

CAPACITY BUILDING'S CUMULATIVE

# IMPACT



**ON THE NONPROFIT SECTOR:  
*LEARNING FROM NONPROFIT LEADERS***



## TRANSFORMING ORGANIZATIONAL CULTURE

As nonprofit providers of capacity building to a diverse array of nonprofit organizations, SSG and the Los Angeles Capacity Builders Network intentionally shared and refined their understanding with one another of what nonprofits need to increase their impact. In 2012 the Network decided to interview real-world nonprofit leaders to understand the perspective of those using capacity building.

Thirteen carefully-selected organizations in Los Angeles were asked to take part in interviews. The organizations ranged from small to large in budgets and staff size, covered a diverse set of issues, and had varying degrees of experience accessing capacity building.

What we heard was that **capacity building is a relationship-building process that has incremental impact over time**, and sometimes over a succession of efforts by different providers and consultants. Just sending your bookkeeper to a financial management workshop helps, but isn't enough. Bringing a fundraising expert in to train your development staff helps, but isn't enough. The executive director receiving leadership coaching for six months will help, but isn't enough.

### TO ACHIEVE TRANSFORMATIVE CHANGE IN AN ORGANIZATION, IT IS ESSENTIAL TO:

- Understand the different outcomes possible through capacity building; and
- Realize that capacity building not only provides the tools to move an organization to the next level of impact, but can also have a profoundly positive effect on organizational culture, shifting it toward openness and innovation.

“My insights came from working with everybody... from every time I've worked on anything related to our sustainability. They've come over time. I couldn't credit it to just any one provider.”

Nonprofit Leader



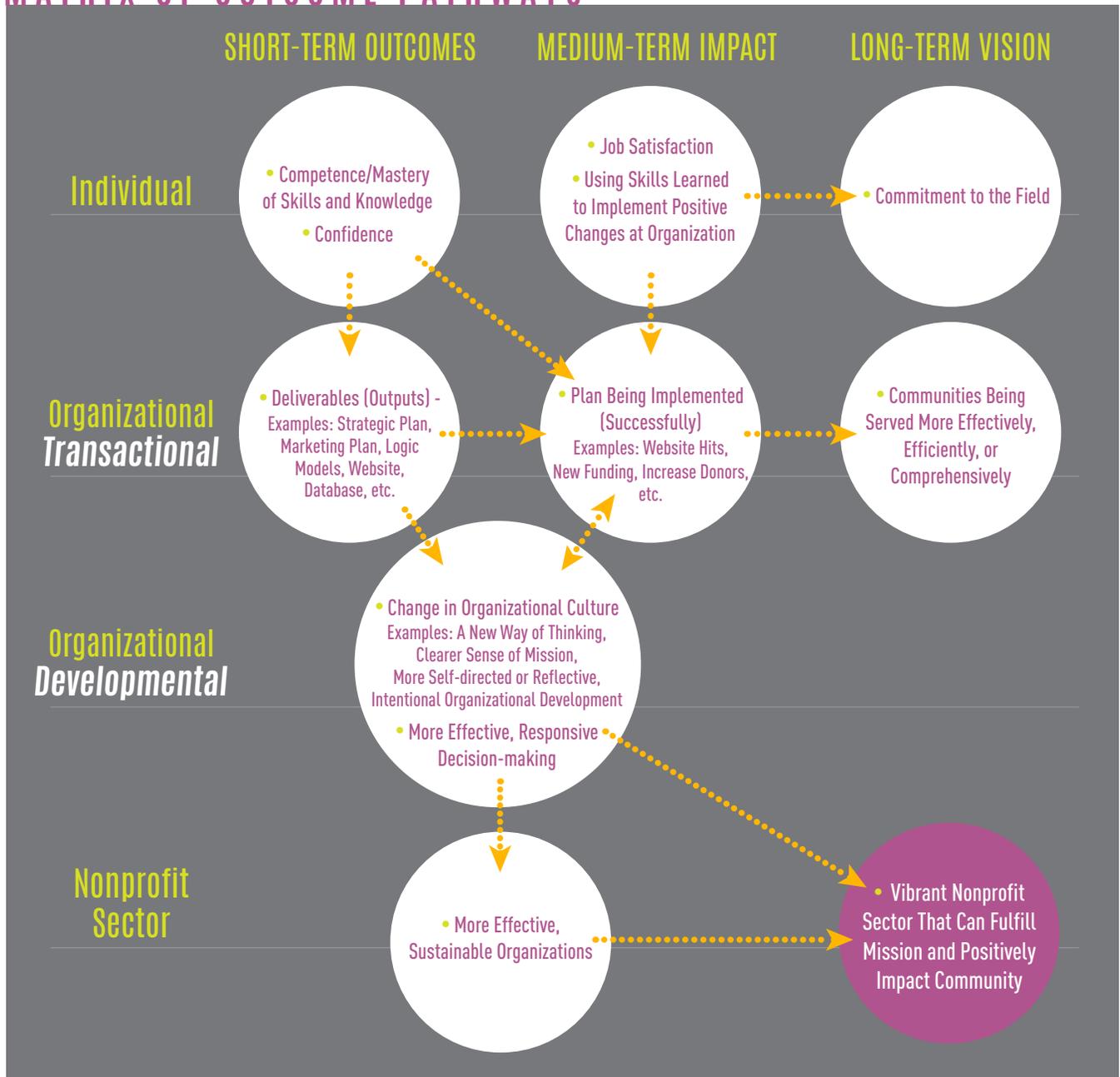
“The term ‘capacity building’ is most commonly used to describe activities that strengthen an organization so that it can more effectively fulfill its mission. Capacity building is focused on improving the leadership, management and/or operation of an organization – the skills and systems that enable a nonprofit to define its mission, gather and manage relevant resources and ultimately, produce the outcomes it seeks.”

*The Capacity Building Challenge, Light and Hubbard, 2004*

SG and the Los Angeles Capacity Builders Network have developed a map of capacity building programs that captures different levels of impact. We call it the **Matrix of Outcome Pathways** and it reinforces the complexity of capacity building and its impact on multiple levels.

The Matrix makes a distinction between transactional and developmental capacity building. Transactional capacity building results in a tangible deliverable, such as a marketing plan or a website; while developmental creates a change in organizational culture or work structure that allows successful implementation of that tangible deliverable. For example, a customized database gives rapid access to data from which to make timely decision and reports. But 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.

## MATRIX OF OUTCOME PATHWAYS



## KEY FINDINGS

We asked interview participants a set of questions about their experiences in using capacity building. Questions asked why capacity building was undertaken, how services/providers were chosen, satisfaction levels, organizational growth as a result, and advice to share with other nonprofits and funders. Key findings from their responses are summarized below – see [www.SSGResearch.org](http://www.SSGResearch.org) to read the full report and associated materials.

“The more you put into it,  
the better value it is.”

Nonprofit Leader



match based on geography, engagement style, understanding of organizational culture and life cycles, or experience with organizations doing similar work.

**CREATE THOUGHT PARTNERS:** Capacity builders facilitate strategic conversations and create spaces that are opportunities to reflect and innovate. Savvy users of capacity building create time, budget and mental “space” to take advantage of these opportunities.

**SPREAD LEARNING:** Even with time-limited engagements with tangible deliverables, successful and inclusive organizations make sure that knowledge and skills gained are shared, and create a shift in organizational culture. This is key to ensuring that capacity building results in developmental shifts that build over time.

**ENGAGE STRATEGICALLY:** Leaders of sophisticated organizations told us they seek capacity building during times of planned growth, such as change in leadership, scaling of services, or changes in the field that create new opportunities. Waiting for a crisis limits the potential impact of capacity building.

**PARTICIPATE ACTIVELY:** Nonprofit organizations successful at capacity building are active partners, not passive consumers. This requires time and effort from executive and board leadership, as well as key staff, as early as selection of the most appropriate capacity builder.

**STRETCH DEFINITION OF CULTURAL COMPETENCE:** Traditionally, we think a racial or ethnic match between a consultant and nonprofit leader and/or community served is essential. Cultural competence can also reflect an appropriate

## RECOMMENDATIONS TO THE FIELD

Reflecting on the findings from practitioners and the understanding created by the Matrix of Outcome Pathways, SSG and the Los Angeles Capacity Builders Network developed a set of recommendations. They can help guide funders as they support organizations to engage in capacity building and leaders of nonprofits about to embark on capacity building engagement.

**NONPROFITS LEAD THE EFFORT:** Nonprofit leaders must agree they need capacity building, decide on the type of help needed, and engage with the most appropriate capacity builder. Funders should avoid being overly prescriptive about the type or extent of capacity building, while also maintaining a supportive partnership role. Most effective is a collaboration between funder and nonprofit leader that identifies the outcome desired (refer to the Matrix of Outcome Pathways) and then chooses the right provider to achieve that outcome.

### **DEVOTE TIME AND RESOURCES FOR STAFF**

**PARTICIPATION:** To participate actively in capacity building, staff and leadership time and effort is necessary. Yet funders often pay only for the capacity building service itself, leaving the organization scrambling to engage successfully. Strategically funding capacity building at key organizational moments will have the most impact. To get the most out of the capacity builder's role as transformational thought partner, make sure the budget is ample and the timeframe realistic.

**STRUCTURE ENGAGEMENT AS THOUGHT PARTNERSHIP:** Nonprofit leaders and staff have knowledge to contribute to the capacity building efforts and should not expect capacity builders to provide all the answers. Nonprofit leaders should collaborate with consultants to create a space in their organization to reflect and synthesize various ideas. In addition to a facilitative role, many capacity builders can bring best practices from similar organizations to improve decision-making and transform organization culture.

**SUPPORT AND PARTICIPATE IN FURTHER STUDY:** This effort has revealed important gaps in understanding how nonprofits can most effectively use capacity building – support for this research would be valuable for the whole sector. Specifically, studying how nonprofits can improve their ability to become savvy users of capacity building, and what form of capacity building works best for the different life-stages of an organization would advance the field.



“When a funder talks about capacity-building, it makes me nervous because it always means more work for us.”

**Nonprofit Leader**

## WORTH THE INVESTMENT

**N**onprofit leaders confirmed what SSG and the Network believed: that capacity building brings real benefit to their organizations, but only if a significant investment of time and effort is made by the organization, its leadership and its funders.

Relationship-based capacity building conducted over time and driven by the desire to grow instead of averting crisis can have a powerful impact on an organization, the people who work there, the people it serves and the whole nonprofit sector.

We encourage you to access the full report and other materials at [www.SSGResearch.org](http://www.SSGResearch.org).



“Working with capacity builders requires much more time beyond the day-to-day. It’s very partner-oriented. It makes sense to invest, even when it feels overwhelming in the moment.”

**Nonprofit Leader**



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