

How Will We Know if Our Capacity-Building Support is Working?

One of the biggest barriers to supporting capacity building is knowing how to tell if the support we give is having the desired impact. It can be difficult to measure improvements in organizational capacity and even more difficult to make the connection between capacity improvements and organizational outcomes. So how do we know if our capacity-building efforts are making a difference? This piece offers four tips to guide thinking about assessing and evaluating capacity-building support.

Just as capacity-building support should be tailored to meet the unique needs of individual grantees, there is no one-size-fits-all approach to evaluating capacity building. GEO members have taken a range of approaches to assessing the impact of capacity-building funding. Looking across these experiences, four recommendations stand out:

1. Start with baseline information.

Many grantmakers use organizational assessment tools to identify and discuss grantee capacity needs, both within nonprofit organizations and with funders. A variety of assessment tools are available; one of the more popular tools is [TCC Group's Core Capacity Assessment Tool \(CCAT\)](#). These tools often require an entire leadership team — senior staff and board — to complete the assessment in order to be more comprehensive.

Many grantmakers and nonprofit leaders find the results of these useful in providing new insights that the leaders themselves may not have recognized, both in terms of areas that need work and areas that may not require investment. Often, working with a third party to conduct the assessment helps ensure transparency and buy-in. As one nonprofit leader put it, “The assessment produces good self-reflection time and helps you see what should be a priority. Also, boards will listen to that third party before they’ll listen to the CEO. You need that validity from outside before you can move forward as an organization.” However, these tools do require time and money. Some nonprofit leaders GEO spoke to in listening sessions described assessment tools as another hoop to jump through in order to receive funding. It is important to make sure the assessment process is a useful learning experience for the nonprofit as well as for the grantmaker.

Other grantmakers use less formal ways to get a sense of capacity challenges, such as simple surveys. While these methods will definitely be less of a burden on the grantee, they are less comprehensive than assessment tools.

2. Set goals and clarify expectations.

Once the grantmaker and nonprofit have an understanding of current capacity strengths and challenges, it is possible to set goals for capacity-building support. Questions that participants may ask themselves include: What capacity improvements do we hope to see as a result of this funding? What organizational outcomes will this contribute to? For example, funding to support a new contact management system and training for development staff could contribute to a new revenue stream for the organization. Funding to support branding and messaging work could help raise the organization's profile and contribute to a boost in clients and funding.

The nonprofit's organizational lifecycle stage is an important consideration in setting expectations. Start-up organizations have different expectations of what they can do with capacity-building support than more mature organizations.

It is also important to be realistic about what the funding provided can actually achieve. For example, in making the link between capacity investments and organizational outcomes, capacity-building support is a significant factor contributing to success, but likely not the sole factor. Also, funders need to set realistic timeframes for outcomes commensurate with the funding provided. The majority of grants are still one year. Funders are unlikely to see major capacity transformations in an organization within a 12-month period.

When setting goals, many grantmakers struggle with how prescriptive vs. reactive to be with capacity building support. For grantmakers with knowledge and experience in capacity building, a blended approach can work well. It is important for nonprofits to have buy-in and ownership of the goals or else change is unlikely to happen. At the same time, grantmakers experienced in providing capacity-building support have helpful knowledge and instincts to share.

“Over the years, we’ve observed many of the same issues affect a variety of the nonprofits we’ve funded,” said Lynn Coriano, deputy director at Social Venture Partners Seattle, which has provided capacity-building support for more than 15 years. “We’ve learned a lot about what works well and what doesn’t. This has helped shed some new light on how we could approach our

capacity-building work. For example, instead of being completely responsive to what a nonprofit requests, we may combine that with requiring one or two projects that focus on a certain capacity-building area — one where we’ve seen nonprofits struggle again and again. We may look to prioritize succession planning, board governance, financial management, and/or business planning more proactively — recognizing how much these particular areas can influence organizational health in the long term.”

3. Have honest conversations for maximum learning and sharing.

Capacity building requires trust, which takes time to develop. The nonprofit leaders GEO spoke to in listening sessions discussed the challenges of and opportunities for communicating their capacity-building needs with funders. “It’s hard for any leader to say, ‘These are our deficits,’” one nonprofit leader said. “To share that internally is hard; to share that with someone who’s not in the family is painful. But you need to have one funder with whom you can share your secrets. Otherwise it’s just smoke and mirrors.”

One nonprofit leader shared a story of a successful relationship with grantmaker who provided a capacity-building grant to purchase a new membership database. The original goal was for the grant to contribute to a significant increase in membership revenues within 12 months. However, the work was more complicated and time consuming than anticipated. According to the executive director, they were able to have an honest conversation with the funder about what happened, why the original goal was not met and what else the organization had accomplished during that time frame.

As this example illustrates, accessibility and flexibility are key in establishing trust between grantmaker and grantee. Another important consideration is confidentiality. Grantmakers need to be clear with grantees about what information will be kept confidential with the funder, or, if working with a third-party consultant, what information the grantmaker will not receive.

4. Make evaluation a two-way street.

Assessing the impact of capacity-building support is not an exercise of putting our grantees under the microscope. Grantmakers should ask for feedback on our approach and take the time to reflect on our overall strategy for capacity building. Questions to ask grantees at the end of a capacity-building grant include the following:

- What worked well with this grant? What could have gone better?
- What difference did this support make to your organization?

- What unexpected challenges did you face in this work?
- How could we as your funder provide better support?

Additionally, grantmakers should periodically assess the overall impact of our capacity-building portfolios to assess whether our work is having the desired impact and also to identify possible improvements.

Lessons Learned from One Capacity-Building Funder

The [Deaconess Foundation](#) is one of a number of members GEO has learned from over the years. Through its Impact Partnership program, the Deaconess Foundation has provided intensive, multiyear capacity-building support to more than 20 youth-serving nonprofit organizations in the Greater St. Louis region. [TCC Group](#) conducted an evaluation of the program, and below are some key lessons learned.

Successes in Program Approach

- Careful selection is key to assess which organizations are ready to assume in-depth, multiyear, high-intensity investments.
- Build relationship with organizations first. Capacity building should be both responsive and prescriptive.

Successful Program Design Elements

- Create flexible capacity-building plans that are developed by both staff and the board of the agency, in consultation with the foundation. Include funding for the plans.
- Allow time for peer exchange. The evaluation found that the peer exchange model is a highly effective way of strengthening leadership skills both in CEOs and other senior leaders.

Successful Capacity Building Investments

- The capacity-building activities that have had the highest impact have been leadership development, program management and evaluation, fund development (in specific cases) and organizational planning (including business model planning).

Conclusion

Assessing the impact of capacity-building support does not need to be a barrier to providing such support. While grantmakers may not be able to draw a solid line to connect capacity-building dollars to organizational impacts, there are a range of ways to assess whether capacity-building funding is making a difference. Starting with baseline information, setting clear goals, building strong relationships and seeking feedback on our approach can help grantmakers understand if our capacity-building funding is having the desired impact.