



KEY SUCCESS FACTORS AND LESSONS LEARNED

Deducing the top-level message from these case studies is not difficult. Although we acknowledge that the sample was too small to draw any concrete conclusions, the research strongly suggested that capacity building initiatives have a proven impact on nonprofit performance. The best results, meanwhile, were attained when organizations took a deliberate, proactive approach to capacity building and assessed their needs in relation to their entire enterprise. Effective capacity building, we found, is rarely confined to addressing only one of the elements in isolation; as soon as a nonprofit starts digging around in its systems, for example, it invariably discovers that it must also examine, analyze, and address the ramifications that making changes will have on the other elements. For this reason, capacity building must be firmly driven by the senior management of the organization.

In addition, three other lessons emerge that cut across the nonprofit sector, regardless of an organization's size, mission, or business model. The first lesson is that the act of resetting aspirations and strategy is often the first step toward a dramatic improvement of an organization's capacity. Quite simply, unless an organization has a clear idea of its purpose and strategy, it will never reach its full potential. The second lesson is that both leadership *and* management are important. Nonprofits need people in senior positions who are committed to taking the initiative to make capacity building happen and are willing to "own" it and drive it down through the organization. The third lesson is that you must have patience. In both the nonprofit and for-profit worlds, building capacity can take a long time and can be very frustrating.

“I put a higher weight on mission and strategy when getting started – you build the rest as you go. It is a bit like building the boat as you are sailing – but at least you know your compass bearing. Knowing where you are going will keep your keel in the water and the boat headed in the right direction.”

— Ned Rimer,
Citizen Schools

RESETTING ASPIRATIONS AND RETHINKING STRATEGY

The organizations in this study that experienced the greatest gains in capacity were those that undertook a reassessment of their aspirations – their vision of what they were attempting to accomplish in the next phase of development – and their strategy. Closely linked to this sense of purpose was the integrated set of actions designed to achieve the organization’s overarching goals. Invariably, these steps provided a tight institutional focus and a road map for the organization to use with both internal and external audiences.

For evidence of the primacy of aspirations in nonprofit capacity building, look no further than the experiences of organizations like Take Stock in Children or Citizen Schools. Both organizations initially undertook capacity building initiatives without considering altering their aspirations. This is common in the sector, where aspirations – no matter how inarticulately stated – are often deemed politically untouchable. Yet as soon as managers at both of these enterprises started to examine their options for building capacity at the systems and structural level, they were driven straight to questions of mission, vision, and overarching goals.

It is important to emphasize that a new aspiration or strategy can only be transformative if it is then used to align the other aspects of organizational capacity. At Take Stock in Children, for example, aligning with the new mission meant among other things significant changes in board and staff at both headquarters and affiliates, as well as changes in systems and culture. Even now, The Nature Conservancy is struggling to align its skills, structure, and systems to deliver better on its more lofty aspirations and goals. Samaritan Inns, meanwhile, did not allow current circumstances to get in the way of its reassessment of its aspirations; indeed, in the face of crisis Samaritan Inns raised the bar on its aspirations – and then figured out how to get there.

THE ROLE OF LEADERSHIP AND MANAGEMENT

“I just did everything, and when things didn’t go well, I just put in more hours. How could I stop long enough to bring people on? But now I know the beginning of wisdom is asking ‘what is my organizational structure?’ and then figuring out what to build.”

— Michael Carrera,
National Adolescent
Sexuality Training Center

Most nonprofits with a long track record of tangible results have inspirational, often visionary leaders. But visionary leadership should not be confused with visionary management, and on this score, even some of the country’s highest performing nonprofits fall short. Effectively resetting aspirations and strategy, institutionalizing sound management processes, improving systems to work at scale – progress on any of these requires managerial ability as well as good leadership. As Michael Carrera discovered, without strong management an organization can only go so far.

Carrera’s energy and personal charisma were essential to the early success of his approach to combating teen pregnancy, but when he tried to replicate his program on a larger scale, his own managerial shortcomings and limited organizational capacity soon became evident. Carrera was open to the recommendations of the Robin Hood Foundation about how to tackle the complex management and infrastructure issues that would make or break Carrera’s effort to expand. But not all nonprofit managers are so self-aware, and there is a tendency across the sector for executive directors – especially if they are the founders of the organization – to resist comprehensive capacity building exercises.

To be sure, there are other constraints that prevent nonprofit managers from taking the plunge into capacity building. It takes a certain kind of leader, or personality, to combine not only the right skills, but also the commitment to tackle capacity building proactively and be willing to push it throughout the organization. In addition, many nonprofit managers simply lack the time, money, or awareness to put adequate effort into capacity building. This point underscores the importance of “building the capacity to build capacity” – in other words, freeing up management time and organizational resources from daily responsibilities, in order to be able to focus on the bigger-picture issues of capacity building.

What organizations facing these circumstances often need is a chief operating officer – a trained professional manager who can ensure that the organization functions efficiently and effectively. This arrangement allows the chief executive – often charismatic, often the founder – to focus on promoting a common vision for the organization and on mobilizing people inside and out to take action. Based on our research, very few individuals excel from the outset at both leadership and management; in fact, as nonprofit executives who complete the capacity assessment soon learn, most organizations have a glaring capacity gap in the area high-level managerial skills. This is one capacity issue where ego often trumps effectiveness, and that should change.

THE IMPORTANCE OF PATIENCE

The last and most universal lesson is that the wise nonprofit manager takes a long-term view. Institutionalizing best practices in nonprofits through capacity building is typically a lengthy, arduous process. The Nature Conservancy has been focusing on enhancing its capacity pretty much continuously for more than a decade. Samaritan Inns is 4 years removed from the decision to cut off public funding for drug rehabilitation programs, and nonetheless still has miles to travel before it has achieved true organizational alignment. For some organizations capacity building proves to be too much of a challenge. For example BOSS, a San Francisco Bay Area self-help program, pulled out of a capacity building effort in which it had invested considerable time and effort, and which had been heavily advocated by a venture philanthropy group.

Almost everything about building capacity in nonprofits (and in for-profit companies) takes longer and is more complicated than one would expect. One reason is that organizations have traditionally underinvested in capacity, leaving them in need of improvement in virtually every area. The sad fact is that few recognize the extent of their predicament, a failing also common to capacity builders and donors. There are few quick fixes when it comes to building capacity, and in many cases it is unrealistic and often counterproductive for capacity builders to demand immediate results, reported quarterly.

Meanwhile, organizations that are part of federations or networks, like America's Second Harvest, already expend enormous effort managing the relationships with their affiliates and the network partners. Rolling out a new, networkwide capacity initiative requires extensive consultation and buy-in, adding time and cost to the project. The strong culture in nonprofits can also dilute the desired impact of capacity building, especially in organizations that are decentralized or that champion the autonomy of local operating units. Nonprofit managers therefore need to bring along their staff and volunteers carefully if they intend to make any dramatic changes.

"We often think of capacity on a single dimension – staff, computing, financial – and it is easy enough to increase any one of these. But to make a meaningful, long-term shift in organizational capacity requires a campaign on many fronts at once..."

— Chris Stone,
Vera Institute of Justice

Finally, in nonprofits as in for-profit firms, these issues are all intertwined. Alignment is a continuous process simply because improvements in one area or practice have a way of placing unexpected new demands on other areas, which in turn necessitate upgrading. As we argued earlier, the interconnectedness of the elements of capacity does not imply that organizations should seek to build capacity in all of them at the same time, but rather that nonprofit managers should be aware of the relationship between elements when contemplating a capacity building initiative of one sort or another. The chances of severing issues of structure, say, from systems and human resources are remote at best.





CONCLUSION

For the nonprofit manager, building organizational capacity can seem daunting indeed. It can be hard to fund, hard to launch, and hard to implement. It takes a long time and the need is not always apparent to staff, volunteers, board members, or donors. But nonprofit leaders cannot allow themselves to be dismayed by these obstacles, because nonprofits enjoy an inherent advantage. At its core, the nonprofit sector is driven by people committed to a mission and to increased social impact.

Consequently, employees, board members, and donors will almost invariably respond positively to a proposal that will clearly advance the mission, no matter how radical the proposal is. That is why visionary nonprofit managers like David Erickson, Chris Stone, and Michael Carrera have placed such emphasis on developing ways of quantifying the social impact of their organizations through evaluation and research programs. Demonstrate the increased social impact from capacity building and opposition will soon fade.

Prudent leaders, of course, will avoid opposition in the first place. Instead, they will recognize the importance of building organizational capacity from the very start and make it the hallmark of their tenure. They do not wait for a crisis before addressing capacity gaps; rather, they will aggressively seek out those gaps and take measures to fill them. Capacity building does matter, and it does make a difference in a nonprofit's ability to fulfill its aspirations. The sooner nonprofits realize this and start assessing their capacity needs, and the sooner funders increase their support for capacity building efforts, the better off nonprofits – and society as a whole – will be.

