

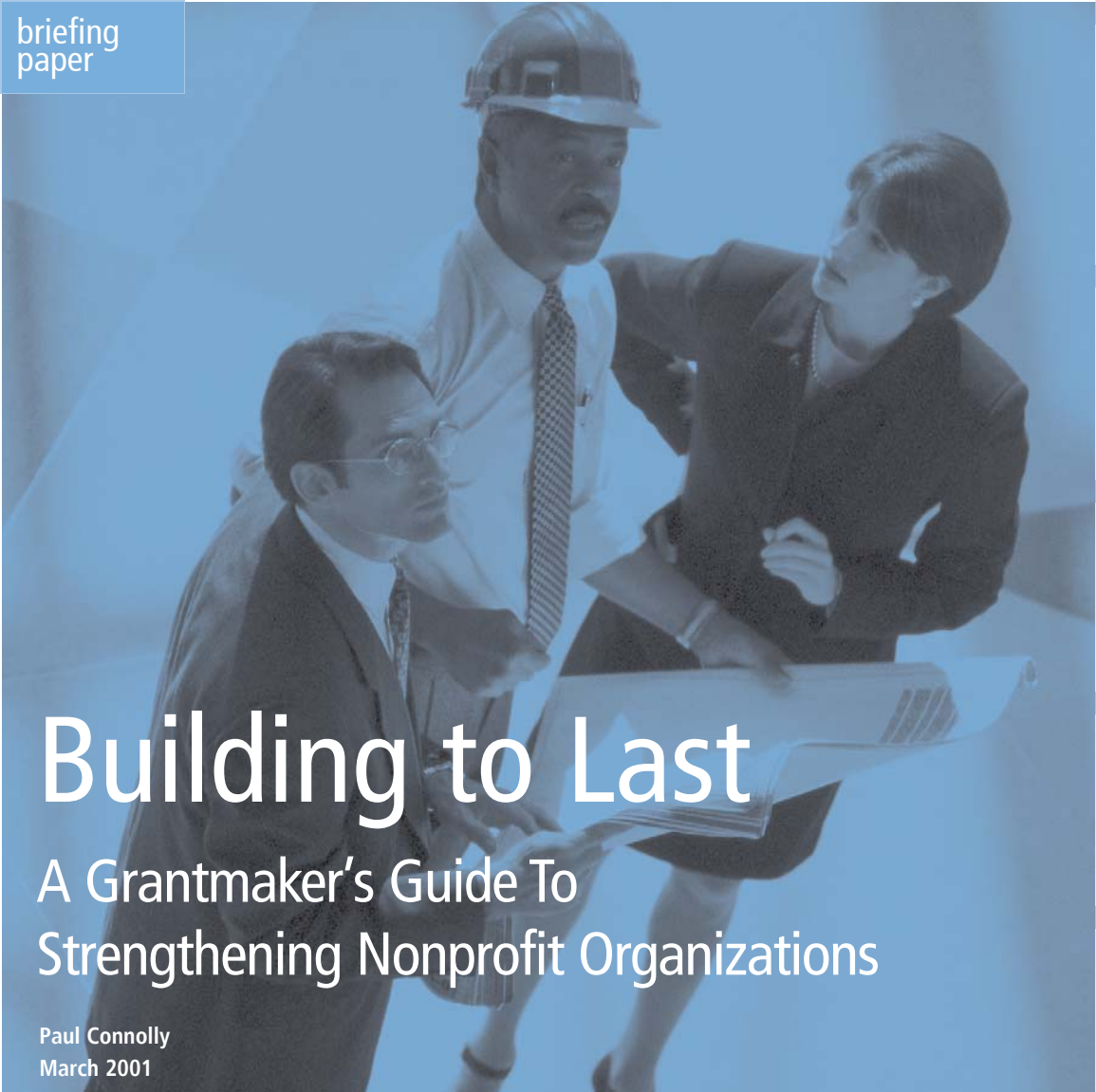
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Building to Last

A Grantmaker's Guide To Strengthening Nonprofit Organizations

Paul Connolly
March 2001

Today, as society relies more and more on nonprofit organizations to provide critical services, grantmakers and their nonprofit grantees share common concerns: how to make better use of limited resources in the face of growing need, and how to stay the course and reach established goals in a volatile, changing environment. Increasingly, grantmakers and nonprofits alike are turning to the same strategy to address these concerns: enhancing organizational effectiveness. "Let's start with an assumption, a belief, if you will: that a nonprofit organization is more likely to reach its programmatic goals if it is well managed," says Barbara Kibbe, Program Director, Organizational Effectiveness, at the David and Lucile Packard Foundation. "That assumption is the foundation of our Organizational Effectiveness Program." In recent years, that program has grown exponentially.

Although the Foundation has supported capacity building among its grantees since 1983, the budget for Organizational Effectiveness jumped from \$1.3 million in 1996 to \$12.3 million in 1999.

Many private and corporate funders have joined Packard in the effort to help build effective nonprofit organizations that have the capacity to manage and sustain high impact programs. The Foundation Center reports that in 1999, funders included in the Center's index awarded \$135,424,000 in grants specifically for technical assistance to nonprofit organizations, more than double the amount for these types of grants in 1989. (See chart on page 3.)

Trustees, donors, and regulators are demanding greater accountability from nonprofits financially and programmatically, resulting in increased attention on not only what nonprofits do, but also how they do it. A younger generation of philanthropists practices a more engaged style of grantmaking and expects a greater return on its investment. They too are demanding greater attention to organizational effectiveness.

Over the past several years, a critical mass of funders interested in organizational effectiveness has formed, leading to the emergence of a more sophisticated community of study and practice. Grantmakers for Effective Organizations, an affinity group formed only a few years ago, now has over 300 members. Other funder networks, including Grantmakers in Health, Grantmakers in the Arts, and regional associations, offer programs related to organizational capacity building. Why such widespread agreement on the need for organizational effectiveness? Many grantmakers

who invest in building the capacity of nonprofit organizations do so to enhance programs and performance and, ultimately, create more value. Growing numbers of funders clearly believe that investing in capacity building is an effective way to leverage the impact of their philanthropic resources. As Michael Porter and Mark Kramer explain in *Harvard Business Review*: "By helping grantees to improve their own capabilities, foundations can affect the social productivity of more resources than just their slice of the whole."¹ Simply put, effective organizations promise to get better results with available resources. And that is a promise worth pursuing for today's value-conscious grantmakers.

What makes an organization effective? According to Grantmakers for Effective Organizations, it is "the ability of an organization to fulfill its mission through a blend of sound management, strong governance, and a persistent rededication to achieving results." Although it is hard to define exactly what an "effective" organization looks like, most successful nonprofits share the following characteristics:

- a vital mission
- high-quality, well-regarded, relevant programs
- capable and motivated leadership, management, and staff
- clear communications and accountability
- a well-organized board with able and involved members
- efficient operations and strong management support systems
- solid finances, with reliable and diverse revenue streams

"Pew has always supported services, and that will continue to be our primary work. But now we've made additional resources available to help nonprofit organizations respond to the tremendous changes in their operating environment. It gives these agencies an opportunity to do some thoughtful planning and analysis, to improve their capacity. And to do these things without compromising programs while they shore up infrastructure."

—Frazierita Klasen,
Assistant Director for
Local Programs, Health
and Human Services
Program, Pew Charitable
Trusts

What is Capacity Building?

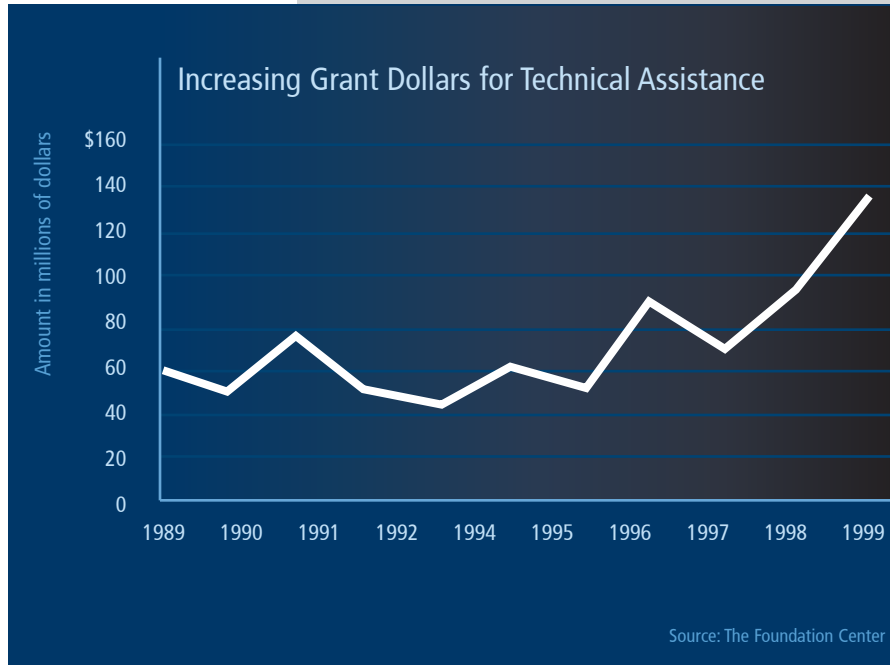
"Capacity building" refers to activities that strengthen an organization and help it better fulfill its mission. Capacity-building efforts include:

- referrals
- publications
- training
- convening
- peer exchanges
- one-on-one consulting
- new equipment and staff
- facility purchase and renovation

Capacity building can occur in virtually every aspect of an organization, including programs, management, operations, technology, human resources, governance, financial management, fund development, and communications.

For more than two decades, TCC Group (formerly The Conservation Company) has been helping nonprofits enhance their organizational effectiveness and assisting funders in planning and evaluating their capacity-building activities. We have learned a great deal from the way these groups have met the challenges they faced in achieving their goals. This paper highlights some of the most useful lessons we have learned about how to help develop effective nonprofit organizations.

Funders and Capacity Building: Then and Now



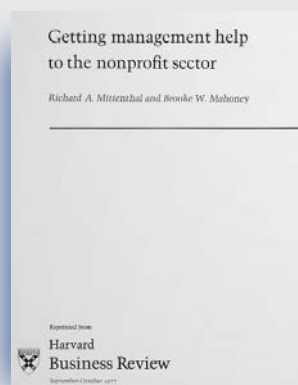
Although funders' interest in strengthening the capacity of nonprofit organizations is growing, it is not new. Pioneering organizations and individuals have long supported and promoted organizational effectiveness. For the last several decades, some local foundations in many parts of the country have earmarked grants for management and technical assistance for community-based groups. The Ford Foundation has invested in stabilizing arts organizations and strengthening community development organizations nationwide for the past 20 years.

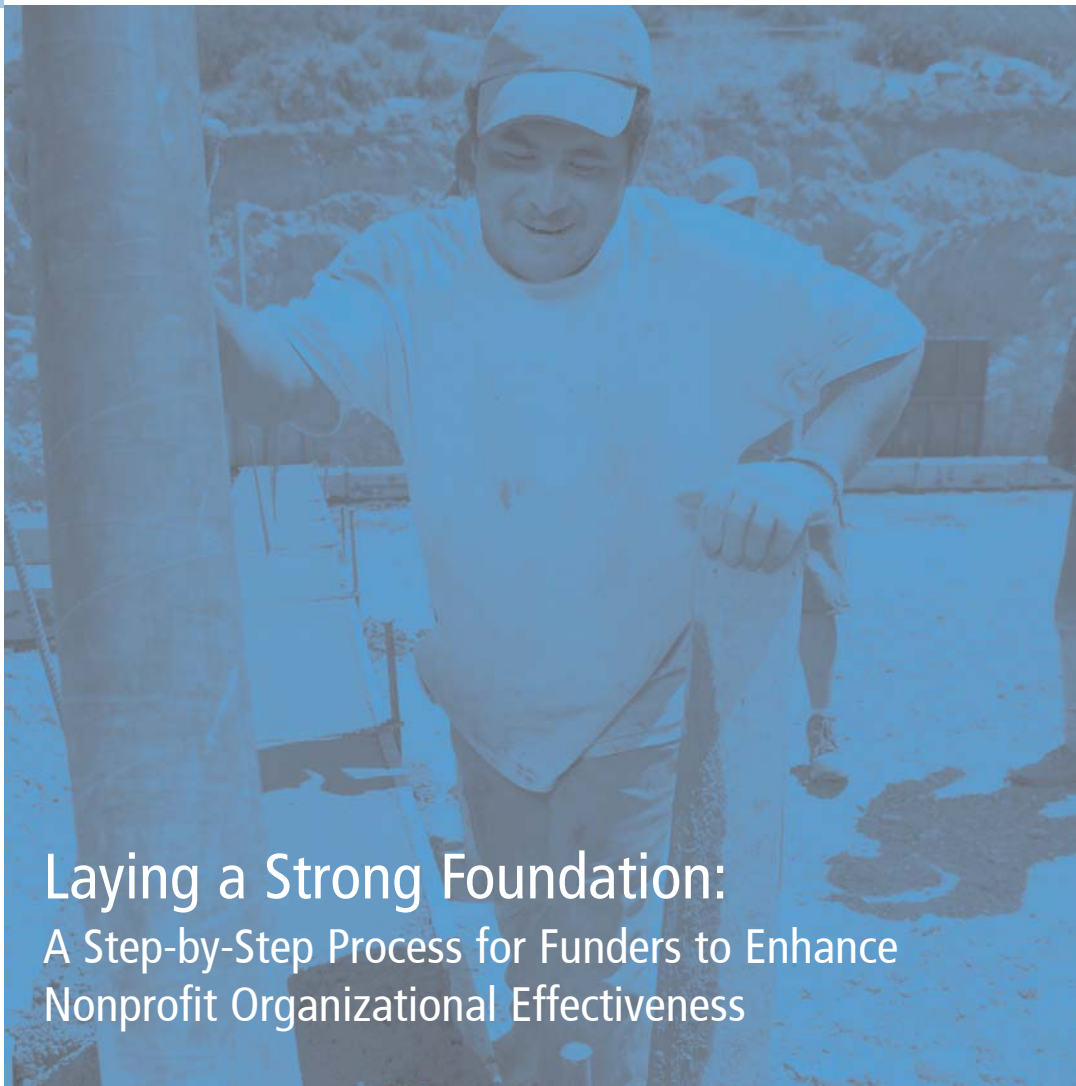
"The majority of large national foundations continue to limit funding to special programs and short-term projects, creating disincentives to good management, rather than supporting the organizational capacity building that nonprofits need. Many funders still believe that funding core organizational infrastructure diverts money from those who directly benefit from program services."

In 1977, Richard Mittenenthal, TCC Group's president, coauthored an article in the *Harvard Business Review* entitled "Getting Management Help to the Nonprofit Sector." The piece described how nonprofit organizations were more concerned about service delivery than management and explained that funders often overlooked "helping the recipients of their charitable dollars to manage themselves better."²

What has changed since the article was published? According to Mittenenthal, "Many of the fundamental challenges remain the same. Most nonprofits still do not pay enough attention to management concerns. The majority of large national foundations continue to limit funding to special programs and short-term projects, creating disincentives to good management, rather than supporting the organizational capacity building that nonprofits need. Many funders still believe that funding core organizational infrastructure diverts money from those who directly benefit from program services.

"Yet, there has been notable progress. The sector has professionalized as more nonprofit executives have received formal management training. Just look at the growing number of MBA and MPA programs that now include nonprofit-oriented courses. The number of capacity builders has increased, and their quality has improved. In addition, the approach to capacity building has broadened; it has grown from being mostly remedial and intervention-based to encompassing organizational systems, skill transference, and continuous learning. And more and more, funders are not only investing in organizational effectiveness but also dedicating resources to evaluating the results of those investments."





Laying a Strong Foundation: A Step-by-Step Process for Funders to Enhance Nonprofit Organizational Effectiveness

The starting point for you, the funder, is to acknowledge that building capacity is building for the future. The work must be sound, beginning with the foundation. It is best to start with a solid plan that stems from your funding organization's mission, then proceed, step-by-step, toward goals based on both internal strengths and external necessities.

Step 1: Assess Community and Organizational Needs

What are the organizational needs of nonprofits in your community and how are they being met? (See list in sidebar to the right.) To answer those questions, you must first define what "community" means to your funding organization: current grant recipients, organizations working in a specific field or a geographic area?

The New York Community Trust and United Way of New York City retained TCC Group in 1993 to survey nonprofit organizations in New York City and determine their management assistance needs. This study revealed that fundraising, marketing, and strategic planning were the most pressing issues.³

When diagnosing organizational problems, keep in mind that nonprofit organizations are complex

systems. A symptom may be caused by an underlying difficulty. For instance, an executive director may believe that fundraising is the area where her organization needs the most help, but board development is actually the essential issue that needs attention.

Develop a holistic and flexible approach to providing assistance. Always try to remember that needs vary according to stages of organizational development and make sure you assess context as well. Are other funders addressing some of the needs in the same community? Are there gaps in assistance? Are specific trends – for instance, in public policy, the real estate market, or technology – creating new management assistance needs?

Step 2: Acknowledge Your Foundation's Values

A foundation's core principles and operating style will help shape how it wants to allocate resources to encourage organizational effectiveness. For example, if your foundation's trustees want to encourage financial self-sufficiency, then you might choose to concentrate on supporting the development of earned income ventures among grantees. If your foundation's mission promotes achievement of certain outcomes, you may want to

Organizational Needs

Some areas where nonprofits may need help:

- evaluation
- fund development
- organizational development
- organizational assessment and development
- business planning for revenue-generating activities
- legal issues
- governance
- program design and development
- facility planning
- marketing and communications
- human resource management and training
- strategic planning
- financial management
- leadership development
- operations
- technology and information systems

help grantees increase their capacity to evaluate programs and track results.

Step 3: Determine Available Resources

Funders have varying levels of financial resources to commit to supporting organizational effectiveness. After determining your budget, figure out the best strategy for allocating your resources. Sometimes concentrating on one or two highly focused strategies is the best way to maximize impact.

Intellectual capital is another critical resource available to funders. Take advantage of the knowledge other funders and capacity builders have gained. Find out if there are existing models for the approach you are considering.

Step 4: Set Your Goals and Objectives

Because capacity building is such a broad area, capacity-building initiatives can have a broad range of goals. The Community Foundation of Santa Cruz's Management Assistance Project, for example, aims to "support and strengthen the management skills and practices of local nonprofit staff and board leaders, and to provide opportunities for ongoing learning and improvement."

Set specific and measurable objectives based on your goals. This lays the groundwork for evaluating the success of your effort. As your work proceeds, you will be able to monitor whether objectives are being achieved and revise them if necessary. For example, one of the objectives of the Learning Circles Project, which was managed by InnoNet and funded by the Fannie Mae Foundation, was to "increase skills to create a program plan, an evaluation plan, and a fundraising plan among ten participant organizations through training sessions, peer-to-peer interaction, and one-on-one assistance."

Step 5: Select Strategies

There is a wide range of methods that funders can use to support nonprofit organizational effectiveness. (These are described in detail on pages 6 and 7, "Tools to Build Organizational Effectiveness.") While some approaches are geared toward providing direct assistance to nonprofit organizations, others focus on supporting capacity builders, intermediaries, researchers, and educators, who in turn provide benefits to nonprofits. Most of the



methods involve providing financial resources through grants and loans, but a funder can also provide direct management assistance.

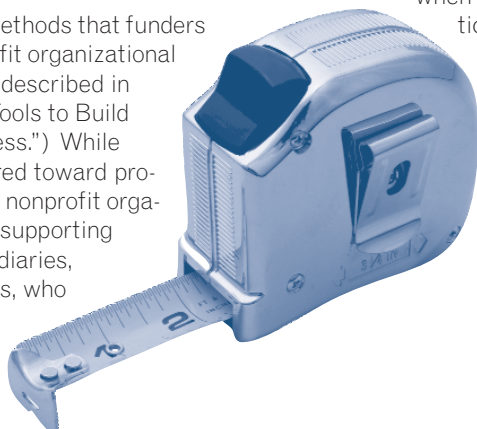
Select an approach based on your objectives, resources, values, and operating style, as well as on organizational and community capacities and needs. You do not have to choose just one method; frequently, a combined approach is the best course of action.

Step 6: Evaluate Your Efforts

Evaluation is an important management tool for grantmakers. Assessment findings can help a funder decide whether to devote more or fewer resources to a particular grantee or initiative and also enable grant recipients to learn from their efforts and make improvements. By sharing evaluation results, funders can help others in the field benefit from their experience.

For example, the Corporation for Supportive Housing evaluated its capacity-building program for a group of organizations by measuring baseline indicators for organizational health and then tracking their progress in reaching performance benchmarks over time. The evaluator found that the participating nonprofits used strategic plans more, became fiscally stronger, and improved their administrative systems. The evaluation also discovered that peer-to-peer exchanges were an especially effective management assistance strategy for the participants.⁴

Funders should be willing to pay for evaluations when asking grant recipients to participate in them. Consider retaining an external evaluator who can offer an objective perspective. (See "Setting Up a Solid Framework: The Challenge of Evaluating Capacity-Building Efforts" on page 8.)



Tools to Build Organizational Effectiveness

Nonprofit Program Grants That Promote Organizational Effectiveness

You do not have to create a special program to support organizational effectiveness. In fact, you may get better results by integrating capacity building into the regular grantmaking process. To that end, you might fund management assistance as a component of a grant; liberalize rules on indirect costs; include matching requirements; and award multi-year grants to increase organizations' ability to plan and implement program initiatives. The Environmental Support Center, based in Washington, D.C., has produced guidelines for environmental grantmakers on how to take organizational issues into account throughout the entire grantmaking process.

General Operating Support Grants Some philanthropies believe that judicious funding for general operations is a critical driver for organizational effectiveness. The William and Flora Hewlett Foundation dedicates about half of its arts funding to providing support for general operations and typically makes three-year operating support grants.⁵ Christopher F. Edley, former president of the United Negro College Fund, notes that grantmakers who provide support for programs without funding general operations "insist on feeding us caviar when our schools are starving for rent and bread and water."⁶

Grants to Nonprofits Specifically to Increase Organizational Effectiveness More funders are awarding targeted grants to nonprofit organizations to support particular activities aimed at building organizational infrastructure, such as strategic planning, board development, or staff training. Funding such activities typically complement, rather than replace, program grants. The Philadelphia-based Independence Foundation

provided funding to Project Salud, a nurse-managed primary health care clinic, to enlist the help of TCC Group to assess its options and plan for the future. Marjorie Buchannan, former Senior Program Officer, describes the dilemma faced by the clinic. "Project Salud has a long history of doing wonderful things. But this clinic, effective as it was in providing health care, was not well positioned to take advantage of the reimbursement mechanisms of today's

health care market. So Project Salud needed to come up with a plan if they were going to survive." Executive Director Anita O'Conner comments on the plan's usefulness: "The plan is good for many reasons, but first it is good because it is based on our assets. It gives us a better chance, and something more. It gives us hope that we can continue to serve this community from a position of strength."

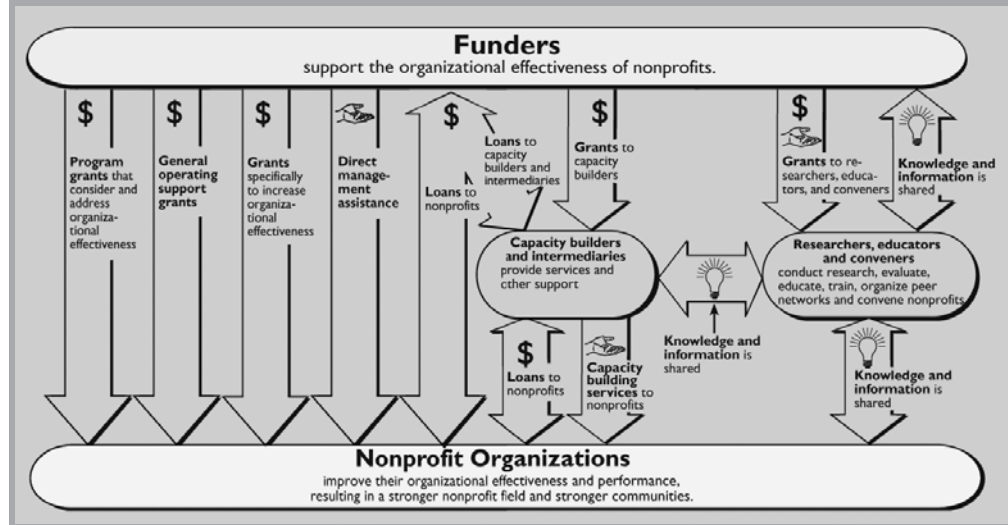
Loans to Nonprofits and Intermediaries You can extend financial support to nonprofit organizations by lending money for cash flow, working capital, social purpose business ventures, and capital projects. Usually, you would make loans and program-related investments at below-market rates to nonprofits directly or through such intermediaries as the Nonprofit Finance Fund. In this way, you can stretch your resources without depleting them.

By lending money to nonprofits, you can help them gain access to capital, improve their financial position, and institute healthy financial practices. Some foundations, such as the Connecticut-based Hartford Foundation for Public Giving, make working capital loans to provide nonprofits with unrestricted, flexible cash to enable them to grow.

Support to Capacity Builders and Intermediaries

You can enhance nonprofit organizational effectiveness by supporting groups that provide management assistance to nonprofits. These capacity builders include nonprofit management assistance and training providers, independent consultants, and private consulting firms.⁷ You can also fund intermediaries – such as National Arts Stabilization, Corporation for Supportive Housing, and Local Initiatives Support

Many Tools for One Job: Building Nonprofit Organizational Effectiveness



Corporation – to provide management support to nonprofits in a particular sub-sector. There are many ways to support capacity builders and intermediaries: make referrals or establish contracting relationships with them, subsidize the provision of their discounted services, and strengthen their organizational capacity.

As reliance on capacity builders increases, funders have begun asking: “How can we build the capacity of the capacity builders?” A 2000 study of the capacity-building field by the Human Interaction Research Institute for the John S. and James L. Knight Foundation revealed that many providers duplicated services and were only marginally effective. The report anticipates a shake-out in the field and predicts that providers offering evaluation-based and theory-driven services are most likely to survive.⁸ The Clark Foundation is currently supporting efforts to enhance the consulting and training skills of management assistance providers in New York.

Grants to Conveners, Educators, and Researchers

There are many ways you can help build the skills of nonprofit leaders. You can create opportunities for them to candidly discuss shared concerns and learn from one another. In 1980, The Meadows Foundation helped establish The Center for Nonprofit Management in Dallas, Texas, which provides meeting space where nonprofit managers can talk confidentially. Other funders, such as The Mary Reynolds Babcock Foundation, support learning circles and peer exchanges that facilitate active learning and skill building.⁹

You can also fund the education of nonprofit managers. Citigroup, along with a number of other funders, has supported the Local Initiatives Support Corporation’s Capacity-Building Program in New York, which began in the early 1990s. This program has enabled community development corporation (CDC) leaders to receive training at Columbia University’s Institute for Not-for-Profit Management. The institute’s director, Lori Roth, explains why this effort has been effective: “Many CDCs started off as neighborhood visionaries with few resources. But now,

many of these groups have a staff of over a hundred and manage hundreds of units of housing. To keep their operations running, leadership and advanced business skills are critical.”¹⁰

In addition, you can support rigorous empirical research on nonprofit organizational issues, including the effectiveness of specific types of capacity-building efforts. Such research can help answer hard questions, such as “What types of management assistance are most suitable for small, community-based groups?” or “How should the next generation of nonprofit leadership be cultivated?” This research should be practical and the results should be disseminated.

Direct Management Assistance You might want to join a small but growing group of funders who provide management assistance directly to nonprofits. Some venture philanthropists, like The Entrepreneurs Foundation in Silicon Valley, go so far as to place foundation representatives on grantee boards.

Another engaged grantmaker, the Robin Hood Foundation, provides “one-stop shopping” for management and technical assistance. Robin Hood uses both foundation staff, most of whom have backgrounds in management consulting, and outside consultants, including TCC Group, to provide strategic planning assistance to grant recipients. According to Deputy Director Lisa Smith, “We have believed in and supported strategic planning since our founding. Most of our grant recipients are chronically under-resourced and operate in a crisis mode. Without planning, their work becomes reactive rather than proactive; they get done whatever crosses their desk that day. Planning helps keep organizations focused and on-mission.”

Some Constructive Advice

The work of building effective nonprofit organizations is difficult, complex, demanding – and rewarding. There is no single right way to do it. But there are some general guidelines for funders,

es more power than a grant recipient, some capacity builders or nonprofits, fearing a possible loss of funding, may follow a grantmaker's unwise advice, with damaging results.

summarized here, that may make your efforts more effective, no matter which way you choose to promote organizational effectiveness.

First, Do No Harm Recognize the imbalance of power between the funder, capacity builder, and nonprofit. Be cautious about giving management advice and avoid being overly intrusive. A meddling grantmaker can sometimes worsen an organization's situation. Since a funder seemingly possess-

Setting Up a Solid Framework: The Challenge of Evaluating Capacity-Building Efforts

BY PETER YORK

Common sense tells us that a well-run organization will be more likely than an ineffective organization to operate productive programs, meet its goals, and survive unfavorable changes in its external environment. But precisely what effect do capacity-building activities have on organizational functioning? And how do capacity-building efforts affect the provision of services or, most important, the lives of people who depend on those services? These are difficult questions, but it is important to try to answer them. The best way to do that is through evaluation.

The most important determination is whether the grant or assistance made a difference. Rigorous evaluations designed to go beyond distributing client-satisfaction surveys and documenting services delivered are most likely to provide the needed information. Among the first steps in assessing the relationship between capacity-building efforts and organizational and programmatic effectiveness is examining the implicit assumptions underpinning the relationship and making them explicit. In other words, evaluators must spell out how organizational capacities directly contribute to the effective delivery of programs and services and, consequently, to achieve intended outcomes for clients.

How, for instance, will strategic planning, fundraising, or board development enhance the delivery of particular services? And how do the resulting service improvements benefit recipients more than if a strategic plan did not exist, fundraising efforts were weak, or the board was ineffective? By charting the rela-

tionship among organizational capacity, programs, and desired client out-comes, funders and nonprofits can develop a theoretical framework that can form the basis for a comprehensive evaluation plan.

A case in point: since 1999, TCC Group has evaluated Strategic Solutions, a multi-year effort supported by the James Irvine Foundation, David and Lucile Packard Foundation, and William and Flora Hewlett Foundation. The initiative aims to influence the nonprofit sector's perception, understanding, and use of strategic restructuring, a model for developing partnerships among nonprofit organizations, ranging from joint ventures and back-office consolidations to mergers. Through this program, La Piana Associates was awarded grant support to provide consulting assistance and training services, conduct research, and disseminate information. TCC Group began its evaluation by helping the funders document the assumptions and a theoretical framework for the program (see exhibit below). Once this logic model was developed, the evaluation team was able to design methods to assess inputs, strategies, short-term outcomes, and long-term outcomes. Martha Campbell, director of evaluation and program director at the James Irvine Foundation, comments on the benefits of this process: "The logic model made the underlying program rationale and program goals more explicit and shared across the funding partners and grantee. It also provided a framework for dialogue about the evaluation findings and ways to improve the program design over time."

Keep in mind that external evaluations, especially those driven



Resources:

READINGS ON ENHANCING NONPROFIT ORGANIZATIONAL EFFECTIVENESS

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Wahl, E., M. Cahill, and N. Fruchter. *Building Capacity: A Review of Technical Assistance Strategies*. (New York: Institute for Education and Social Policy, New York University, 1998).

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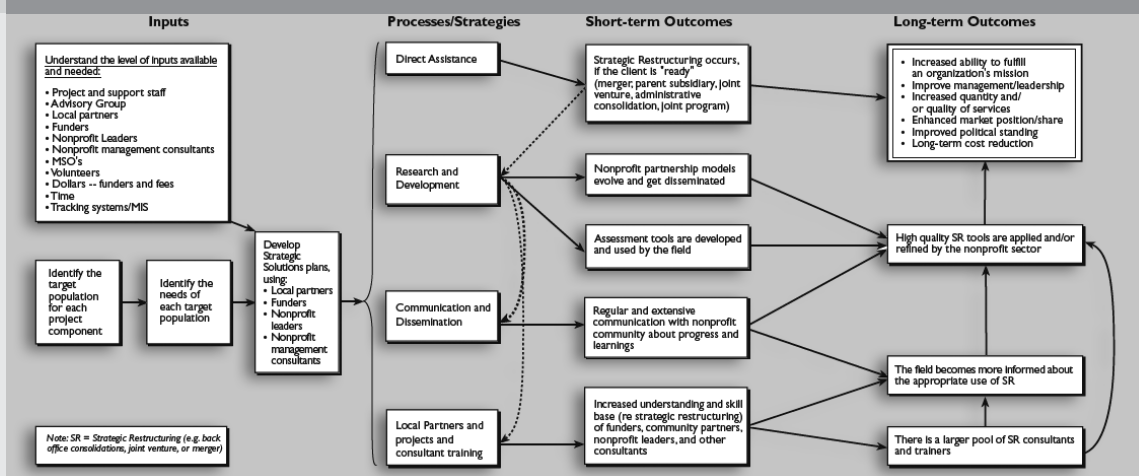
Develop Clear Expectations Regarding Confidentiality and Communication Funders, capacity builders, and nonprofit organizations frequently become engaged in a triangular relationship. (See exhibit on page 10 for a depiction of the dynamics of this interaction.) This occurs when a funder supports a capacity builder to assist nonprofits, has a capacity builder on retainer to provide services, or supports a nonprofit in purchasing the services of a management assistance provider.

You must strike the right balance of confidentiality and openness appropriate to each of the three sides in this partnership, respecting boundaries while encouraging communication. Information is power, and it must be distributed judiciously to keep these delicate relationships functioning well. The nonprofit and capacity builder need to trust each other, exchange information freely, and

establish clear expectations about confidentiality. To improve its management and governance, a nonprofit often must "air its dirty laundry" to assistance providers. This leaves the nonprofit vulnerable. The capacity builder must respect this vulnerability in accounting to the funder. In some cases, client activities should be reported in a restricted or summary form, providing relevant material about organizational needs, capacity-building services, and outcomes, without revealing privileged information.

Remember that One Size Does Not Fit All You should tailor management assistance to organizational need. Nonprofits at different stages of organizational development need different types of help. Although some nonprofits can benefit from strategic planning, others may not need or be ready for it. Context matters: when an organization is in crisis, for example, an outside consul-

Strategic Solution's Overarching Theory of Change



by funders, may prove threatening to grantees. Grant recipients may fear revealing information about sensitive organizational issues to a grantmaker. It is important for all parties — funder, capacity builder, evaluator, and grantee — to be in agreement about what information can be shared and with whom. Funders also need to encourage grantees to evaluate their capacity-building activities for their own planning purposes, allowing grantmakers to at least be informed of the process, as appropriate. Once grantees see the value of evaluation in relation to fulfilling their missions, they will be more likely to institutionalize the evaluation process, thereby becoming true learning organizations.



Resources, continued

tant trying to conduct a visioning exercise may be the last thing it needs. Some nonprofit leaders learn best by reading or listening to an expert lecture, but others benefit most from one-on-one coaching and peer mentoring.

Be Patient and Flexible Organizational capacity building is a time consuming, long-term process. To succeed, you must be flexible, patient, and willing to take risks. After managing the DeWitt Wallace-Reader's Digest Management Initiative, a program through which a team of consultants provided management assistance to youth-serving organizations, the Fund for the City of New York advised nonprofit executives that "hiring a consultant means that the leaders and managers will have more, not less, work to do."¹¹

Make sure everyone involved in your capacity-building program understands that change takes lots of time and hard work. As the evaluator of the James Irvine Foundation's project to enhance the effectiveness of employment and training organizations pointed out, "The importance of investing time in conveying the project's value and being explicit about the work involved should not be underestimated."¹²

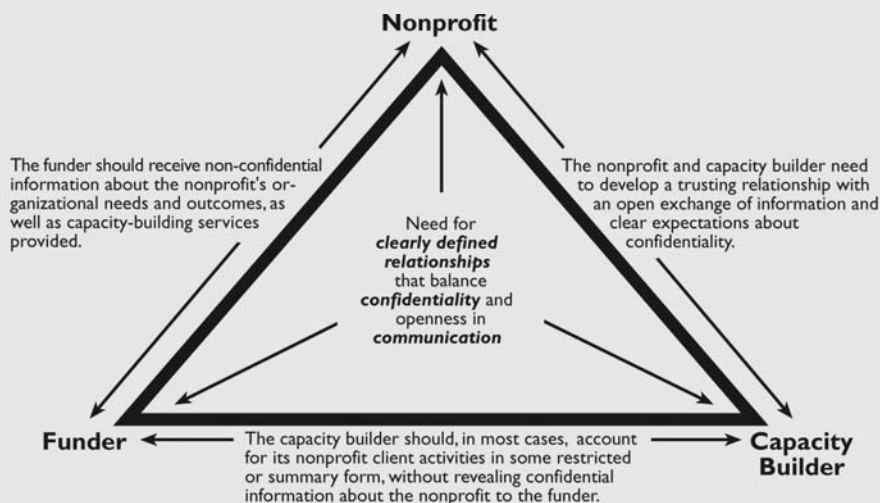
Coordinate Efforts with Other Funders Before embarking upon a new capacity-building initia-

tive, learn about existing models and services. Why reinvent the wheel or pursue a strategy that has proven ineffective? Organizations such as Grantmakers for Effective Organizations and the Alliance for Nonprofit Management are helping to establish clearing-houses for ideas related to organizational effectiveness. Take advantage of these resources. (See "Resources" on pages 9, 10 and 11.)

Consider collaborating with other funders on your effort. Do not forget to coordinate your work with government agencies, many of which support management assistance for their nonprofit contractors and grantees.

Keep the Focus on Mission Effective management and governance are means for nonprofit organizations to achieve their missions and visions; they are not ends in themselves. An excessive focus on professionalism and business models can bury idealism. As William Ryan, a Fellow at Harvard's Hauser Center for Nonprofit Organizations, cautions, "There is a growing discomfort by many within the sector that a corporate ideology of 'managerialism' is threatening to displace the values and passion that nonprofits aspire to."¹³

A Delicate Balance: The Relationship of Funder, Capacity Builder, and Nonprofit



The illustration above depicts the relationship between the funder, capacity builder, and nonprofit when a funder supports either a capacity builder directly or a nonprofit's purchase of the services of a capacity builder. The dynamics of the relationships shift when a funder provides management assistance directly to a nonprofit or has a capacity builder on retainer to provide services to a nonprofit.

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Resources, continued

NATIONAL ORGANIZATIONS

Alliance for Nonprofit Management. 1899 L Street NW, 6th Floor, Washington, D.C. 20036. (202) 955-8406. www.allianceonline.org

The Aspen Institute Nonprofit Sector Research Fund. One Dupont Circle NW, Suite 700, Washington, DC 20036. (202) 736-5800. www.nonprofitresearch.org

Grantmakers for Effective Organizations. 1413 K Street, NW, 2nd floor, Washington, DC 20005. (202) 898-1840. www.geofunders.org

National Center for Nonprofit Boards. 1828 L Street NW, Suite 900, Washington, D.C. 20036-5104. (202) 452-6262. www.ncnb.org

National Council of Nonprofit Associations. 1900 L Street NW, Suite 605, Washington, D.C. 20036-5024. (202) 467-6262. www.ncna.org

A Final Word

Today, nonprofit organizations are being asked to respond to growing needs with limited resources. They are expected to remain steadfast in their missions and meet ever-higher standards of performance in a rapidly changing environment.

We rely more and more on nonprofit organizations to reach our common goals. Their work is critical. Grantmakers must help them acquire the tools they need to do it well. And enhancing organizational effectiveness is one of the most promising strategies available. By helping to build the capacity of nonprofits, funders can help build strong organizations that will continue to meet the vital needs of our society well into the future.

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Notes

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⁴ Nye, Nancy, "Sustainable Strength: An Interim Report of the Corporation for Supportive Housing's Capacity Building Program Evaluation" (Corporation for Supportive Housing, December 1998).

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⁶ Seltzer, Michael, and Michael Cunningham, "General Operating Support vs. Project Support, a 75-Year-Old Debate Revisited" (January 1990).

⁷ The Alliance for Nonprofit Management serves as an association for capacity builders.

⁸ Backer, Thomas, "Strengthening Nonprofits: Capacity-Building and Philanthropy" (Human Interaction Research Institute, March 2000).

⁹ Dobrowolski, Tania, "Learning Communities - The Wave of the Future," *The Nonprofit Quarterly*, vol. 5, num. 4, Winter 1999 (Third Sector New England, 1999), pp. 30-37.

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TCC Group

About TCC Group

For over 26 years, TCC has provided strategic planning, program development, evaluation and management consulting services to nonprofit organizations, foundations, corporate community involvement programs and government agencies. During this time, the firm has developed substantive knowledge and expertise in fields as diverse as community and economic development, human services, children and family issues, education, health care, the environment, and the arts.

From offices in New York, Philadelphia, and Chicago, the firm works with clients nationally and, increasingly, globally. Our services include strategic planning, organizational assessment and development, feasibility studies, program evaluation and development, governance planning, restructuring and repositioning, as well as grant program design, evaluation, and facilitation.

Our Work in Capacity Building

The firm has assisted a variety of funders to plan, implement, and evaluate capacity-building activities, including The Ford Foundation, Rapides Foundation, Deaconess Foundation, UBS Paine Webber, The David and Lucile Packard Foundation, The James Irvine Foundation, the William and Flora Hewlett Foundation, The New York Community Trust, Medical Health Research Association, Pfizer, Inc., and The Robin Hood Foundation.

Grantmaking Services Include:

Assessing Needs

Regardless of the field, the pace of change in the external environment has become more rapid and funders need to evaluate how their needs are shifting to ensure that their grants have the maximum possible impact. TCC helps grantmakers assess the needs in their interest areas by examining the state of the field, determining where the needs are greatest, and identifying gaps that are not being filled by other philanthropies.

Devising Grantmaking Strategies

Based on an assessment of needs and consideration of the grantmaker's goals and resources, TCC will help to develop creative and results-oriented strategies and plans for awarding grants. We enable funders to make the best use of available resources by adopting a more strategic approach to grantmaking. We help grantmakers set goals, select areas of concentration, determine the types of potential grant recipients, and create budgets for operational costs and grant allocations. In addition, we help

funders enhance their impact through the use of various tools such as capacity-building and communications.

Soliciting, Reviewing, and Recommending Proposals

TCC Group often helps write a Request for Proposals (RFP) which lays out the goals for a grantmaking initiative and the kinds of organizations most suitable for funding. The RFP usually includes a potential proposal outline and application form. We talk with knowledgeable people about appropriate possible funding recipients, compile mailing lists, and distribute the RFP. Once proposals are submitted, TCC reviews them, makes a first cut, checks references, and performs all the necessary "due diligence" before making recommendations for funding.

Managing, Monitoring, and Evaluating Grants

After the funder has awarded the grants, we help manage the grants by creating grant agreements, reviewing progress reports, meeting with grant recipients, and monitoring their activities. During or after a grant period, we can evaluate funded projects and programs on behalf of a funder in order to assess the process, identify outcomes, and determine lessons that can benefit the field and be applied to future grantmaking.

Grants Management

TCC Group handles all administrative, programmatic, and financial work for foundations. This includes outreach to grantees and potential applicants, maintaining all permanent records, reviewing proposals and preparing summary write-ups for the Board, managing the grant and decline process, handling day-to-day inquiries to the foundation, developing and maintaining proposal/grants databases with historical records, bookkeeping, attending Board meetings and preparing dockets and minutes. The firm also serves as a liaison with each foundation's accountant, investment manager, lawyer, and other outside professionals as necessary.

Designing and Managing Long-term Capacity Building Initiatives

Increasingly, TCC is designing and managing long-term capacity building initiatives for funders to strengthen the performance of a cohort of grantees. These initiatives usually include both grant support and management assistance. TCC Group often serves as an intermediary for a funder and works directly with nonprofit grantees to help assess and address their capacity-building needs.

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