical Appointment where you basically take 10-12 patients who have the same chronic issues like diabetes, which is maybe 70% of our patients. They get an hour and a half with the physician! It’s cost effective and they form their own support group.” The participant described the new program delivery model as “a cutting-edge practice that was not on our agency’s radar and which we otherwise may not have had staff time to try.”

Information provided by capacity builders, as outside experts, often carries more credibility with those organizational leaders who may be resistant to change, or serves a useful reference point for client organizations to assess themselves among their peers, both locally and beyond. For some interview participants, outside consultants bring credibility and energy for board members and reinforce the visions and approaches of executive leaders. For them, **capacity builders are allies of innovation in the organization.** One participant shared that his organization was able to incorporate social media as part of community engagement because of input from a board intern. He explained, “It’s different to have someone sitting at the table for whom contemporary communication channels is a way of life. For people of my generation, it’s a big, scary thing, when in fact a person of [consultant’s name]’s generation and younger, it’s the water, it’s the air. It’s just the way you are. If there had been any doubt in any trustee’s mind about the wisdom to engage with social media, it became a non-issue because you had a couple of people at the table for whom it was like, ‘Of course you could do that.’”

Increasingly, organizational leaders are learning trends and best practices from each other. **Many management service organizations are convening peer networks that some interview participants have found useful.** These peer networks can be formed around shared geography,

programmatic focus, organizational lifecycles, or length of experience or organizational role of the participants in nonprofit leadership. For instance, interview participants explained the value of being a part of the Community Partners “family”: “Being a founder or an ED is depleting, solitary work. What was valuable about the CP experience was being with a group of people who are doing the same things, networking with them.” Another interview participant concurred about her experience with another capacity building program: “What I appreciate more than anything is being connected to other entrepreneurs who are in the same place. There are times when you don’t have any focal point to assess how you’re doing. In places where I struggled, I really felt they were significant failures. When I spoke with other entrepreneurs, I realized it’s not that I’m failing. This is a natural part of being a start-up. You’re going to have these ups and downs. The group has a strong sense of camaraderie and investment in each other. It was a big source of support for me.”

Participants of multiple capacity building efforts also discussed **the cumulative effects of successive engagements, with a mix of providers**. As one participant stated, “[My insights] came from working with everybody – VNR [Valley Nonprofit Resources], CNM [Center for Nonprofit Management], Alchemy – from every time I’ve worked on anything related to our sustainability. They’ve come over time. I couldn’t credit it to just anyone.” Information gathered and lessons learned as part of one effort often serve as a foundation for further capacity building, or the conversation from one engagement opens up growth opportunities that can then be further cultivated and discussed. The interview participant quoted previously about how the financial literacy capacity building changed their organization also thought their engagement with the Nonprofit Finance Fund “led us to secure the Taproot grant for the pre-strategic planning process. They were able to use the NFF information. We had an amazing group of volunteers that did an awesome pre-strategic planning process that then afforded us to step into strategic planning with a paid consultant.”

The participatory approach of “developmental” or “transformational” capacity building goes beyond the typical provider-client relationship in most other business settings, where the client is a passive receiver of the services. **Broader involvement within an organization encourages consensus building, greater buy-in for change in organizational culture, diffusion of knowledge, and greater professional development**. As one interview participant explained, “Anytime working with capacity builders demands and requires much more time beyond the day-to-day. It’s very partner-oriented. It made sense to make the investment, even when it always feels so overwhelming in the moment.” Even time-limited capacity building projects that focus on “transactional” outcomes or tangible capacity building products or deliverables need to build in broader and participatory conversations that lead to collaborative engagement or creation of these products. Interview participants believe that this will generate leadership and staff buy-in that will ensure their successful implementation. For instance, one interview participant cited the work with the Alchemy Program. The discussion about a board donation requirement with board members was key not only to the adoption of the board policy (tangible product), but also to the eventual full participation by board members in giving. This, in turn, allowed them to be more competitive with foundation funding requests, leading to at least one successful application so far. Another participant cited a less successful example about website development. This organization and the website consultant did not engage in a substantive discussion about the

organization's values and strategic directions. As a result, the website reflected the contents agreed upon, but not the "look and feel" that the organization was seeking. To this day, the website (tangible product) was not used. The organization learned that they needed to be more involved and collaborative with the consultant even in a project as seemingly straightforward as website development.

#### **4. Were you satisfied with the capacity building services you received? What factors made these capacity building services successful (or not)?**

**Interview participants spoke at length about cultural competence of the capacity builders as key to their satisfaction with the services.** The ability to understand racial, cultural and political contexts in which an organization operates is obviously important to many interview participants, but cultural competence for a capacity builder does not stop at that.

Within the nonprofit sector in the vast and dispersed Los Angeles County, geography is a significant marker of this cultural competence. Interview participants described Valley Nonprofit Resources, Flintridge Center (Pasadena) and Long Beach Nonprofit Partnership as being distinctly different from capacity builders without a geographical focus because of their ability to cultivate peer nonprofit networks in their respective regions and to develop programming that is convenient and responsive to the needs of local community-based organizations. These regional networks sometimes lead to collaboration among local nonprofit organizations. The mere convenience of having a local capacity builder could be an important factor for organizations that operate beyond the metropolitan Los Angeles area. One interview participant stated, "A lot of these things are in LA. For me, that's an hour to get there and an hour to get back. If the session is one hour, that's half a day for me that I have to take from something else." Also, many of these organizations outside of metropolitan Los Angeles tend to be smaller and have higher capacity building needs that can be lost in management service organizations that do not have that geographical focus. One interview participant stated that he had talked with a nonprofit capacity builder "to get more of a presence on the Eastside. I don't see much participation [in capacity building programs] from Eastside agencies. We've talked about trying to make a push to get Eastside companies involved because it's a great way for a lot of the smaller agencies to begin to build some strengths. It hasn't happened yet."

Interview participants also described some capacity builders, especially those who rely on workshops as their primary capacity building services, "as really better suited for helping smaller organizations or beginning staff to develop their skills." This underscores another type of "organizational" cultural competence that is tailored to the various stages of a nonprofit lifecycle. But organizational culture is more complex than the fact that the organization is growing or established. The culture of the organization can also include the following factors: communication practice, decision-making process, leadership style, aspirations, program philosophy, values about collective reflections and staff development, the role and history of organization in the community it serves, staff dynamics, and so forth. Familiarity with an organization's culture has to be accumulated over time. This is why many interview participants emphasized the importance of having a "track record" with capacity builders. This history can save a lot of time and frustration for the consumer organization. According to

some consumer organizations, without this “organizational” cultural competence, even consultants with the right skills and expertise for a capacity building effort might not be as effective.

Interview participants also discussed the advantages of working with “mission-driven” capacity builders (who are nonprofits themselves) over independent consultants in *some* situations. They felt that nonprofit capacity builders are interested in building longer-term relationships and “hold[ing] a safe space” for the clients. One interview participant stated that Executive Services Corps took the time to understand her organization and in the end actually helped her decide not to take part in one of its programs. She said, “He was really thoughtful about saying, ‘No, your organization is very small, and this is a very demanding curriculum. You need someone who can do it on your own timetable.’ He was very thoughtful about not just shoving us into one of their programs but really being honest about where we were and what we were capable of doing at the time.” Many of the interview participants agreed that nonprofit capacity builders tend to be more relationship-driven than independent consultants. An interview participant explained that for independent consultants, “It’s clearly a business model. So they have more focused, clearly defined goals, and they’re very focused on a short amount of time; whereas I felt the other organizations [nonprofit capacity builders] are more open-ended, and I’m the controller of the process. They give you more time. If you’re paying for [with independent consultants] by the hour, you’re not going to be chitchatting that much.”

The other benefit of nonprofit capacity builders is its “social capital.” They convene peer networks and are knowledgeable about trends in their field because of sheer volume of exposure to a larger number of nonprofit organizations and ongoing dialogues with other MSOs, independent consultants, and philanthropic partners. Even though most nonprofit capacity builders do not have enough staff to meet the capacity building demands of the vast nonprofit sector in Los Angeles, they often serve as intermediaries between nonprofit consumers and other independent consultants. One interview participant stated, “Organizations like Center for Nonprofit Management have a wealth of resources and are well connected. If I were to need someone for Board Development, they would know someone.” Increasingly, pro-bono volunteers, such as those organized by Taproot or Executive Services Corps, have become another sustainable capacity building model. Several interview participants reported that pro-bono volunteers that they had started working with as part of a management service organization’s capacity building program sometimes stayed involved or became donors after the initial engagement, or board interns became board members, or even board chair eventually. A few participants noticed that, compared to other professionals who have approached their organizations, these pro-bono volunteers and board interns usually have a more realistic expectation of how they can be involved because they were vetted, trained or prepared by the MSOs. However, interview participants noted that, even as capacity builders act as intermediaries to other independent consultants or volunteers, the consumer organization still needs to exercise its due diligence to make sure the consultant referred is a good fit with the organization. One interview participant explained that despite her vast network for referrals, capacity building “is all so personality-driven. You need to find the right fit for the culture of the organization.”

Many interview participants also felt that the nonprofit capacity builders have a better understanding of the nonprofit field than “business-oriented” consultants, especially those who come from the corporate sector. As one interview participant stated, these latter consultants “may have great strategies but there is a disconnect from what’s going on...I’m talking from the vantage point of a nonprofit that has strong connections to grassroots, the equity issues, all of those core issues that don’t seem to be reflected in many of the consultants.” Another interview participant expressed some skepticism of these consultants’ “cookie-cutter” approach where the consumer organization “has to fit their template and waste a lot of time trying to.” In these cases, the open-ended focus on relationship building of the nonprofit capacity builders – “meeting us where we are at,” as one participant described it – is seen as their key strength.

However, interview participants acknowledged in some (more transactional) cases, the capacity building does not need to be as relationship-driven, and there are advantages to having more “time-defined and goal-oriented” capacity building that most independent consultants can offer. For instance, interview participants believed that most nonprofit capacity builders are very good in helping any organizations in developing the skills and infrastructure to help them to fulfill their mission, but less so in developing actual implementation to scale their operations. As a community-based organization becomes more sophisticated, the leadership will develop revenue models that require business acumen and financial forecasting. According to one interview participant, this “business-oriented skillset” is what most nonprofit MSOs lack and why she decided to work with an independent consultant. Ultimately, the consumer organization needs to decide whether and which type(s) of cultural competence is an important success factor for a specific capacity building project. There might be situations when these factors are not as essential. Another interview participant explained, “I was very clear and said I don’t think they’re going to provide any type of mentor who may be from communities of color. Is that something you [board] are okay with? And then we discussed and said, fine. Let’s just be really clear on what are the skills that we need and then we can go into that conversation about what we can expect and not expect.”

##### **5. What advice would you give to other nonprofit organizations seeking capacity building?**

As seasoned consumers of capacity building services, interview participants advised other nonprofit organizations to be prepared for the investment of their own time and efforts in capacity building, whether working with a management service organization or an independent consultant. Capacity building engagements are less likely to be successful, fruitful, or sustainable when the consumer organization is hands-off. One interview participant stated, “Nobody knows the agency like the way you do.” Another participant said, “The more you put into it, the better value it is.” After years of receiving capacity building services, a third participant shared that nonprofit organizations need to understand that “capacity builders will support you and walk through the steps, but you’re going to be doing the work.” These comments reinforce the finding from the “Practice Matters” report, which states:

Time and energy to devote to the capacity building engagement are also crucial resources. All capacity building involves change: identifying what needs to be changed, determining

how to change it, and incorporating those changes into the daily routine. And all organizational change requires time and energy. If a nonprofit's directors and staff do not have the time to focus on the capacity building process, it is unlikely that any meaningful change will result – even if a capable consultant has devoted many hours to the process.

Interview participants also advised other nonprofit organizations to consider the longer-term benefits of capacity building and not only focus on short-term gains. One participant stated, “A lot of nonprofits go into capacity building thinking, ‘If I do this, a check will be delivered to me.’ That’s maybe the biggest misconception about capacity building. Go into it knowing what it is about: how to build infrastructure of your organization that will then help you do all those other things.”

Interview participants also felt that bringing in board members into capacity building efforts would help sustain the results, but the involvement of board members also raises the stakes and expectations. One participant explained, “When I bring a board member into it, I want to make sure that it is a worthwhile experience, not a misuse of my time and her time.” A bad experience could sour leadership to other capacity building efforts.

In addition, informed capacity building consumers also shared insights useful for funders of this work. While interview participants appreciated the support from funders for capacity building services, they thought that funders, like nonprofit consumers, also need to be more realistic about capacity building services. One interview participant shared that funders also need to understand that consumer organizations are active partners, and not passive receivers, in their own capacity building: “When a funder talks about [capacity building], it makes me nervous because it always means more work for us.” One participant cautioned that funder-supported capacity building services should not be too prescriptive. This approach may not be responsive to what an organization needs to grow. She said, “There are these flavor-of-the-month capacity building companies that foundations want us to use. There are some thoughts out there that one size fits all, and that’s not really the case. That’s not really what we need.” Because capacity building is more process-oriented than most people think, one interview participant advised both funders and consumers that there “has to be a longer-term commitment” for the impact to be fully diffused and institutionalized by the consumer organization.

## **Conclusion**

The experiences of the capacity building consumers confirm some of the common values and principles of successful capacity building which inform the work of the MSOs in the Los Angeles Nonprofit Capacity Building Network. They also affirmed and added depth to the outcomes and indicators defined by the workgroups early in the project. Moreover, they These key findings include:

- Sophisticated users of capacity building seek these services during times of planned growth, and not only when the organization is in crisis mode, which may be the worst time to seek and benefit from capacity building.
- Capacity building is a relationship-building process that has incremental impact over time, sometimes over a succession of capacity building efforts by different providers, both MSOs and consultants. Changing an organization system or infrastructure requires diffusion of

knowledge and skills and also a change in organizational culture that can sustain this change. This is true even with capacity building projects that are time-limited engagements with a tangible deliverable. .

- Cultural competence is important to many capacity building efforts. However, the “right fit” goes beyond the racial/cultural match between the consultant and the consumer organization. It can include familiarity with or sensitivity to a geography, nonprofit field, or even specific organizational culture, such as its values. Capacity building with consultants who have the right skills and expertise might still fail if they do not possess the right cultural competence.
- Consumer organizations should exercise due diligence in finding the consultant with the “right fit” by interviewing more than one candidate. They should feel free to decline working with a consultant if they do not think it is a good match even if the consultant is referred by a trusted source.
- Nonprofit organizations are active partners in capacity building efforts, rather than passive consumers. As such, for capacity building to be effective and sustainable, it would require time and effort from its executive management and board leadership.

Even though there are many different capacity builders serving Los Angeles County, their work is not duplicative because a one-size-fits-all capacity building approach will not address all the diverse needs of the nonprofit sector. In particular, interview participants identified two types of nonprofit organizations that need more focus. One mid- to large-sized organizations that need help to scale their operations and diversify their funding models. One interview participant said that most nonprofit capacity builders have not been able to help these organizations develop business models that will take them to the next level. She added, “I feel that’s missing in our landscape.” Other participants smaller organizations serving the most underserved populations should receive more attention. One of them shared, “My biggest recommendation [to capacity builders] is, ‘Shouldn’t your role be focused on those nonprofits that need you the most? The smaller nonprofits plus those that are working with the vulnerable communities?’ It felt very much like the nonprofits they usually engage were these more established organizations.” Interestingly, these two types of organizations are also identified as most vulnerable in “The State of the Nonprofit Sector in Los Angeles” a series of reports recently published by UCLA Luskin School of Public Affairs: “well-established, mid- and large- sized organizations with multiple funding sources” and “nonprofits in poor neighborhoods [that] are quite small and often work in isolation from community resources and expertise” (Hasenfeld, 2013). Contrary to the last interview participant quoted above, however, the UCLA report in 2013 found that “most nonprofit human services in poor neighborhoods are actively engaged in capacity-building activities such as strategic planning, program evaluation, and cost control” and that “the higher closure rate among African American-serving organizations [in these neighborhoods] during the recession is not due to a lack of capacity-building” (Hasenfeld, 2013).

Many interview participants also talked about the importance of learning from and building on succeeding capacity building efforts for continuous growth for their organizations. As one of the MSO

partners in the Los Angeles Capacity Building Network reminded us, “We are all working in the same ecosystem. We have to be thoughtful about what knowledge and system we leave behind at our client for the next consultant.” Our field of capacity building deserves deeper reflection to inform a more nuanced approach to the crucial work of strengthening organizations, including the following questions:

- How can nonprofit organizations improve their readiness as they become savvy users of capacity building? How can capacity builders support this evolution with each engagement?
- What is the best way for funders and capacity builders to deliver services for organizations at each lifecycle stage? What outcomes can be expected at each stage?

To generate clear and thoughtful answers to these and other questions, it is essential to engage all parties involved in capacity building, nonprofit organizations, management service organizations as well as funders, in a collective discussion.

## References

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