"DO"
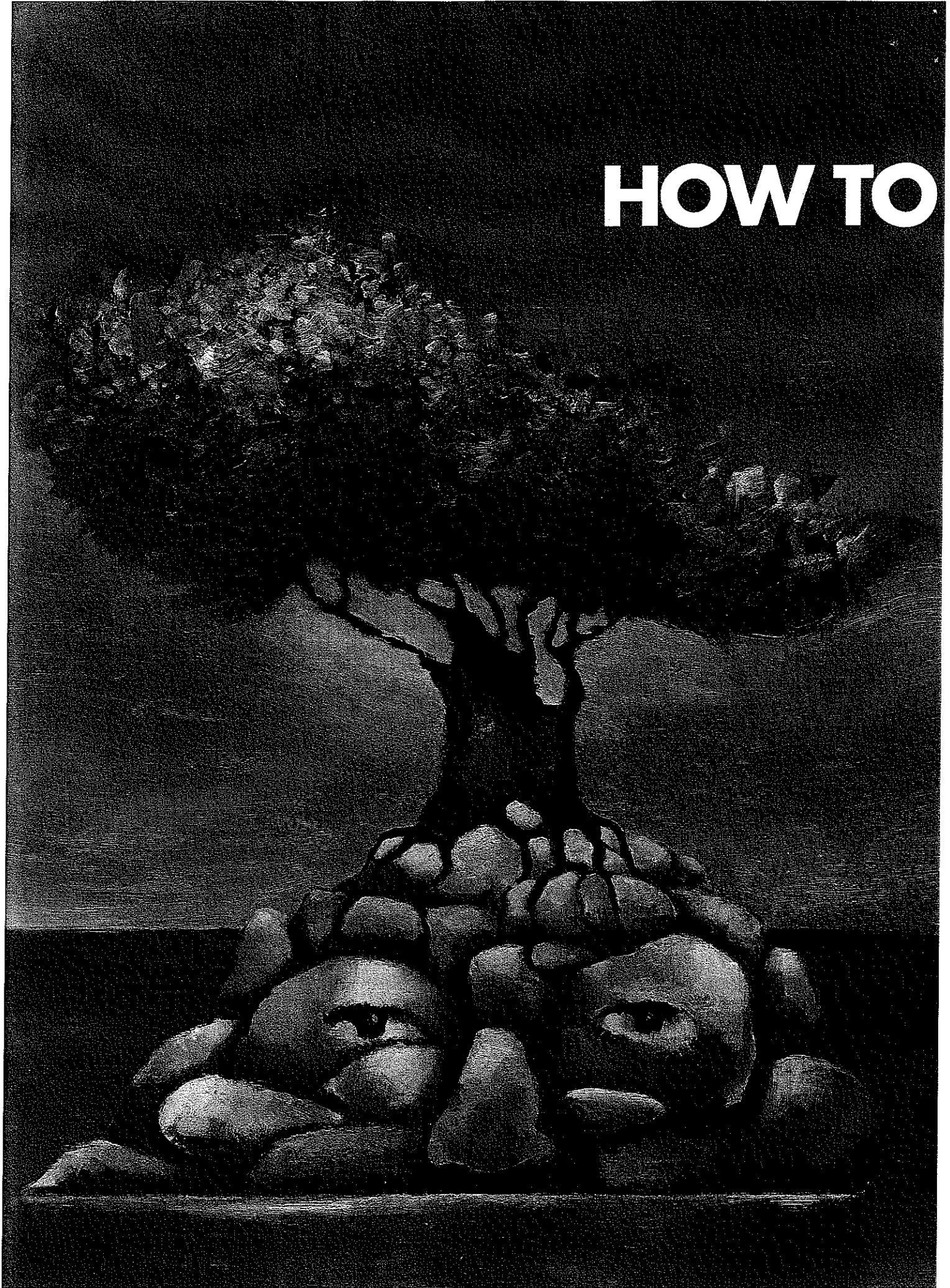# CAPACITY BUILDING

I t has been called many things. Among them: technical assistance, organizational development, leadership development, institutional strengthening, management assistance and, of course, capacity building.

By any other name, the hoped-for *result* is the same: to support the inner workings of nonprofit organizations, thereby making them more effective and ultimately better able to serve those they were founded to serve.

These days technical assistance comes from a plethora of sources. Among them: independent consultants, consulting firms, academic centers, foundation-administered programs, corporations providing in-house expertise, membership societies, professional associations and collaborative projects. And these sources apply a range of expertise, including self-help, peer learning, training, facilitated exploration and hands-on implementation.

Technical assistance also comes in many forms. When talking about technical assistance, we're really talking about any combination of the following: financial management, planning (including business plans, strategic planning, program planning and feasibility studies), board development, fund development, leadership and professional development, executive search, operational systems, staff structure, personnel policies and administration. The list continues with public relations and marketing, technology and retooling, facilities management, collaborations and mergers, legal issues and technical assistance in specialized issues—evaluation, program design, community organizing, needs assessment.

For all the buzz we've heard about "capacity building" and supporting nonprofit "infrastructure"—two phrases often connected with venture philanthropy, which advocates dispensing advice along with financial support—technical assistance to nonprofit organizations remains extremely underfunded. The Foundation Center's *Foundation Giving* reported that between 1992 and 1997, grants made expressly for technical assistance remained relatively consistent at less than 1 percent of all grantmaking for the year. While many larger foundations have developed special programs for technical assistance, with staff and budget line items devoted to the endeavor, there are opportunities for providing effective capacity building available to grantmakers of all sizes. (See sidebars in this article for details about programs the David and Lucile Packard, Charles Stewart Mott and Flintridge foundations have chosen to support for capacity building and other articles in this issue's special section for additional examples.)

The Range

It might be helpful, then, to organize the many ways grantmakers help strengthen nonprofits along a continuum, from the most hands-off to the most hands-on. The continuum is not to be equated with qualitative impact, because some of those arms-length strategies can be the most effective and because some of the most intrusive have led to critical problems. Following is a review of how foundations "do" capacity building.

Partly because capacity building is a core tenet of venture philanthropy, there's a renewed interest in how foundations can help nonprofit organizations better manage themselves. How do grantmakers do this? Let us count the ways...

BY LEE DRAPER

ILLUSTRATION BY
JACQUES COURNOYER

Packard's Grants for Organizational Effectiveness

The David and Lucile Packard Foundation began funding technical assistance proposals back in 1983. In the mid-1990s, Packard undertook a systematic study of its efforts in this area by conducting surveys of past grantees about their organizational challenges and listening to program staff, foundation trustees and advisors from philanthropic, for-profit, academic and nonprofit sectors. That study led to the formal creation of the Organizational Effectiveness and Philanthropy Program in 1997. Its two goals are to enhance the effectiveness of foundation grantees, and to build the field of nonprofit management. Simply put, the foundation believes that a well-managed, well-governed organization is better able to meet its programmatic goals.

Packard gives these grants only to current or recent grantees. Thus, there is a basis of trust and good will that allows nonprofit organizations to share details about their internal needs.

The foundation believes that the best way to get good outcomes from its grants is to ensure that the organization that is "purchasing" management assistance services is an educated consumer. The application guidelines and review process are designed to help nonprofit leaders, who may be unfamiliar with the use of consultants, to develop a well-defined project that addresses their root needs and achieves desired outcomes. In this consumer-oriented approach, the grantee makes the decisions regarding the type of intervention that is received.

Grants usually cover the costs of taking on a project, such as strategic planning, technology assessment, evaluation design or board and staff training. Packard assesses the commitment from the grantee's key staff and board members. Its review process includes interviews with organizational leadership and in-depth assessment of the organizational effectiveness project (work plan, timeline, budget, outcomes, and the resume and client list of the outside provider).

Underwriting intermediaries as service providers. Foundations can provide technical assistance by giving grants to support the activities of regional Management Support Organizations (MSOs), such as TACS in Portland, Oregon, or to assist programs hosted by others, such as the Management Assistance Program of the Los Angeles Women's Foundation.

MSOs vary in quality, however, depending on their reputation for identifying and meeting the needs of their region's organizations and on the level of expertise of those who administer and provide services. Some are excellent and have continually developed new strategies to serve the nonprofit leaders and organizations in their region. Others are not well funded and must rely on inexperienced staff or volunteers who may not be adequately oriented in the characteristics of the nonprofit sector. Some provide generic offerings that may or may not apply to special constituencies targeted by a foundation, such as community-based organizations, specific disciplines such as arts or health agencies or organizations serving and led by culturally diverse populations.

A funder can make a difference in improving a weak MSO, and thus affect many nonprofits who use their services. Grantmakers can support needs assessments, evaluations or joint programs with seasoned management professionals in their area or exemplary MSOs in other regions.

Some foundations make grants to Intermediary Support Organizations (ISOs). These organizations are primarily dedicated to missions of advocacy and social change. They often provide fiscal sponsorship of new grassroots organizations, as well as technical assistance to organizations committed to a similar mission. Most ISOs have strong affiliations on the ground locally, have experience working with small emerging groups and often have developed technical assistance programming that encourages peer learning and mutual support.

Customized intervention. When done well, making a grant for customized intervention is one of the most effective strategies. It allows nonprofits to define their own needs, identify practitioners who have a good fit of experience and chemistry, and receive sufficient funding to pursue a realistic approach to making changes. It allows them to define their own critical challenges or deficiencies to a funder, for the funder to respond, but then for the technical assistance to occur at arm's length.

Experienced funders in this area caution that the very nature of the need for management assistance could present difficulties in its implementation. Many nonprofit organizations may not fully know what they need, what type of services can best address their needs or how to use outside consultants or resources effectively.

Part of a funder's role can be helping nonprofit organizations become informed consumers of technical assistance. Indeed, part of the proposal review process should include an investigation of the nature of the need, methodology and quality of the technical assistance provider. There are certain basic elements that must be present in each nonprofit's plan for this kind of work to succeed (see sidebar "Key Ingredients," page 36).

Some grantmakers are concerned that nonprofits do not understand the field of technical assistance enough to make informed decisions; thus they take a more active role in defining the nonprofit's needs, selecting the provider and even contracting for the services directly.

Although the foundation-designed interven-

tion may give the funder initial comfort that what it sees as institutional challenges will be addressed in a way that it feels is most effective, this strategy can be problematic in the long run. The nonprofit has a tendency to view the consultant as a representative of the grantmaker and not as its resource. The direct connection to the funder weakens the nonprofit board and staff's ability to supervise the technical assistance provider and make him or her accountable to them.

In the end, it is paramount to put the nonprofit organization in the driver's seat. The organization must feel committed that the issues to be tackled in the technical assistance project are of most pressing concern and that it has selected providers it is confident will guide the organization to a higher level of operation. The nonprofit organization will be more invested in achieving the results, no matter how hard it is to change, and the consultant will be viewed as its resource.

Providing core resources directly. A number of grantmakers have developed excellent programs to deliver technical assistance directly to a group of their grantees that share similar challenges. One of the most important elements of foundation-administered programs is that they bring grantees together. This gives an opportunity for peer learning, exchange and the development of cooperative and synergistic relationships among sister providers who might not normally have worked together.

Such assistance programs usually require a long-term investment by the funder in developing methods of regularly assessing the utility of the services delivered to the nonprofit organizations. They often require new or different staffing within the foundation.

One of the risks of foundation-administered technical assistance programs is that a grantmaker might impose models that the funder believes are effective but that might not be well-suited to the recipient organizations, perhaps because of the recipient's size or particular institutional culture. For example, a grantmaker might develop a program to provide training in management systems used by the business sector. The grantmaker invites corporate leaders in diverse fields to share their expertise with grantees. If the organizations are community-based organizations, it may not be possible to transfer the methods to their budget-constrained context. The corporate trainers might assume that organizations have what for them is a basic level of staffing and technology, but is not nor-

PROFILE Flintridge's Focus on Leadership

The Flintridge Foundation's Community Services Program includes a 12-month program to address core organizational issues of community-based organizations. Eight organizations are accepted into the program each year after a thorough application process and a face-to-face interview with the program officer and the lead consultant, who designed the program and heads a seasoned consulting team that delivers the program components.

The executive director, board president and one other board member commit to attend seven intensive participatory workshops on core organizational development issues, such as mission-based strategic planning, financial management and communications. The seventh workshop focuses on self-assessment and identifies priority issues for institutional growth.

The second component of the program is a one-on-one consultancy project, beginning immediately following the self-assessment workshop. Organizations choose from a roster of consultants and work for the next six to eight months on their particular issue of crucial concern. A board retreat for each organization is an integral element of the consultancy.

Flintridge makes its conference room available to nonprofits at no charge to plan their own task force meetings, conduct focus groups or hold retreats. The foundation provides referrals to a wide variety of resources and consultants, and provides scholarships for nonprofit leaders and volunteers to attend training workshops and conferences elsewhere. In addition, Flintridge hosts monthly brown-bag lunches on nonprofit management topics of interest to their constituents. All of these services are of low cost to the foundation, but they are a big help to the grantees.

PROFILE Mott's Intermediaries

The Charles Stewart Mott Foundation's Intermediary Support Organizations (ISO) Program has been in existence for more than two decades and has assisted more than 1,000 community groups in disadvantaged regions nationwide. It uses regional organizations throughout the United States to help administer general operating or project grants, as well as provide ongoing technical assistance to organizations.

The ISOs identify appropriate grassroots groups, regrant foundation dollars to support them and provide technical assistance in areas such as fundraising and organizational development. Selected for their successful track records of nurturing community-based efforts, ISOs complement the foundation's provision of funding by working closely with grantees to build their internal organizational capacity.

Through this partnership, the foundation has a significant impact in neighborhoods that it could not have reached as a national funder. It delegates the time-consuming hands-on work that would be too difficult and inappropriate for a large grantmaker. About 80 percent of the groups funded have survived at least five years to become larger, more stable organizations.

ISO organizations are effective in connecting grassroots organizations to larger networks of information from all over the country. New methodology, best practices and direct experiences from local groups are spread through the ISO network and at ISO conferences to other small, isolated organizations that are struggling with similar problems.

(For more details, see "Road-Tested Philanthropic Devolution: Mott's 'Block' Grants," *Foundation News & Commentary,* September/October 1997.)

mal for smaller nonprofit organizations. Or the nonprofit organizations may rely on volunteer staffing, requiring a completely different style of management than salaried employees in a business environment

The best foundation-administered programs will always include close cooperation with constituents throughout the development of the technical assistance program and its implementation to make sure it is truly addressing grantees' needs.

Becoming an active participant. A few grantmakers have identified a very focused issue area and establish multiyear relationships with a core group of grantees. Some call themselves venture philanthropists and believe that providing technical assistance is a key component of their contribution to the grantees

These funders view their own hands-on involvement as a primary method of strengthening the nonprofit organizations. They assume seats or leadership roles on their grantees' boards, provide contacts and take active roles in introducing their grantees to colleagues They fundraise and seek to involve other investors, so that organizations diversify their base of support and garner access to other much-needed management and programmatic resources

At its best, this methodology signals an impressive commitment to organizations and represents a comprehensive, multifaceted contribution of time, talent and financial resources

At its worst, however, it can do damage to the nonprofit. The funder can pull out at any point. Generally the funder has no contract beyond a grant agreement outlining the terms of the cash advanced and no strings other than an ethical commitment to keep its promise to provide "extra help" to the grantee for a certain period of time. The nonprofit organization, on the other hand, must live with the ramifications of its actions over the long term.

Rules to Assist By
The support of technical assistance holds tremendous potential for grantmakers of all sizes It builds strong, fulfilling relationships with nonprofit service providers and makes more certain that their programs will be available to the public for many years to come From my experience as a grantmaker and consultant, I would like to leave you with the following lessons learned, from the grantmaker's point of view, regarding taking on such an effort Grantmakers should

- *recognize the power differential between the nonprofit organization and the funder.* Maintain a respectful openness with organizations, so that you can encourage them to explore new methods in a frank way without worrying about revealing their vulnerabilities or flaws.
- **respect the leadership of nonprofit managers and boards.** Otherwise, you are undermining their authority and threatening the attainment of desired outcomes.
- *support the nonprofit organization's ability to make choices.* The empowerment to determine what to work on and with whom, increases the nonprofit's ownership in the process
- *accept the risks.* Sometimes, despite the best of intentions, the institutions may not have the will power to change themselves, and sometimes outside circumstances intervene. Often, it gets worse before it gets better.
- *brace for the length of time it takes for change to occur.* Technical assistance is about adults learning new ways of doing things and about groups developing new working styles
- *recognize from the start that technical assistance is not "sexy,"* certainly not when contrasted with stories about project support where you can see the immediate effect on people. The impact of technical assistance has to be described in relation to increasing the ability of nonprofit organizations' capacity to deliver services (the end) rather than the intervention project itself (the means).
- *help organizations from the inside out— an important way to have a lasting effect on the constituencies we seek to serve.* There are a variety of ways to get started and a variety of methods to use to gain successful outcomes. All types of grantmakers with all ranges of funding budgets can engage in this type of support and achieve meaningful outcomes in organizations and ultimately in the people whose lives these organizations affect

After all, that last line pretty much sums up why we're all in this business in the first place ∎

Lee Draper is president of Draper Consulting Group, a firm that has provided services to grantmakers of all types in California and the Pacific Northwest since 1990 Her firm designed and administers the Flintridge Foundation's Nonprofit Leadership Program and other technical assistance programming She is a co-convener of the Management Assistance Forum in Los Angeles.