

# **The Center for Public Skills Training**

## **A Systems Approach to Nonprofit Capacity Building**

Frank Martinelli, The Center for Public Skills Training  
Web: <http://www.createthefuture.com> Email: [frank@createthefuture.com](mailto:frank@createthefuture.com)

April 2012

### **Capacity Building Defined**

There are many definitions of capacity building suggested by practitioners who work with nonprofit organizations. Most have several elements in common: they emphasize strengthening nonprofits and achieving sustainability; enabling nonprofits to achieve their mission is usually mentioned, along with increasing organizational effectiveness; and they identify specific areas of organizational capacity that should be addressed. The following definition captures the strengths of many definitions:

“Capacity building” refers to intentional, coordinated and mission-driven efforts aimed at strengthening the management and governance of nonprofits to improve their performance and impact. This occurs through organization development activities, such as leadership development, strategic planning, program design and evaluation, board development, financial planning and management and others.

### **The Importance of Capacity Building**

In order to survive and thrive, wise nonprofits are seeking ways to continuously enhance their effectiveness. Capacity building strategies can help nonprofit organizations become stronger--more effective and efficient in their operations, more sustainable, and more capable of responding to the needs of their communities. Capacity building can help nonprofits prepare for and adapt to an environment of constant change. At the same time, funders, wanting to invest in organizations that operate efficiently and make a difference in communities, are paying greater attention to nonprofit capacity building; many are investing resources in capacity building, proposing models and becoming directly involved.

### **Successful Capacity Building**

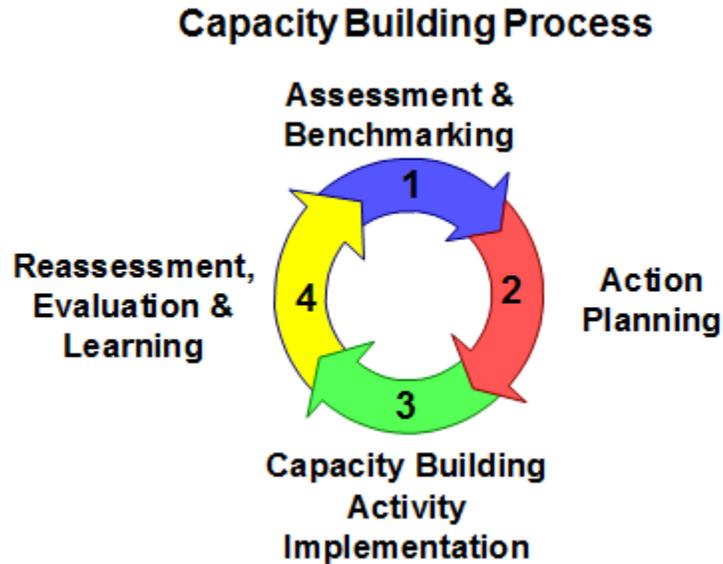
While the capacity building field is evolving, much has been learned and shared by practitioners. Following are some characteristics of successful capacity building efforts based on lessons from the field.

- *Mission based.* Staff and board see the link between capacity building and ability to fulfill mission. This encourages their willingness, with limited time and resources, to commit to engaging in capacity building.
- *Readiness-based.* The organizations involved are ready to engage in this type of effort in terms of staff and board commitment; they are willing to change and to devote time and attention. The board is involved.

- *Realistic and “user friendly.”* At the same time, capacity building efforts must work with organizations “where they are” and find ways to creatively engage busy organizations efficiently and effectively. Organizations must believe that capacity building is doable and see themselves as able to engage in it.
- *Assessment based.* A thorough assessment of the organization’s needs and assets provides the basis for action planning that addresses more than symptoms.
- *Structured yet flexible.* “One size does not fit all.” While some standard tools and approaches are used, enabling aggregation of results, much is tailored to the individual organization, its community environment, developmental stage, etc. Choices are offered. There are many strategies (workshops, online courses, mentoring, consultants, self-administered tools) for developing capacity and some work better for certain organizations than others.
- *Assets-based.* Capacity building is not just for struggling organizations. Organizations that are functioning well can also benefit from systemic capacity building that builds on areas of strength and at the same time addresses areas of relative weakness.
- *Peer-connected.* Opportunities for peer-to-peer networking, mentoring and resource and knowledge sharing embed capacity building into communities or networks of organizations. Strengths are recognized and utilized, making capacity building more cost effective and self-sustaining.
- *Comprehensive.* Inter-relationships of all areas of an organization’s functioning are considered. Integrated efforts are more successful than piecemeal approaches that may never reveal core challenges or strengths.
- *Results oriented.* Clear outcomes are identified to set direction for strategies and provide the basis for evaluation. The goal of increased organizational effectiveness drives all aspects and progress is measured.
- *Focused.* Capacity building is a potentially limitless endeavor as there is always room for organizational growth. Identifying and strategically focusing on several key capacity building areas helps organizations make strides, even achieve “quick wins”. It leverages improvement in other areas.
- *Ongoing.* The journey to high performance never stops. Capacity building encourages organizational cultures that value ongoing learning and improvement.

## Capacity Building Toolkit

The Capacity Building Toolkit has been designed to support nonprofit leaders who wish to engage in capacity building in a systemic way. The toolkit facilitates nonprofits' engagement in the four Capacity Building Process "core activities" illustrated below.



This graphic illustrates the four core capacity building activities as parts of an ongoing sequence that repeats itself continuously; capacity building is an ongoing, never-ending process.

## Toolkit Components

This toolkit further outlines the four capacity building activity components, as illustrated in the graphic above, along with specific capacity building tools designed to guide an nonprofit's engagement in each of the four activities.

### 1. Assessment and Benchmarking

Asset based forms and processes have been designed to assist nonprofits in establishing their current status and goals for growth. Nonprofits complete the assessment and use the results to develop action plan priorities and goals and measure progress.

- CB Tool #1: Assessment and Benchmarking.** This tool is used to conduct an initial assessment of the organizational capacity of your nonprofit. Completing this activity will enable you to establish capacity building benchmarks – a clear and detailed picture of the present level of organizational capacity with reference to the nine capacity elements: Mission, Vision and Strategy; Board Governance; Executive Staff Leadership; Service Delivery and Impact; Strategic Relationships; Management and Development of Human Resources; Resource and Revenue Development; Financial and Legal Management and Operations and Infrastructure. CB Tool #1 allows for benchmarking of capacity among four levels in each of these nine areas. In the future,

you will use CB Tool #1 again to reassess your nonprofit to determine any gains in organizational capacity.

## 2. Action Planning

Using a format that aligns with the Tool #1, nonprofits complete action plans that prioritize growth areas and include goals and action steps. The action plan guides nonprofits' use of resources to address priorities.

- **CB Tool #2: Capacity Building Action Planning** This tool allows you and your CB Team to use the results of your initial capacity building assessment and benchmarking (CB Tool #1) to develop a plan of action for capacity building in your nonprofit. The CB action plan will include priority areas for capacity building, measurable targets for improvement, and capacity building activities to achieve the hoped for gains.

## 3. Action Plan Implementation

Based on the action plan, nonprofits engage in resource linkage, choosing from a range of options including capacity building resources available at the , state and national levels.

- **CB Tool #3: Capacity Building Resource Inventory.** The Capacity Building Resource Inventory offers nonprofits an extensive collection of resources that will support capacity building efforts. The resources are organized according to the nine capacity elements listed earlier and can be accessed at the Create the Future website in the future. The Inventory will be very useful in creating as well as implementing your capacity building action plan

## 4. Reassessment and Learning

Nonprofits reassess their capacity periodically, comparing their capacity levels in the nine element areas to their initial assessment. They monitor, document and report their progress on action planning and capacity development. This enables the nonprofit to learn about CB activities that contribute most to changes in capacity.

- **CB Tool #4: Capacity Building Reassessment** .The fourth tool in the Capacity Building Toolkit: Capacity Building Reassessment guides your nonprofit's evaluation of its engagement in CB activities as well as the impact of engagement. Tool #4 facilitates the capacity reassessment process utilizing the original results of the CB Tool #1: Assessment and Benchmarking Tool.

## Success in Capacity Building

Strong leadership is one of the factors that ensure success in capacity building. Capacity building is a team sport that requires a board-staff leadership team. Nonprofits that are serious about building capacity are advised to convene a team consisting, at a minimum, of the Executive Director/CEO, one other staff member selected by the Executive Director/CEO and two board members, at least one of which is in a key leadership position. This team will have primary responsibility for leading the nonprofit's engagement in the four core CB activities. Additional board members and staff can also be involved and this is highly recommended. There are several advantages to this group approach. By sharing multiple perspectives on some of the problems and issues needed to be addressed it is less likely that problems will be misdiagnosed or that key issues will be overlooked. Another advantage to the team is that more people will gain a deeper understanding of critical organization challenges that can be addressed through your capacity building efforts.

### The Capacity Building Team

Utilizing a “capacity building team,” to lead your nonprofit's capacity building efforts, is a smart strategy. A good capacity building team will:

- Champion CB efforts among the board, staff and community.
- Participate in CB tools training sessions.
- Complete the CB tools—Assessment and Benchmarking and Action Planning—as a team.
- Engage other board members and staff in capacity building work, when appropriate.
- Ensure tools are completed as designed.
- Track and monitor CB efforts and results to ensure follow-through occurs, the nonprofit learns together and efforts make a positive difference.

In order to gain the maximum benefits, your capacity building team should be chosen carefully. The following should be considered:

- ***Include a Team of Board and Staff.*** Key board and staff leaders, such as the nonprofit management team and executive committee members should be considered.
- ***Include “champions.”*** Individuals, both board and staff, who show a keen interest in capacity building can also be a great asset. This team may be a great place for those interested and skilled in organizational development and planning.
- ***Ensure understanding of CB.*** Utilize information and presentations provided through the region to educate your nonprofit about capacity building—its activities, challenges and benefits.
- ***Expect commitment, participation.*** Engage the board and staff in education about capacity building. Consider having the board take formal action.
- ***Schedule meetings.*** Map out capacity building activities that your nonprofit will engage in. This should include the Assessment and Benchmarking and, later on, Action Planning implementation activities.
- ***Determine communications approaches.*** Find ways to communicate activities and results to all staff and board on an ongoing basis. This will help the nonprofit understand and prepare for changes that occur in order for the nonprofit to build capacity. Consider informing funders that the nonprofit is engaging in this important work.

#### For more information, contact:

Frank Martinelli, The Center for Public Skills Training

Voice: 414-961-2536 Web: <http://www.createthefuture.com> Email: [frank@createthefuture.com](mailto:frank@createthefuture.com)