

What Are the Key Things We Need to Know About Organizational Assessments?

Many grantmakers use organizational assessments as a first step in capacity-building support to get a better picture of their grantees' capacity strengths and challenges. When done well, the organizational assessment process can yield important insights about organizational health, help ensure commitment to capacity building from the nonprofit's staff and board, and serve as a useful conversation starter for grantmaker and grantee. When done poorly, organizational assessments can feel like yet another hoop for a nonprofit to jump through in order to get funding. This piece offers considerations for effective use of organizational assessments for strengthening capacity-building efforts.

A thorough assessment process includes five phases, according to Carol Lukas, co-author of "Assessment Is a Powerful Change Strategy":¹

- Planning
- Collecting data
- Summarizing and analyzing the findings
- Sharing the findings and determining implications for future actions
- Developing plans for needed changes

Thinking Through The Options

When considering an organizational assessment process, some common questions arise.

Custom-made or off-the-shelf tool?

A number of capacity assessment tools are available for purchase or for free online — [TCC's CCAT](#) and the [McKinsey's OCAT](#) are two popular examples. Some of these tools are customizable. The benefits of using an existing tool include savings in time and money by not having to develop something from

¹ Sandra Jacobsen and Carol Lukas, *A Funder's Guide to Organizational Assessment: Tools, Processes, and Their Use in Capacity Building* (Washington, D.C.: GEO and Fieldstone Alliance, 2005) p. 1 – 25.

scratch, the knowledge that these tools are based on experience and are time-tested, and the ability to compare results across groups of like organizations. However, because every organization is unique and the most effective capacity building requires a customized approach, some grantmakers opt to develop their own custom-made assessment tools. Grantmakers who take this route should keep in mind the considerations for effective assessment.

In-house staff or outside consultant?

Once we've decided on the type of tool, the next step is determining who will facilitate the assessment. Again, a grantmakers' approach to this question varies depending on the circumstances. Working with an outside consultant can bring added knowledge, experience, objectivity and confidentiality, as well as capacity, but it also comes with added cost. Using in-house staff to conduct the assessment will save cost, but conducting an assessment requires time, technical knowledge, facilitation skills and sensitivity to the types of issues that may arise during the process.

When considering which option might be better to ensure buy-in, trust and candor, consider these questions:

- Does our foundation staff have strong relationships with grantee staff and boards?
- Do we have access to consultants who have good relationships with our grantees and experience facilitating organizational assessments?
- Which approach might ensure more buy-in from grantee staff or board?
- Which approach might ensure more candor from our grantees?
- Do we want all or some of the findings from the assessment to be confidential?

“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 the outside before you can move forward as an organization.”

— Nonprofit leader in a GEO listening session

Considerations for Any Approach

There are a few factors that are critical for a successful organizational assessment process regardless of the approach a grantmaker takes.

Ensure buy-in from grantee board and staff

As is the case with any change process, there must be an internal commitment to learning and change for the organizational assessment to be effective. This buy-in must come from both staff and board leadership. Check in for agreement about the process, who will be involved, and how we will use the findings. If the commitment is not there, it is important to understand why.

- *Is there something about the tool or approach that does not work for the nonprofit?* If so, we should consider adjustments that would make the process more useful for the nonprofit. It is important for the process to be a tool for learning and improvement and should not feel like a pass or fail judgment to grantees.
- *Are we sure the organization is fully committed to capacity building?* Lack of buy-in on the assessment could be a sign that staff and board are not ready to take on the reflection and work required for successful capacity building.

Get a comprehensive view

When using organizational assessments to get a read on overall capacity, the tools used must be comprehensive both in terms of organizational areas included in the assessment and the range of perspectives engaged in order to help ensure an accurate read on the organization's strengths and challenges. Tools also should take into account the unique circumstance of an organization such as life cycle stage, size, funding model, and more.

Looking holistically at the range of organizational capacities helps ensure a more accurate read of strengths and challenges. These capacities are interdependent; sometimes what we think is an area to work on turns out to be a symptom of a more complex underlying issue. Common capacities² to include in the assessment are:

- Leadership
- Mission, vision and strategy
- Program delivery
- Fund development
- Financial management
- Communications
- Technology
- Strategic relationships

² Adapted from Paul Connolly and Carol Lukas, "Strengthening Nonprofit Performance: A Funder's Guide to Capacity Building," Fieldstone Alliance, 2002, 140.

Most assessment processes involve groups of people from an organization, either a team of board and staff leadership or the entire organization, depending on its size. Engaging multiple people in the assessment process helps ensure the results are more objective and is helpful for ensuring buy-in to the capacity-building work that follows. If there is a discrepancy in ratings, between the executive director and board for example, that can be an important insight to trigger more reflection and learning.

Clarify expectations around use, ownership and confidentiality

It is important to recognize that we are putting grantees in a somewhat vulnerable position by asking them to share their challenges and concerns through the assessment process. In return for the transparency we are asking of our grantees, we should ensure everyone involved has clear expectations around the following questions:

- Is this a requirement of all grantees or can nonprofits opt out?
- How will we use the findings? Is this to make a yes or no funding decision? To prioritize capacity-building support? For other uses?
- Who will see the results of the assessment? Will the executive director have an opportunity to review and respond to the findings before sharing it with his or her board? Will the findings be used anonymously in aggregate with other results for benchmarking purposes? How will the findings be shared and discussed?
- If working with an outside consultant, what information will be kept confidential between the nonprofit and consultant? Will we have access to the full findings of the assessment?

Conclusion

Organizational assessments, when done well, can be a useful launching point for ongoing capacity-building work between grantmakers and nonprofits. Putting careful consideration into the selection or design of the tool and process, ensuring buy-in from grantees and clarifying expectations around use, ownership and confidentiality will help ensure the process does indeed serve as a tool for learning and improvement.