

Building the Capacity of Capacity Builders

BY PAUL CONNOLLY and PETER YORK

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It is clear that nonprofit organizations want and need to improve their performance and impact. And it is also apparent that capacity building activities – such as strategic planning, board development and technology upgrades – help enhance nonprofit organizational effectiveness. But the specific nature of the demand for capacity building, the quality and value of capacity building services provided, and the health of the groups that provide this assistance are less clear.

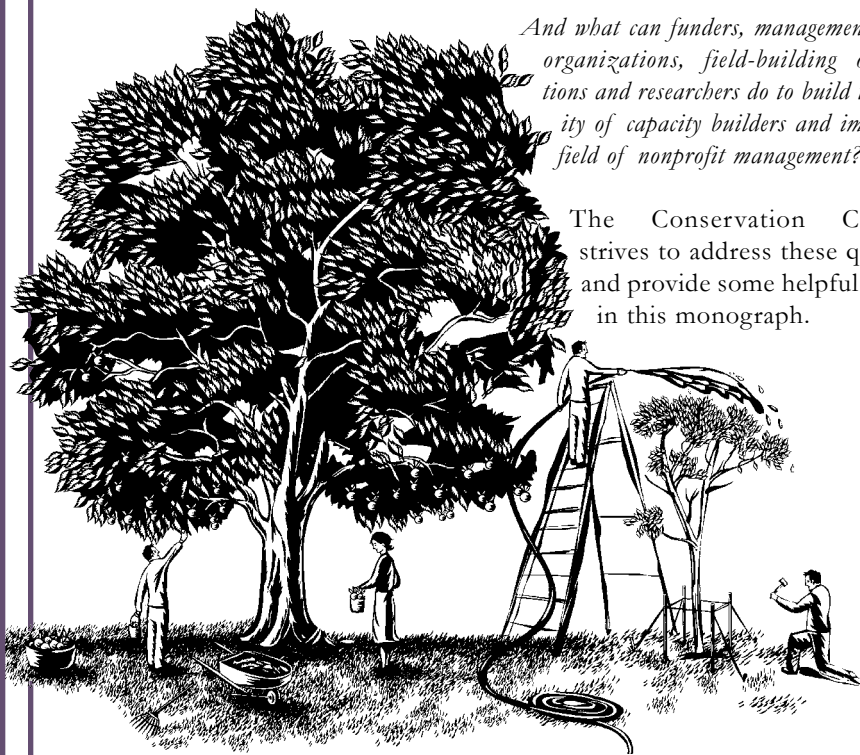
What particular type of management and governance assistance do nonprofit organizations in the United States most need and desire?

What type of capacity building help is available, and what are the most promising practices?

How do capacity building groups' own organizational capacities affect the quality of their services and how can they strengthen their own performance?

And what can funders, management support organizations, field-building organizations and researchers do to build the capacity of capacity builders and improve the field of nonprofit management?

The Conservation Company strives to address these questions and provide some helpful answers in this monograph.



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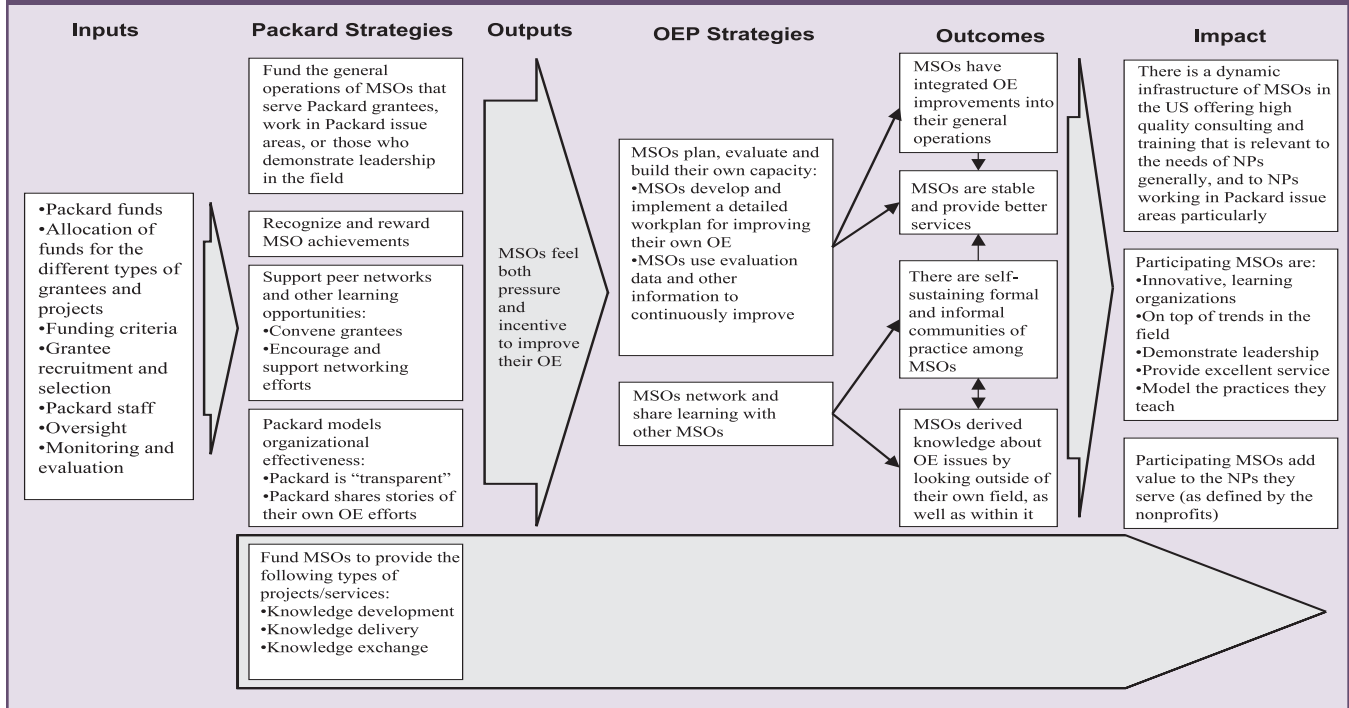
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Exhibit 1: Theory of Change for Management Support and Field-building Organizations



This paper is a summary of a study that began as an evaluation of The David and Lucile Packard Foundation’s grantmaking program to support management support organizations (MSOs) and field-building organizations in the nonprofit management field. (“Field-building organizations” include national infrastructure organizations, intermediaries, consulting and training groups, and publishers that provide “wholesale” services to MSOs, as well as “retail” services directly to nonprofits, such as the Alliance for Nonprofit Management, BoardSource, or NPower.) Midway through the assignment, the Foundation significantly reduced its work in this area, so the primary audience for this study shifted from Packard Foundation trustees and staff to the broader field of MSOs, field-building organizations and other interested funders.

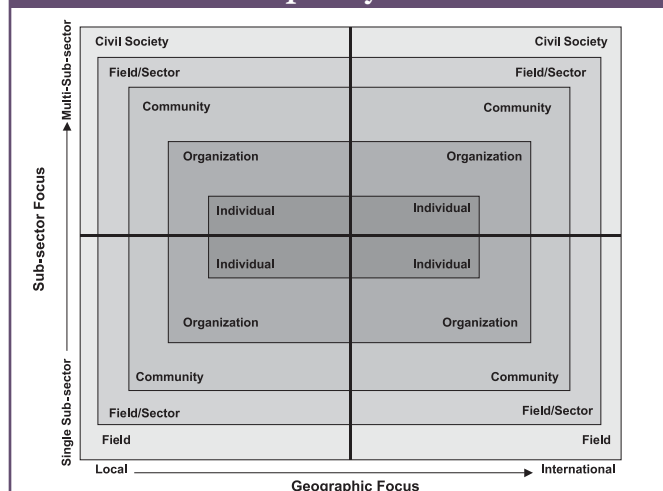
The focus of The Conservation Company’s research and analysis changed as well, from impact data that would influence future grantmaking by the Packard Foundation to lessons learned and promising practices that would be useful to a wider audience in the field. The study was framed around a theory of change and the findings were primarily based on a national survey of MSOs and numerous interviews and discussion groups with experts and practitioners in the field. (See Exhibit 1 for a depiction of the theory of change for management support organizations and field-building organizations that was used for this study.)

The State of the Capacity Building Field: Maturing, Complex, and Mixed Quality

The field of nonprofit management in the United States is a complex system made up of funders, capacity builders, funder associations, researchers, educators, national associations, field-building organizations, and nonprofits. Capacity builders can be categorized according to at least one of four criteria:

- 1) **type of capacity builder** (independent consultant, for-profit firm or nonprofit organization);
- 2) **intended target** (geographic, outcomes, and/or sub-sector) – see Exhibit 2;
- 3) **focus of engagement** (capacity-specific or multi-capacity); and
- 4) **revenue source** (earned, contributed or both).

Exhibit 2: Intended Target of Capacity Builder



Leaving a Legacy: The Packard Foundation's Contribution to the Field of Nonprofit Management

The David and Lucile Packard Foundation has had an ongoing commitment to supporting and strengthening the organizational effectiveness of nonprofit organizations. Through the Foundation's Organizational Effectiveness and Philanthropy (OEP) Program, the Foundation formalized its philosophy that capable leaders, effective management, and good governance all contribute to the success of an organization. Since making its first grant of \$10,000 in 1984, the OEP program grew rapidly, and the Foundation's OEP grants from 1998 to 2000 totaled nearly \$16 million. Key to the OEP program's grantmaking was its support of MSOs and field-building organizations in the nonprofit management arena.



Many interviewees in this study expressed their disappointment at the Foundation's decision in 2002 to significantly reduce its investment in the OEP program. (The Foundation

continues, however, to make capacity building grants for individual grantees.) Most observed that during the time the program was fully operational - especially through its leadership role in founding Grantmakers for Effective Organizations - it effectively raised awareness of and attracted other funds to the field of nonprofit management. Funders, management support professionals, and others interviewed for this study concurred that the Packard Foundation has had a very positive impact on building and improving the field of nonprofit management in the United States. Many grantees noted that the foundation staff facilitated networking, relationship building, and learning throughout the field. Through judicious funding, they helped enable grantees to hire high quality staff, bring programs to scale, and take more time to reflect on their practice. Today, others are building on the important work of the Packard Foundation's Organizational Effectiveness Program.

Exhibit 3: A Model of Organizational Effectiveness: The Four Core Components of Capacity

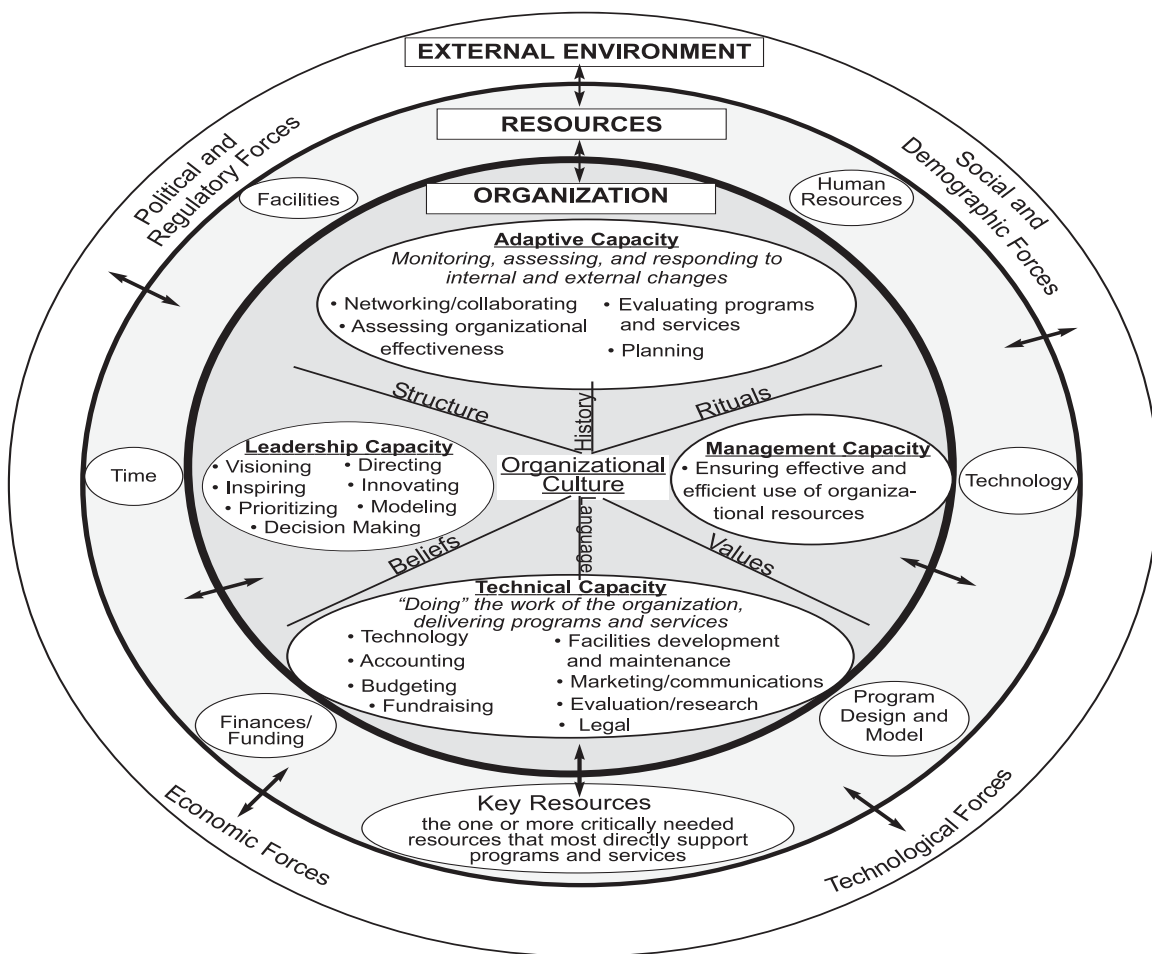
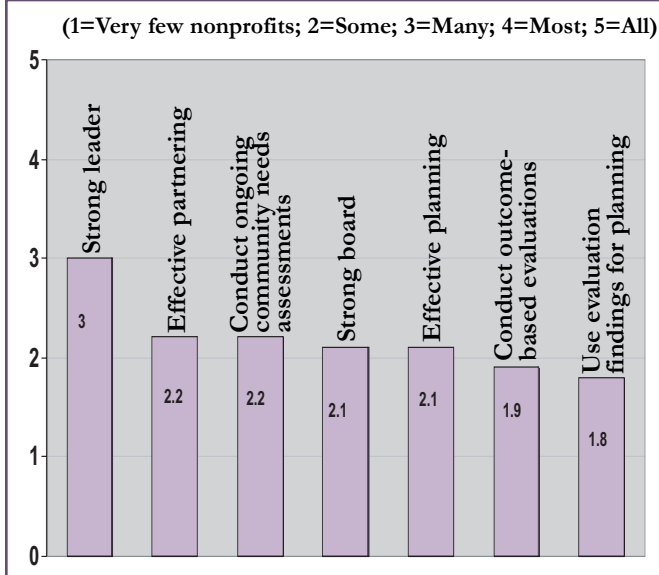


Exhibit 4: How MSOs View the Prevalence of Leadership and Adaptive Capacities Among Nonprofits



Most MSOs serve a local region, provide multiple capacity building services to all types of nonprofits, and generate a mix of earned and contributed revenues.

The field of nonprofit capacity building, which emerged in the early 1960s and grew rapidly in the 1990s, is now in the early stages of maturation and still has not reached its full potential. *Although the quantity of nonprofit management and governance assistance services has increased greatly over the past decade, the quality of capacity building service providers varies widely. A few are especially innovative, offer excellent services, and are very well managed and governed. However, a larger number provide services of mixed quality and, like their nonprofit clients, need to strengthen their own organizational capacity.* Over the past several years, field-building organizations have recognized this need for improvement and made progress in developing an infrastructure that will support a higher and more consistent level of quality across the field.

Adaptive and Leadership Capacity: Crucial for Nonprofits, but Often Overlooked

During our research for this study, which included a literature review and interviews with experts in the field, a pattern emerged for us for understanding nonprofit organizational effectiveness. As Exhibit 3 on page 3 shows, we believe that there are four core capacities which are essential for any nonprofit organization: adaptive, leadership, management, and technical capacity. (Christine Letts, William Ryan, and Allen Grossman introduced the concept of adaptive capacity in *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact* and Carl Sussman built on this work with

support from the Barr Foundation in a November 23, 2002 working paper entitled *Making Change: The Role of Adaptive Capacity in Organizational Effectiveness*.

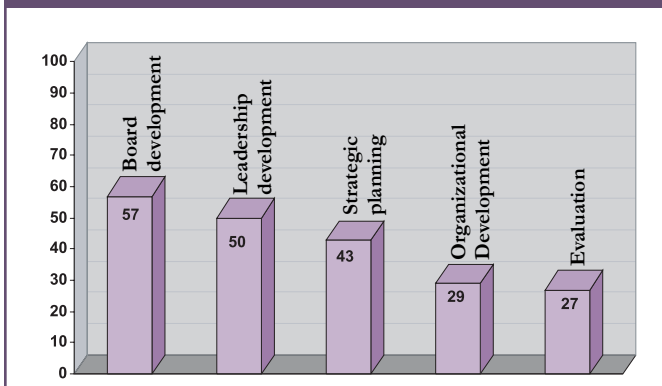
The most critical dimension of capacity for a nonprofit organization is adaptive capacity – the ability of a nonprofit organization to monitor, assess, and respond to internal and external changes. Adaptive capacity entails explicating goals and activities and the underlying assumptions that link them, evaluating organizational and programmatic effectiveness and programs, and flexibly planning for the future. Adaptive capacity also encompasses improving the level and quality of creating strategic alliances, collaborating and networking with others in the community, and increasing knowledge sharing with colleague organizations.

Nonprofits struggle the most with adapting to changes in the external and internal environment and leadership issues. Many nonprofits have strong technical capacities to develop, support and deliver programs and services. *Yet nonprofits tend to focus their capacity building efforts on strengthening their technical and management capacities, even though the need for adaptive and leadership capacity building is greater.*

Most of the capacity building that nonprofits conduct is completed without outside help. When nonprofits seek assistance, the typical MSO offers a broad range of capacity building services. For the most part, however, *these MSO services don't focus enough on building the adaptive and leadership capacities of nonprofit organizations.*

According to MSOs, most nonprofit organizations lack strong leadership and adaptive capacity. While MSOs themselves perceive the “need” for leadership and adaptive capacity building (as shown in Exhibit 4) among nonprofits, they themselves do not provide enough intensive services (i.e., consulting, training and convening) to address these needs (refer to Exhibit 5). This could indicate that the need for leadership and adaptive capacity building is not being adequately met by MSOs.

Exhibit 5: % of MSOs Providing Leadership and Adaptive Capacity Building Through Consulting, Training and Convening



Promising Practices: The Most Effective MSO Services Address Adaptive and Leadership Capacity, Employ Coaching and Peer Exchange, Transfer Expertise, and Create Incentives to Follow Through

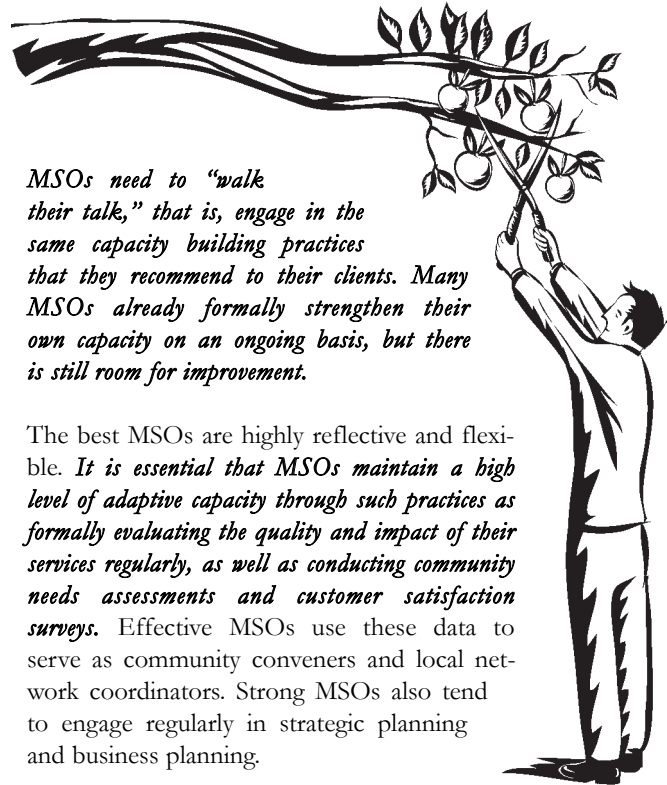
The most effective capacity builders do the following:

- address a basic level of adaptive and leadership capacities, first;
- “leave something behind” by transferring their technical expertise to the client;
- create incentives for nonprofits to follow through;
- usually require a monetary commitment from the nonprofit to pay for the capacity building services;
- establish credibility and influence in the community;
- serve as knowledge “curators” for the community;
- begin by assessing organizational “readiness;”
- take a “holistic” approach, integrating the benefits of capacity building intervention into the functioning of the whole organization;
- clearly understand the level of service that best addresses the nonprofit’s needs;
- engage with real “change agents” within the organization;
- assess and accommodate organizational culture; and
- ensure the proper fit between the capacity builder and the organization.

Exhibit 7 on page 8 shows the most promising practices for particular types of management assistance. Coaching appears to be a particularly promising strategy for improving executive leadership. MSOs that provide “blended solutions” (i.e., combine consulting, coaching, training and/or peer exchanges) to a nonprofit organization also seem especially effective.



Doctor Heal Thyself: MSOs Need to Become More Reflective and Responsive



MSOs need to “walk their talk,” that is, engage in the same capacity building practices that they recommend to their clients. Many MSOs already formally strengthen their own capacity on an ongoing basis, but there is still room for improvement.

The best MSOs are highly reflective and flexible. *It is essential that MSOs maintain a high level of adaptive capacity through such practices as formally evaluating the quality and impact of their services regularly, as well as conducting community needs assessments and customer satisfaction surveys.* Effective MSOs use these data to serve as community conveners and local network coordinators. Strong MSOs also tend to engage regularly in strategic planning and business planning.

Strong leadership capacity is a hallmark of an effective MSO. High-performing MSOs usually have effective leaders among board members and executives who inspire and motivate their staff by supporting activities that further staff reputation as “thought leaders” in the community. Strong MSO leadership also helps attract resources.

With respect to management capacity, hiring and retaining the “best and brightest” staff appear to be critical characteristics of effective MSOs. The ongoing professional development and assessment of staff – whether permanent, contracted, or volunteer – is also a priority among high-performing MSOs. Furthermore, MSOs with a high level of technical capacity maintain the skills and staff needed to support the development, management and use of their knowledge base.

See Exhibit 6 on the next two pages for profiles of four management support and field-building organizations that exhibit some of these strengths. These groups were among those identified by peer organizations during a national survey as being especially innovative and effective.



Cultivating A Culture of Learning

Mission: To increase the effectiveness and impact of people working and volunteering in the nonprofit sector.

Established: 1975

Base Locations: San Francisco and San Jose, CA

of Full-Time Equivalent Staff: 41

Annual Operating Budget: \$5.1 Million

CompassPoint serves nonprofits in the San Francisco Bay Area, Silicon Valley, and nationally. Its core services include consulting and research in five areas (finance, strategic planning, managing people, information technology, and executive transitions), workshops and training, conferences, skill building opportunities for consultants, online courses, and other online resources. The organization produces a number of well-known electronic and printed publications and materials; Nonprofit Genie (www.genie.org), a website that co-locates sources of information related to nonprofit management and capacity building; and research studies on issues of concern to nonprofit leaders and managers.

Key Success Factors:

Hiring and Retaining Excellent Staff

CompassPoint attracts and retains a highly experienced staff of consultants, trainers, and managers. Prospective hires are screened for their likely fit with CompassPoint's organizational culture. Depending on the position being filled, candidates are interviewed by a range of staff in different departments.

Staff retention has been facilitated by building a sense of community within the organization, particularly by developing and maintaining a "learning culture." The ongoing professional development of all staff is a high priority, and staff have the opportunity to exchange knowledge and information with each other regularly. The organization funds staff professional development, organizes staff trainings at brown bag lunches, and includes professional development planning as a part of the staff evaluation process.

A Solid Financial Model

CompassPoint has deliberately sustained a strong ratio of earned to contributed income; about 60 percent of the organization's income is earned through fees for service. Staff and funders attribute CompassPoint's success to the ability of staff and board to effectively communicate the value of services provided. Significant resources are dedicated to marketing. In addition, staff diligently keep abreast of emerging trends within their target markets, specifically as they concern client needs and funder interests. This helps ensure that services are responsive to market demands.



Strengthening the Environmental Sub-sector Through Leadership Development and Peer Exchange

Mission: To train and empower volunteer leaders and to build volunteer institutions that protect and conserve the Earth's environment.

Established: 1988

Base Locations: Takoma Park, MD and Bozeman, MT

of Full-Time Equivalent Staff: 7

Annual Operating Budget: \$1.1 million

The Institute for Conservation Leadership (ICL) works both nationally and regionally to develop the capacity of environmental organizations. Its core services include consulting, training, workshops, coaching, peer exchange, and publications about leadership development. Through these services, ICL assists environmental groups with strategic planning, program management, evaluation, human resource management, and fundraising.

Key Success Factors:

Team-based, Tailored Leadership Development Services

ICL believes that to be effective in the struggle to protect the earth and its resources, leaders in the field need to reach their full potential. ICL's leadership development program trains many leaders within an organization, including not just the executive director but other senior staff and board members as well. ICL has found that each individual learns different skills and applies organizational development and leadership approaches in different ways. By working with a leadership team of the client organization, ICL multiplies the effectiveness of an organization's work.

Furthermore, ICL designs its organizational leadership development practice to "connect" with conservation leaders by teaching leadership and organizational capacity building through the lens of the conservation field. ICL makes learning about organizational effectiveness accessible to conservation activists by applying environmental concepts (such as "chaotic systems" and "sustainability") to the organizational setting.

Well-designed Peer Exchange Activities

ICL's peer exchange model includes having a well-defined agenda, a clear process of exchange, and a time-delimited action plan that takes into account the group's goals. Through its peer exchange work, ICL creates an environment that encourages sharing and learning among participants. ICL strives to facilitate an atmosphere of trust so that leaders can maximize the opportunity to learn from one another.



Responding to the Needs of Nonprofits Locally and Regionally, Building Knowledge and Tools Used Nationally

Mission: To strengthen and improve individual nonprofit organizations and the nonprofit sector as a whole, while also working to bolster public confidence in and support for nonprofit organizations.

Established: 1991

Base Locations: Baltimore, MD and Silver Spring, MD

of Full-Time Equivalent Staff: 30

Annual Operating Budget: \$3.3 million

Maryland Nonprofits (MN) is a membership organization serving nonprofits across the state. Its services include executive transition consulting, referrals through a consultant directory, comprehensive libraries in each office, board governance and fundraising training, a clearinghouse for legal assistance, research and publications, and cooperative buying programs (such as for health insurance) for nonprofits.

Key Success Factors:

A Strong Customer Orientation

MN is considered an accessible, customer-service oriented MSO that is recognized for its acute responsiveness to nonprofits' capacity building needs. The organization offers its members a comprehensive array of services, such as an active training schedule, consulting, Web access to organizational assessment and diagnostic tools, and a Q&A information line staffed by its own in-house librarian. Members consider MN to be a "one-stop shop" where they can access numerous resources.

User-friendly Organizational Assessment Tools

MN is widely known for its development and facilitation of the "Standards for Excellence," an instrument for nonprofits to assess their organizational performance. Developed in the 1990s in response to the sector's need to assert its competency and accountability in providing quality services to the public, the "Standards of Excellence" has become a popular benchmarking tool for nonprofits. MN now offers this organizational assessment instrument online. MN also offers organizations that go through the process a voluntary certification in the "Standards of Excellence," which has proven to enhance the credibility of participating members among local and regional funders. To date, MN has helped ten other state associations to launch their own "Standards for Excellence" programs.



Nonprofit Finance Fund

Linking Facilities and Finances to Organizational Capacity

Mission: To serve as a development finance institution for nonprofit organizations, working to fill their overall need for capital through financing and advisory services.

Established: 1980

Base Locations: National office is in New York City. Program sites are located in New York City, Washington, D.C., San Francisco Bay Area, New Jersey, Massachusetts, greater Philadelphia, Detroit, and Chicago

of Full-Time Equivalent Staff: 38

Annual Operating Budget: \$5.6 million

The Nonprofit Finance Fund (NFF) is a community finance development institution that builds the capacity of nonprofit organizations around the country by investing financial resources (i.e., loans, grants, and asset-building programs) and providing management advice. NFF's core services include loans and other financial services and products, nonprofit business analyses, workshops, and publications. The organization has conducted many research studies on nonprofit capital structure and capitalization and guides on topics such as moving or planning facilities projects.

Key Success Factors:

A Clear Theory of Change That Guides the Organization

NFF's programs and services are grounded in and informed by a well-thought-out "theory of change," that is, a statement of the impact the organization wishes to have and the process it believes will achieve the desired results. NFF's change theory has evolved through an iterative process in which theory has informed programs and services, which have simultaneously influenced the evolution of the organization's theory of change.

Offering Financial Incentives to Build Organizational Capacity

NFF's model essentially requires that its financial services clients undergo an organizational learning process. Before receiving a loan, organizations must participate in a business analysis that not only provides a picture of the organization's financial health but also takes stock of the organization's overall strengths and weaknesses. This process forces clients to plan for facility development in a more critical way because it gets them to think about more than just the design and construction process, examines how all functions of the organization can support the facility over the long term, and assesses the potential impact throughout the organization. This "incentive model" provides clients with new knowledge as well as a tangible reason to apply it.

Exhibit 7: Promising Practices for Capacity Building Services

The following are promising practices for specific methods MSOs use to deliver capacity building services:

Consulting

- engage all key organizational stakeholders in defining issues to be addressed through the intervention
- implement a clear contracting process
- establish clear criteria for assessing the success of the engagement and mechanisms for soliciting client feedback during the engagement
- reach consensus on confidentiality issues
- provide staff with skills that will help them sustain the capacity building efforts when the engagement ends
- engage in ambitious, yet realistic, projects that have a high probability of success
- use high quality consultants (and maintain quality control of them)
- ensure that consultants reflect the community and organizations they serve

Training

- ensure that change agents attend the training (such as by requiring a board chair and CEO to attend together)
- hire leaders and facilitators with extensive capacity building experience
- develop a formal curriculum and associated materials to help participants apply the principles being taught
- provide training on more than a “one-time” basis
- incorporate adult learning principles into the training
- customize training to meet the needs of the audience
- allow time for general peer sharing and networking
- supply access to resources that offer opportunities for additional related learning opportunities
- offer follow-up engagements and opportunities for participants
- provide tools



Peer Exchange

- plan and facilitate “round table” discussions, “case study groups,” and/or “learning circles”
- ensure that experienced facilitators do the planning and implementation
- engage the same group of similarly motivated individuals, with the same facilitator, on an ongoing basis and asking participants to assess the process
- provide time for informal sharing and networking

Referrals

- make referrals to workshops, seminars or trainings that the MSO does not provide
- direct clients to relevant websites, research publications, and consultants
- follow up with nonprofits that have received a referral to determine if they received the assistance they needed

Conducting Research

- focus specifically on understanding the relationship between different capacity building engagements and outcomes at various levels
- engage and collaborate with highly experienced and respected researchers in the field
- take steps to avoid duplication of research agendas
- develop practical applications that can improve capacity building interventions
- disseminate findings field-wide

Improving MSO Business Models: Need for More Earned Revenues, Quality Control, and Value-Added Services

To become more sustainable, MSOs in many cases need to charge more for their services and increase their earned revenues. All MSOs can and should generate some percentage of their revenue by charging a fee for service. (Interestingly, those MSOs that generate a higher proportion of earned revenues have a more positive perception of the quality of their services.) While most already generate fees for services, some charge fees that are artificially low. This practice is due in large part to adherence to a “charity-based” model (i.e., the belief that services should be accessible and available to all nonprofits) that relies on most resources coming from grantmakers, rather than a more formalized “business model” that generates a significant amount of earned revenues from customers. While the two models are not necessarily mutually exclusive, it is likely that the former encourages the MSO to be accountable to the funder, whereas the latter encourages accountability to the nonprofit client.

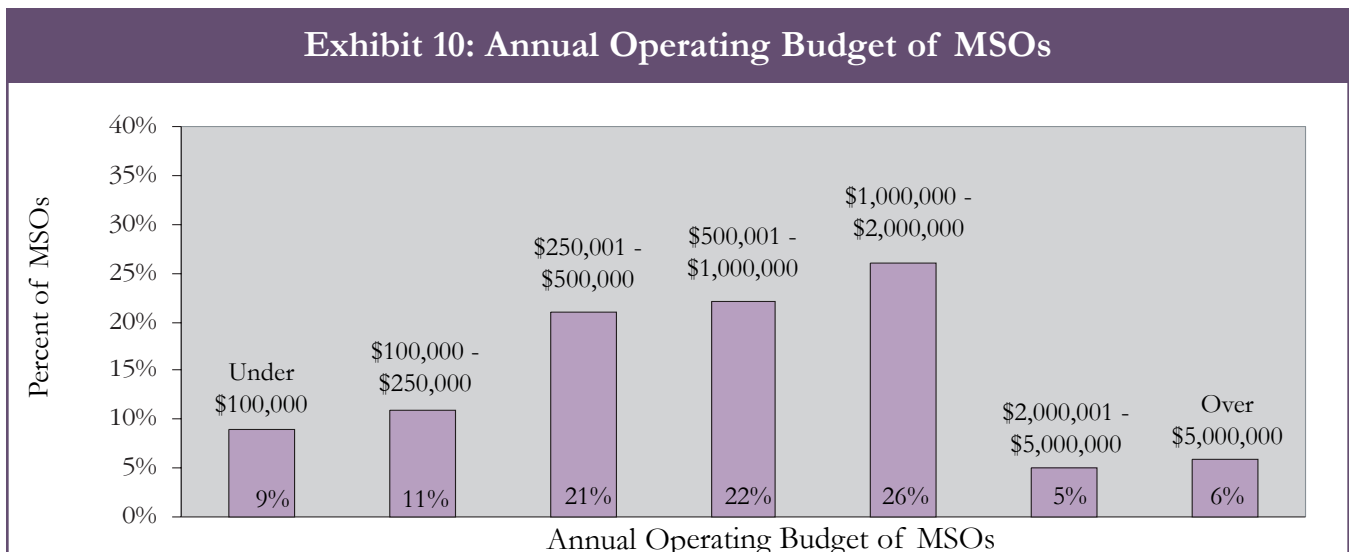
To maintain quality control, MSOs should not rely too much on contractors and/or volunteers. The weaker the connection between the capacity builder and MSO, the less likely the MSO will learn from its experience. It is also more difficult to generate “fees” when capacity builders are not on staff at an MSO.

Finally, the “value-added” element of capacity building services varies according to the mix of services offered. Business models that rely heavily on consulting combined with peer exchange processes result in more “bang for the buck.”

(See Exhibits 8, 9 and 10 for snapshots of staff sizes, revenue sources, and budget sizes for MSOs surveyed.)

	MEAN	MEDIAN
FULL-TIME	6.7	4
PART-TIME	13.3	2
NUMBER OF CLIENTS	879.6	250

	MEAN	MEDIAN
COMMUNITY FOUNDATIONS	10%	5%
CORPORATIONS	11%	8%
INDIVIDUALS	11%	8%
OTHER	17%	9%
GOVERNMENT	20%	10%
FEES FOR SERVICE	32%	26%
PRIVATE FOUNDATIONS	37%	30%



Recommendations: How Funders, MSOs, Field-Building Organizations, and Researchers Can Improve the Capacity Building Field

The weak economy has created a tough environment for nonprofit MSOs and field-building organizations. Funders that in the past have provided philanthropic support have been cutting back. Many nonprofits have had to reduce their budgets and thus have less to spend on capacity building, even though under current circumstances they need to strengthen their organizational effectiveness even more. Meanwhile, more engaged grantmakers are foregoing MSOs and providing capacity building assistance directly to grantees. And large corporate strategy firms, such as McKinsey and Bain, are ramping up their services to nonprofits. Some MSOs may need to shut down or merge with other groups. *The most effective capacity builders will be the most resilient during these difficult times.*

The following is a set of recommendations on how MSOs and field-building organizations can improve their performance. Recommendations are also included for funders and researchers, who play a critical role in supporting capacity builders and advancing the development of knowledge in the field.

Funders: Support High-Performing MSOs and MSO Evaluation and Business Planning Tool Development

Funders should more actively support high-performing MSOs, especially by providing flexible working capital that will enable them to innovate and expand. This funding could be tied to the MSOs' achievement of business planning objectives and support their work in providing combinations of services, such as consulting, peer exchange, and training, to cohorts of nonprofits on a long-term basis. Grantmakers should specifically support MSOs that assess client needs and readiness; use a holistic approach to providing "seamless" services; ensure the transfer of skills to clients; formally evaluate their own services; serve under-served regions and communities; have culturally sensitive staffs that reflect the diversity of their clients; and, have strong business plans. Likewise, funders should invest less in MSOs that are not performing well.

Furthermore, funders should also support the local and national capacity building infrastructures, which contribute to the

strengthening of the field as a whole. Specifically, funders can support field-building organizations' efforts to provide more leadership development opportunities for MSO executives and create evaluation and business planning tools for MSOs.

In addition, program officers, many of whom understand the importance of supporting capacity building, need to better educate their executive directors and boards about the importance of capacity building since strong organizations lead to strong programs. This can be done, in part, by advocating for capacity building as an investment rather than an expense.

MSOs: Enhance Services Related to Adaptive and Leadership Capacity and Increase Earned Income

MSOs should focus more of their efforts on services related to adaptive and leadership capacity building. They should also begin all engagements by assessing the clients' readiness; conduct higher quality needs assessments; provide more coaching services to nonprofit leaders; use a more holistic, "one-stop shopping" approach with clients; ensure that, before the engagement ends, the client has learned new skills that will help them implement the strategies; and conduct additional research.

With respect to their own organizational capacity, MSOs should increase their level of collaboration with colleague organizations and strive to establish themselves as leaders in their respective communities. They also need to formally evaluate their own services, develop and implement their own business plans, and diversify their staff and boards.

MSOs, as a field, should increase the percentage of revenues generated through fees-for service. Strong business models are supported by treating the nonprofit as the client, not the funder. Strategies for ensuring quality control are also critical.

Field-Building Organizations: Focus on MSO Leadership Development, Business Planning and Evaluation Tools

There are numerous roles that field building can play to help increase the effectiveness of MSOs. Specifically, field-building organizations can:

- provide more leadership development opportunities for MSO leaders, such as running an institute for emerging



- leaders and creating mentoring programs;
- offer “nuts and bolts” business planning tools for MSOs, such as a business planning guide that describes the typical lifecycle stages of an MSO, explicates business and revenue models, and explains how to set prices and establish billing and cost accounting systems;
- create an organizational assessment instrument that is research-based and customized for MSOs;
- enhance tools and systems for evaluating MSO work that are standardized, and disseminated widely;
- help MSOs communicate their value to clients and funders;
- spread knowledge of innovative practices; and,
- provide funder education and outreach.

Researchers:

Concentrate on Adaptive Capacity and Readiness Factors

There are numerous theories to test, models to refine, outcomes to demonstrate, and ideas to explore. Researchers can play a pivotal role in advancing the capacity building field by conducting research that:

- examines what works, what doesn't, and under what circumstances, with respect to adaptive capacity building;
- identifies the factors that make an organization “ready” to receive different types and levels of capacity building assistance;
- analyzes the effectiveness of coaching for building each of the four core capacities;
- identifies the appropriate balance between percentage of MSO revenues generated through fees, the pricing structure, and serving many groups in the nonprofit community;
- explores the impact of organizational culture on organizational effectiveness, and the impact of capacity building efforts on organizational culture; and
- examines the relative impact of capacity building that is funder-driven, versus that which is client-driven.



A Final Word

During the past decade, the practice of nonprofit management and governance assistance has become more sophisticated, diverse and comprehensive. But the nature of this work is still evolving and expanding, as are the demands on nonprofits to become ever more effective in service delivery. In order to stay on top of their field, professionals who provide capacity building services to nonprofits, as well as field-building organizations, must strive constantly to strengthen their internal capacity while improving the quality of the services they offer. Grantmakers and researchers can play a key role as enablers to foster the further development of professionals and organizations by providing funding and knowledge.

This executive summary provides a basic framework to explore a range of options for key players in the field of nonprofit capacity building. The complete study on which this publication is based contains comprehensive data, analysis, ideas, and recommendations. To read it, go to www.consco.com/pdfs/buildingthecapacityofcapacitybuilders.pdf.

We hope that the research findings in this study provide valuable tools to enable capacity builders, funders and researchers to work together more effectively so that nonprofit organizations can better serve their clients.

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- **Barbara Kibbe**, formerly of The David and Lucile Packard Foundation
- **Carol Lukas**, Wilder Center for Communities
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- **Ruth Norris**, formerly of the David and Lucile Packard Foundation

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THE CONSERVATION COMPANY

What We Do and How We Do It

For twenty-five years, The Conservation Company has helped strengthen nonprofit organizations in fields as diverse as human services, education, arts and culture, health care, the environment, community development, and advocacy. We provide a full range of management consulting, organizational and program planning, and evaluation services to:

- Nonprofits
- Philanthropies
- Corporate Citizenship Programs

Regardless of which sector a client is in, the relationships we build with them are governed by:

- a clear and engaging consulting process providing structure and predictability to our relationships
- rigorous application of our expertise and broad experience
- enthusiasm
- flexibility
- a commitment to get the job done right

We work in multidisciplinary teams to tailor solutions that meet the individual needs, circumstances and timetables of each client. Sometimes clients engage us for short-term research, problem solving or facilitation. Other times we provide comprehensive planning and evaluation assistance over a longer period or conduct other activities, including program evaluation, for one or more years. Frequently, we help clients manage and implement their work, and provide advice on an ongoing basis.

Our Work in Capacity Building

The firm has assisted a variety of funders to plan, implement, and evaluate capacity-building activities, including Microsoft, the William Penn Foundation, Sierra Health Foundation, the Mary Reynolds Babcock Foundation, The David and Lucile Packard Foundation, The James Irvine Foundation, the William and Flora Hewlett Foundation, The New York Community Trust, Pfizer Inc, The Ford Foundation, and The Robin Hood Foundation.

In addition, the firm has provided consulting services to a wide range of management support and field-building organizations including the Foundation Center, Eureka Communities, IT Resource Center, Arts & Business Council, and Management Consulting Services.

Our Services to Nonprofits

Today's nonprofit organizations face greater challenges than ever before -- increased competition for private support, shifting patterns of public funding and increased demand for services.

We help our clients candidly assess their strengths and weaknesses, take a step back from their daily work and think in new ways, and mobilize their resources to address critical issues. Our professional staff, which includes experts with "real life" experience working in the nonprofit sector, has crafted strategies that help organizations:

- operate more efficiently
- enjoy more productive board-staff relationships
- become better known in their communities and fields
- assess and evaluate the outcomes of programs
- improve and expand their programs and services
- generate more revenues from a wider base of support

Our Services to Grantmakers

Philanthropies of all kinds face enormous challenges in today's rapidly changing environment. We help funders of every size and stage of development improve their grant-making and organizational effectiveness. Among other things, our individually tailored programs enable our clients to:

- eliminate unproductive or redundant activity
- evolve the focus of their grant making
- enhance their name-recognition
- determine whether their activities are having desired impacts
- improve the quality of their services
- more quickly and accurately identify grantees

One Penn Center, Suite 1550
Philadelphia, PA 19103
215.568.0399 or 888.222.2281

50 East 42nd Street, 19th Floor
New York, NY 10017
212.949.0990 or 888.222.2283

875 North Michigan Ave, Suite 3930
Chicago, IL 60611
312.642.2249 or 888.222.0474

For more information about The Conservation Company, visit our Web site at: www.consco.com

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