



tcc group



# FORTIFYING L.A.'S NONPROFIT ORGANIZATIONS:

CAPACITY-BUILDING NEEDS AND SERVICES  
IN LOS ANGELES COUNTY



101 SOUTH  
Los Angeles

A Study by TCC Group  
Commissioned by the Weingart Foundation

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# FOREWORD



Los Angeles County depends on nonprofit organizations to provide vital services, fuel social and cultural innovation, and advocate for change. They are also an important economic force, representing seven percent of the gross metropolitan product and six percent of the labor force. In fact, Los Angeles County has more nonprofit organizations than any other county—as well as most states—in the nation. Their work is critical to reaching shared civic goals and creating a better region.

Yet these nonprofit organizations are struggling as demand for many services increases and revenues decline. While some of them have proven to be resourceful and resilient in providing quality services during these tough times, many are facing serious challenges in their leadership, governance, management, and operations. If the capacity of these organizations is weak, then their programs and services are bound to suffer.

What is the organizational capacity of Los Angeles County nonprofits? What types of capacity building do they most need to enhance their effectiveness? What kind and quality of capacity-building services are they receiving? And how are funders helping to strengthen—or hinder—nonprofit organizational performance?

To help answer these questions, the Weingart Foundation retained TCC Group, a 31 year-old management consulting firm that serves funders and nonprofits, to conduct a study of nonprofit capacity-building needs and services in Los Angeles County. Through surveys, phone interviews, focus groups, and objective assessments, TCC heard from over 1600 nonprofit, capacity-building, and philanthropic leaders in the region. As explained in detail in this report, TCC determined that Los Angeles County nonprofit organizations had such important strengths as visionary and inspiring staff leaders and a clear understanding of the needs of the complex and diverse communities they serve. Yet they were less effective in other critical areas like strategic learning, board development, financial management, and fundraising. TCC also found that nonprofit organizations were not well-informed consumers of capacity-building services and perceived the available consulting, peer exchange, training, and other capacity-building services to be somewhat fragmented and of mixed quality. And most L.A. funders were seen as providing inadequate and poorly coordinated support for nonprofit organizational capacity building.

The study revealed that there is clearly much that can be done to strengthen the organizational capacity and effectiveness of nonprofit organizations in Los Angeles County. The capacity of capacity-building providers in the region, in turn, also needs to be fortified.

What is the best way to respond to these sobering findings? A comprehensive list of recommendations is found in the final section of the report (page 74) and recapped in the Executive Summary. It is our hope that nonprofit organizations, capacity-building service providers, and grantmakers carefully review the findings and work together to implement many of the recommendations.

We hope that you find this report to be illuminating and thought-provoking. We want it to stimulate change that enables more Los Angeles County nonprofit organizations to be well-led, reflective, sustainable, adaptive, and, ultimately, achieve greater impact.

Fred J. Ali  
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# 1 EXECUTIVE SUMMARY



What resources do Los Angeles nonprofits need to grow, thrive, and accomplish their missions? How readily can they currently access needed resources? And how can those who are concerned about the management, leadership, and governance of Los Angeles nonprofits assure that capacity-building resources are sufficient?



This report highlights findings from a comprehensive study of the capacity-building needs and resources of Los Angeles’ nonprofits using an objective assessment and the perspective of multiple stakeholders to address these questions.

## BACKGROUND

In 2009, the Weingart Foundation engaged TCC Group to undertake a study of the nonprofit and capacity-building<sup>1</sup> sectors in Los Angeles County to assess:

- The organizational strengths and challenges of nonprofit organizations in Los Angeles County;
- The capacity-building needs of these organizations, as well as their access to and experiences with capacity-building services; and
- The availability and types of capacity-building services available in the region.

This report provides findings from four main sources of data:

- TCC Group’s Core Capacity Assessment Tool (CCAT)<sup>2</sup> completed by 260 Los Angeles nonprofit organizations;
- A Supplemental Survey completed by 263 nonprofits that assessed their capacity-building needs, as well as their access to and experiences with capacity-building services in Los Angeles;
- Interviews with 12 foundations, nine capacity-building providers, and 14 nonprofit leaders identified by the Weingart Foundation; and
- Focus groups attended by 25 nonprofit leaders identified by the Weingart Foundation.

Data for the study was collected from organizations representing all regions of Los Angeles County between September 2009 and March 2010, at the height of the economic recession. The nonprofits invited to participate in the study were the 725 organizations that had applied for or received funding from Weingart between 2004 and 2009, which comprises a meaningful sample of all nonprofits in Los Angeles County.

## KEY FINDINGS

In carrying out this study, TCC Group elicited information from three different groups that together shape the landscape of capacity building: nonprofit organizations (consumers of capacity-building services); capacity-building providers (the suppliers); and funders (“third-party payers” of capacity-building services). The Executive Summary highlights

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<sup>1</sup> TCC Group defines “capacity building” as any activity that strengthens the performance of a nonprofit organization. Capacity-building activities include training, coaching, peer exchanges, consulting, and convenings.

<sup>2</sup> The Core Capacity Assessment Tool (CCAT) is a 146-question online survey that measures a nonprofit organization’s effectiveness in relation to four core capacities—Leadership, Adaptive, Management, and Technical capacities—as well as Organizational Culture. It is designed to be taken by all senior staff leaders and one to three Board members who are deeply knowledgeable about the organization and its operations. Please see Appendix B for a fuller description of the CCAT.

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**It is noteworthy that, when asked to prioritize their capacity-building needs, organizational leaders placed two of these skill deficits—program evaluation and board leadership development—at the top of the list, indicating that they are aware of these needs and ready to address them.**

key findings from each of these groups as well as cross-cutting findings relevant to all.

#### **The Nonprofit Sector in Los Angeles County**

The nonprofit organizations in this study have numerous organizational strengths that stand them in good stead even in these challenging economic times. The study found that many of the 260 nonprofit groups in Los Angeles County that participated in the study are resilient and resourceful, and have considerable expertise in the communities they serve. One-third of the organizations are in the early organizational lifecycle stage that is characterized by the effective use of organizational resources to achieve greater impact in fulfillment of a nonprofit's mission. The nonprofit groups in the study exhibit a strong capacity to monitor and learn about developments in their operating environments and to ensure that staff members have the knowledge and skills to deliver effective programs in those communities. Their leadership is strong in many dimensions. For example, a large number of organizational leaders demonstrate a sound ability to formulate a clear vision for their organization, engage stakeholders in making mission-driven decisions, and motivate them to rally around that vision and act on those decisions.

Very specific organizational behaviors that are strong predictors of organizational sustainability and lifecycle advancement among the nonprofit organizations in this study were identified using regression analysis on the data collected for this study. These behaviors include:

#### *Organizational Learning*

- Gathering and using community needs assessments and program evaluation data to learn about what is working, improve what is not, and develop new approaches to the work;

#### *Motivating and Developing Staff and Board*

- Building an organizational culture that sustains morale and effectiveness by encouraging staff members to reflect on their work and reconnect with why they are doing the work;
- Implementing strong human resource management practices, including hiring and retention, ongoing professional development, and establishing clear performance accountability measures for staff;
- Resolving human resource problems and interpersonal conflicts in an inclusive manner;
- Strengthening the board of directors' capacity to lead the organization, particularly as organizational ambassadors; and

#### *Resource Development*

- Securing the resources needed to succeed in fundraising.

Significantly, the majority of organizations in this study were not strong on these crucial organizational capacities. It is noteworthy that, when asked to prioritize their capacity-building needs, organizational leaders placed two of these skill deficits—program evaluation and board leadership development—at the top of the list, indicating that they are aware of these needs and ready to address them. Other important organizational functions in which Los Angeles County nonprofits exhibit vulnerability include the ability to monitor, assess, respond to, and create internal and external

changes; the capability to cultivate “next-generation” organizational leaders and plan for leadership transition; the capacity to maintain financial stability in order to adapt to changing environments; the related capability to conduct outreach and marketing; and the capacity to secure the staff and technical resources needed to carry out the work.

The study found that areas of strength and challenges in organizational capacities vary by sub-sector. For example, Arts and Culture nonprofits on average scored lower than other organizations in the study on their ability to monitor, assess, respond to, and create internal and external changes with respect to both operations and programs. They are also weaker than both their peers within the county as well as organizations in the national CCAT database on almost all the indicators in the CCAT that measure whether an organization has the resources, skills, tools, and facilities to deliver its programs, manage its operations, and engage as a community partner. Health organizations, meanwhile, scored lower on the capacity to manage program staffing—to hire, reassign, or dismiss program staff depending on programmatic needs—than other nonprofits in this study. Human Service organizations are stronger than other nonprofits in the study on organizational culture, while nonprofits in the Education sub-sector are stronger than their peers in the study with respect to their ability to use data and other resources to effectively make decisions.

Overall, this study found that nonprofit organizations in Los Angeles County can strengthen their organizational effectiveness, enhance their sustainability, and advance to the next stage of the organizational lifecycle by building on their existing strengths to address deficits in the following areas:

- Program evaluation and strategic learning;
- Board leadership development;
- Human resource management;
- Financial management; and
- Fundraising.

The study also found that many nonprofits could benefit from becoming better informed consumers of capacity-building services.

Capacity-building activities that are effective at strengthening organizational capacity in these areas include trainings and workshops, organizational assessments, coaching, and consulting. The availability of these resources is discussed in the following section.

### **The Capacity-Building Field in Los Angeles County**

Philanthropic, nonprofit, and capacity-building leaders interviewed for this study felt that the capacity-building field in the County is “disjointed” and “fragmented;” there are not sufficient providers to serve such an extensive region; there is little, if any, coordination among providers to share resources, synchronize services, and learn together; and there are significant gaps in services. Interviewees also expressed concern that many capacity-building providers are themselves neither organizationally strong nor financially sustainable, raising questions about their fundamental business models. Some interviewees also questioned whether nonprofits are effective consumers of capacity-building services.

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## There were concerns among nonprofit and philanthropic leaders interviewed regarding the quality and effectiveness of the capacity-building services currently available.

The study identified gaps in the areas of content, format, and geographic access. For example:

- While many of the capacity-building providers in this study provide services in the areas of strategic planning, organizational assessment, and fundraising, there are not many offerings in the areas of communications and outreach, information technology, and facilities management.
- There are fewer resources still for program evaluation, a critical capacity for organizational effectiveness as well as a predictor of organizational sustainability.
- While almost all providers included in the study offer workshops and trainings, fewer provide coaching and peer exchanges.
- There was also an expressed need for more culturally competent consulting services.
- Geography was also identified as an important issue. While there are a number of comprehensive service providers for specific communities, such as the Long Beach Nonprofit Partnership and the Flintridge Foundation in Pasadena, those providers that serve the County as a whole are all located in downtown Los Angeles, leaving regions of the county with little ready access to capacity-building services that depend on in-person group meetings.

In short, there is not close alignment between the organizational functions that nonprofits most need assistance with, the service formats most effective at building organizational capacity in those areas, and the current offerings of capacity-building providers in Los Angeles County.

There were also concerns among nonprofit and philanthropic leaders interviewed regarding the quality and effectiveness of the capacity-building services currently available. For instance, only 15 percent of respondents to the Supplemental Survey “strongly agreed” that the consulting services they had received incorporated well-established best practices in the consulting field. Given this, it is perhaps not surprising that just 1 in 3 nonprofit leaders reported that they “strongly agreed” that they would recommend a consultant they had worked with to a colleague. Additionally, when asked if the workshops and peer exchanges they had participated in were of high quality and reflected best practices, just 10 percent of respondents reported that they did.

Nonprofit organizations report facing barriers in accessing capacity-building services, particularly in managing the financial costs and investment of staff time involved in undertaking capacity-building activities. Perhaps due to these obstacles, many nonprofits in this study are not undertaking capacity-building activities in key capacities in which they are relatively weak. Forty percent of groups in the study, for example, are not undertaking any efforts to build their program evaluation capacity, and one-third are taking no action to strengthen board leadership, both important predictors of sustainability and lifecycle advancement.

Consultants are, by a wide margin, the main source of capacity-building services for nonprofits in the study. Forty-eight percent of groups reported having retained a consultant for strategic planning in the previous two years,

and 46 percent hired a consultant to conduct an organizational assessment. Less than one in ten nonprofits in the study work with a consultant retained through a nonprofit resource center or management support organization. Compared to this substantial use of consultants, just nine percent of organizations indicated that they had participated in a peer exchange for executive leadership development, and an average of three percent had received coaching to address any of the 12 organizational issues asked about in the Supplemental Survey.

Nonprofit organizations in Los Angeles County report that cost is the single most significant obstacle to accessing capacity-building services, and 83 percent of respondents reported paying for consultants from their discretionary budgets. The median amount paid over the previous two years was \$5,000, and one-quarter of nonprofit organizations reported paying \$25,000 or more. Thirty-five percent of nonprofits in the study received funding for capacity-building, in most cases from a foundation. This percentage may reflect the fact that the participants in the study are grantees of the Weingart Foundation, a significant funder of capacity building in the region.

Study participants concurred that the philanthropic sector could play an important role in strengthening the capacity-building field in Los Angeles County. The next section outlines the key findings in that area.

#### **The Philanthropic Community in Los Angeles County**

There are numerous foundations in Los Angeles County supporting nonprofit capacity building in the region. This support takes various forms, including providing general operating support and funding for capacity-building activities to nonprofits, funding intermediaries and capacity-building providers, and offering capacity-building services directly themselves.

Study participants suggested many ways that funders in the region could further support and strengthen the field of capacity building. An important strategy they identified was to increase dialogue about regional capacity building. Significantly, there was a widespread call for foundations to help foster greater communication and coordination about capacity building by encouraging capacity-building providers to meet regularly to share resources and synchronize services, and supporting these collaborative efforts. Study participants also suggested that funders themselves meet regularly to discuss ways to strengthen the capacity-building field.

Some interviewees suggested grantmaking strategies for foundations that build organizational capacity. A number of nonprofit leaders said that funders in the region could make the greatest difference by providing more dedicated funding for capacity building as well as more unrestricted and multi-year funding. They also suggested that foundations could carry out further research on the effectiveness of specific capacity-building practices on nonprofits in the region and continue to deepen understanding of the needs, opportunities, and strategies for maximizing capacity-building resources in Los Angeles.

Furthermore, study participants indicated that there are indirect ways that foundations can help nonprofits build organizational capacity, such as by launching an effort to encourage civic participation in Los Angeles to develop civic leaders and thus increase the pool of potential board members.

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**As an initial step, leaders in the community may want to join forces to create an ongoing forum among nonprofit organizations, capacity-building providers, and funders to develop a coordinated capacity-building strategy for Los Angeles County.**

Capacity-building providers also indicated that they need help in building their own financial sustainability and suggested that foundations could help them deepen the quality and relevance of their program offerings.

Philanthropic leaders themselves differed on the question of how the philanthropic sector in Los Angeles could help strengthen the nonprofit capacity-building field in the region. Some felt that funders should help establish a new capacity-building provider from the ground up since, in their view, some of the existing resources were “too broken” or had “too much baggage” in the eyes of the community to be turned around and significantly improved. However, others felt that it would be premature to abandon what is already on the ground in Los Angeles and start anew.

One philanthropic leader felt that local foundations should continue to invest heavily in building existing organizations for another 10–15 years and then assess the situation at that point. Other interviewees felt that, given the geographic spread of existing capacity-building resources and the fact that they serve different communities and provide different services, it would be best to support the field as a whole in Los Angeles—to, in the words of one respondent, “fund the ecosystem” of capacity-building providers in the region. This approach, implemented by funders in other cities such as Seattle, entails funders supporting a select set of high-performing capacity-building providers to offer different services throughout the region, following their respective grantmaking priorities and strategies. Ideally, this approach would be coordinated at a general level to ensure that high-impact providers and strategies are supported and services made available to communities across Los Angeles County.

#### **RECOMMENDATIONS**

Exhibit 1, on the next page, depicts the nonprofit capacity-building ecosystem in Los Angeles County, including resources, strengths, challenges, and gaps identified in this study. A summary of recommendations that address the “What is Missing?” section of the chart have been distilled from evidence gathered from 1,613 nonprofit leaders, 14 foundations, and nine capacity-building service providers through surveys, interviews, focus groups, and objective assessments. These recommendations follow on page 9 and are elaborated more fully in Section VI of the report.

The findings and recommendations outlined in this study merit open and candid discussion. Nonprofit organizations, capacity-building service providers, and funders need to work together to prioritize needs, jointly develop strategies, and coordinate resources.

As an initial step, leaders in the community may want to join forces to create an ongoing forum among nonprofit organizations, capacity-building providers, and funders to develop a coordinated capacity-building strategy for Los Angeles County. This would provide an opportunity to share resources, synchronize services, and learn together. Such a forum could be convened by an individual foundation or group of funders or through Southern California Grantmakers. Through this forum, participants can work together to bring program offerings into closer alignment with the identified needs of nonprofit organizations, ensure the incorporation of best practices in the field, address geographic gaps in service, and identify needed financial resources.



## EXHIBIT 1: The Ecosystem of Nonprofit Capacity Building in Los Angeles

### FUNDERS

Private foundations, government agencies, and other funders providing:

- General operating support to select nonprofits (e.g., *Irvine Foundation*).
- Grants to nonprofits specifically for capacity building (e.g., *The California Endowment, Ralph Parsons Foundation, and Keck Foundation*).
- Grants to intermediaries for them to re-grant to nonprofits for capacity building (e.g., *California Wellness Foundation and Weingart Foundation to Liberty Hill Foundation*).
- Grants to nonprofit management support organizations (e.g., *California Community Foundation's support of select management support organizations*).
- Capacity-building programs, directly (e.g., *Annenberg Foundation's Alchemy programs, and Durfee Foundation Leadership sabbatical programs*).

**Overall, capacity-building support is diffuse and not well coordinated. A small number of large funders are responsible for a large portion of the grantmaking and capacity-building support that L.A. nonprofits receive. Some funders concentrate their support on particular communities or sub-sectors in L.A. Much funding of L.A.-based foundations support nonprofits outside L.A. County.**

### WHAT IS MISSING?

- A robust set of nonprofit capacity builders that provide a diverse range of high-quality, in-depth, place-based, culturally-competent, and comprehensive services and coordinate their activities well.
- A strong, one-stop shop that provides initial needs assessment and acts as a clearinghouse and referral-maker for capacity-building services.
- A county-wide association of nonprofits and a strong state association of nonprofits.
- Nonprofits that are well-informed consumers of capacity-building services.
- Funders' widespread provision of explicit, focused, and coordinated support for capacity building, including sufficient funding and general operating support, to support a thriving set of high-quality capacity builders and to strengthen the organizational effectiveness of key L.A. nonprofits.
- A regular central forum for funders, capacity builders, and nonprofits to discuss nonprofit capacity building.

### CAPACITY BUILDERS

A wide array of capacity-building service providers including:

- Region-wide training and consulting providers (e.g., *Center for Nonprofit Management*).
- Comprehensive service providers focused on specific communities (e.g., *Pasadena-based Flintridge Foundation and Long Beach Nonprofit Partnership*).
- Specialized providers offering in-depth services related to a particular organizational area (e.g., *Nonprofit Finance Fund and CompassPoint's Fundraising Academy for Communities of Color*).
- Organizations that provide corporate volunteers for consulting services (e.g., *Taproot Foundation, Executive Service Corps, and Deloitte Center for Leadership and Community*).
- Academic institutions that conduct research on the L.A. nonprofit sector and provide training and evaluation services (e.g., *USC and UCLA*).
- A very large number of independent consultants and private firms, many of which offer specialized services, sometimes of variable quality.

**Overall, the quantity and quality of available services is not adequately meeting the needs of nonprofits in the county and the service providers are fragmented and not well coordinated. In particular, there is a shortage of: high quality coaching and peer exchange services; program evaluation, strategic learning, and human resource services; culturally competent services; and services in particular communities outside of central Los Angeles, San Fernando Valley, and Long Beach.**

### NONPROFITS

A geographically dispersed set of almost 35,000 nonprofits (the largest number of any county in the nation) serving a diverse population with a range of pressing needs, across a variety of sub-sectors (including human services, education, health, arts and culture, and community development) that need and/or want stronger:

- Adaptive capacity, especially program evaluation and strategic learning and planning.
- Leadership, especially related to succession planning and board development.
- Ability to take programs to scale.
- Human resource management capability.
- Fundraising and financial management capacity.

**Overall, L.A. nonprofits are struggling with financial sustainability and adaptive leadership and need access to high-quality, comprehensive, affordable, and culturally sensitive organizational assessment and capacity-building services. The number of nonprofits has increased over the last 15 years even as revenues have leveled off, leaving more, smaller organizations competing for a tinier share of the pie, with fewer resources to invest in capacity-building. L.A. nonprofits also need to become better informed consumers of capacity-building services.**

More detailed recommendations for nonprofit organizations, capacity-building service providers, and funders follow below.

### Nonprofit Organizations

Based on the findings of the CCAT study, nonprofit organizations in Los Angeles County can do much on their own to strengthen their capacity. They should strive to build on their numerous existing strengths—their self-awareness, deep knowledge of community needs, empowering organizational cultures, and visionary leaders—to develop their organizational effectiveness, enhance their sustainability, and advance to the next organizational lifecycle stage. In particular, they should:

- Build their capacity in program evaluation, become more effective learning organizations, and understand what works for program delivery;
- Help organizational leaders become more effective, particularly in the areas of program and organizational learning, organizational assessment, program scaling, succession planning, and resource acquisition;
- Strengthen their ability to manage staff, assess staffing needs, make staffing decisions, and effectively resolve human resource problems, especially so that they can take their programs to scale; and
- Develop their skills and expertise in the areas of evaluation, fundraising, outreach, marketing, financial management, and technology.

Since there are so many nonprofit organizations in the County and they are so diffuse, some of them could benefit from forming strategic alliances for the explicit purpose of strengthening their infrastructure to better take programs to scale. Specifically, those nonprofits that work in the same community or sub-sector could consider developing joint infrastructure projects in human resource management, fundraising, administrative support, volunteer engagement and management, and technology.

Moreover, the large number of organizations in this study that are not engaging in any activities to plan for a leadership transition should consider working with a consultant, participating in a peer exchange, or working with a coach to do so.

In general, nonprofits should endeavor to become more knowledgeable consumers of capacity-building services—when nonprofit leaders know what to ask for, they can hold providers accountable for delivering it. Nonprofit and philanthropic leaders should also consider ways to support the development of a strong regional association of nonprofit organizations.

### Capacity-Building Service Providers

As discussed above, capacity-building providers in Los Angeles County should bring their program offerings into closer alignment with those organizational functions with which nonprofits most need assistance, including program evaluation, strategic learning, human resource management, strategic alliances, communications and outreach, and information technology. They should also increase the number of coaching and peer exchange opportunities, highly effective capacity-building activities that appear to be in short supply in the region.

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## Leaders in the fields of philanthropy and capacity building interviewed for this study agreed that capacity-building providers also need to build their own capacity.

Beyond quantity, they ought to closely examine the quality of their offerings and ensure that they follow well-established best practices in the field of nonprofit capacity building. For example, workshops could be more targeted and tailored to ensure that nonprofits' particular training needs are met.

One concrete way that providers could collaborate and focus their efforts is to provide services through a focused capacity-building initiative. Such an initiative could work in an in-depth manner with participating organizations by concentrating either on an organizational area of need, such as financial or human resource management, or sub-sector, such as education or the arts. The initiative could bring together a team of capacity-building providers with expertise in the chosen focus area.

In order to address geographic gaps in service, capacity-building providers should explore ways that they can extend place-based services to under-served areas of Los Angeles County. Some possibilities include offering a greater number of webinars and establishing joint satellite offices out of which multiple providers could offer services that require in-person meetings, such as trainings and peer exchanges.

Leaders in the fields of philanthropy and capacity building interviewed for this study agreed that capacity-building providers also need to build their own capacity. They should consider undertaking organizational assessments, evaluating their programs and operations, developing their own boards of directors, and assessing and refining their business models.

Interviewees added that capacity-building providers in the region would benefit from more networking, coordinating, and collaborating with each other. As mentioned above, providers should at minimum set up quarterly meetings to share resources, synchronize services, and learn together. With more resources, a formal network could provide a greater number and depth of activities. In particular, independent consultants and nonprofit providers of capacity building would benefit from understanding each others' work better and collaborating more. In addition, increased collaboration among capacity-building providers would help them provide nonprofit organizations with better services to help them implement and act on what they have learned in the workshops, peer exchanges, and other services in which they have participated.

### Funders

Foundations and other capacity-building funders in Los Angeles County should consider ways in which they can encourage and help their grant recipients to build capacity in the organizational areas where this study found deficits, especially in program evaluation and strategic learning, board development, human resource management, strategic alliances, succession planning, and fundraising. Funders should also consider increasing funding that builds nonprofits' capacity, including general operating support, multi-year funding, and support for non-program staff positions.

Funders in the county could focus their limited resources by providing general operating support to "anchor" nonprofit organizations in the community, with in-depth organizational assessment and the development of a clear capacity-building plan as a prerequisite to ensure "readiness" to use the dollars. Furthermore, funders could pool some capacity-building

resources to support initiatives to “go deep” and address very specific needs.

Capacity-building providers in the region also need assistance from foundations, particularly with regard to increasing the quantity and quality of services they provide, extending services to under-served regions of the county, and building their own organizational capacity. As mentioned above, funders may choose to invest strategically in existing nonprofit capacity-building providers, possibly matched with a higher level of involvement with regard to directing the resources and setting their expectations. Funders could provide support for convenings, trainings, and workshops to further develop capacity builders’ skills, knowledge, and expertise. Funders may also want to explore the feasibility of forming a new management support organization that can complement existing providers, help fill in gaps, and provide “one-stop shopping” for a range of high-quality capacity-building services to nonprofits. Alternatively, funders may want to consider establishing a central forum and clearinghouse that would connect those seeking capacity-building services with relevant providers. Such an entity (which could be autonomous or operated under an existing provider) could provide “intake” services to nonprofits seeking capacity building, conduct assessments of needs and current organizational capacities, and make referrals to appropriate capacity-building providers.

Overall, as previously noted, funders should work together more to encourage grantmakers and capacity-building providers in Los Angeles County to undertake greater coordination in order to enhance the delivery of capacity-building services in the region. The USC Center on Philanthropy and Public Policy and Southern California Grantmakers are well positioned to convene philanthropic, capacity-building, and nonprofit leaders to tackle this topic. Funders will also want to address the difficult question of how to allocate limited capacity-building resources. Since capacity building is a means to an end, funders need to ask, “Capacity building for *what?*” and, based on their response, they may decide to concentrate their limited resources on the nonprofits that are best aligned with their grantmaking priorities. Another question for funders will concern the balance between funding nonprofit organizations directly for capacity building and supporting the capacity-building providers themselves.

The following report outlines the findings of this in-depth study of the field of nonprofit capacity building in Los Angeles County from the perspectives of nonprofit organizations, capacity-building providers, and funders. This report is provided with the hope that it may lead to fruitful discussion and concrete steps to strengthen nonprofit organizations in the region in their ability to serve our communities.



This report presents the findings of a study funded by the Weingart Foundation and carried out by TCC Group to:

1. Assess the organizational strengths and challenges of nonprofit organizations in Los Angeles County;
2. Learn about these organizations' capacity-building needs (defined as any activity that strengthens the performance of a nonprofit organization) as well as their access to and experiences with capacity-building services; and
3. Ascertain the availability and types of capacity-building services in the region. The geographic focus of the study was Los Angeles County.

## The Weingart Foundation believes that strong nonprofit organizations lead to strong programs. In commissioning this study, the Foundation seeks to learn more about opportunities that exist to foster organizational effectiveness in Los Angeles.

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Founded in 1951 by Ben and Stella Weingart, the Weingart Foundation seeks to build a better America by offering constructive assistance to people in need, thereby helping them to lead more rewarding, responsible lives. The Foundation supports organizations in the areas of health, human services, education, and public and society benefit across six Southern California counties: Los Angeles, Orange, Riverside, Santa Barbara, San Bernardino, and Ventura. The Foundation gives highest priority to activities that provide greater access to people who are economically disadvantaged and underserved. Of particular interest to the Foundation are applications that specifically address the needs of low-income children and youth, older adults, and people affected by disabilities and homelessness. Since 1972, the Foundation has awarded over \$856 million to support organizations working in these fields throughout Southern California. With assets of approximately \$650 million, the Foundation is one of the largest philanthropic institutions in the region.

The study stems from the Weingart Foundation's long-standing history of supporting nonprofit organizations as they grow and develop their knowledge, resources, and capabilities to achieve their missions. The Foundation believes that strong nonprofit organizations lead to strong programs. In commissioning this study, Weingart Foundation seeks to learn more about opportunities that exist to foster organizational effectiveness in Los Angeles. It also strives to share the findings of the study with its colleagues in the philanthropic and nonprofit community so that all parties may be better informed and collectively work to provide more focused and coordinated support for capacity building in the region.

The report begins with an examination of the nonprofit sector in Los Angeles County, looking at trends, the sector's strengths and challenges, and the perspectives of leaders in the county's nonprofit, philanthropic, and capacity-building fields. The report then turns to the field of capacity building in the county, reviewing nonprofit organizations' experiences with capacity-building providers as well as nonprofit, philanthropic, and capacity-building leaders' viewpoints of the field. The third and final section of the report considers the philanthropic sector's current and potential role in developing and strengthening the field of capacity building in Los Angeles County, weighing input on this issue from key stakeholders.



## METHODOLOGY

The findings in this report<sup>3</sup> derive from the following qualitative and quantitative data-gathering strategies undertaken as part of the study:

- TCC Group's (TCC) Core Capacity Assessment Tool (CCAT)<sup>4</sup> was offered to the 725 nonprofit organizations in Los Angeles County that applied for or received funding from Weingart between 2004 and 2009. Of those, 260 organizations (over 35 percent of the total sample) completed the CCAT in its entirety by the study deadline of March 12, 2010, collectively representing input from 1,613 nonprofit leaders.
- A Supplemental Survey inquiring about respondents' capacity-building needs as well as their access to and experiences with capacity-building services in Los Angeles County. 263 organizations completed the Supplemental Survey.
- Interviews with 12 foundations, nine capacity-building providers, and 14 nonprofit leaders identified by the Weingart Foundation.
- Focus groups attended by 25 nonprofit leaders identified by the Weingart Foundation.

As part of this study, TCC Group also carried out the following activities:

- Eight CCAT orientation workshops throughout Los Angeles County and two online webinars to explain the CCAT tool and the Supplemental Survey to participants, discuss the theory of organizational effectiveness that underlies the CCAT, and guide participants through the survey process (the orientation workshops and webinars were attended by 144 individuals).
- Six CCAT interpretation workshops throughout the Los Angeles area to help organizations that had completed the CCAT to understand, make use of, and take action on their assessment findings (the interpretation workshops were attended by 62 individuals).
- Six presentations on nonprofit financial sustainability (these were attended by 62 individuals).

## READING THIS REPORT

The findings in this report are presented in four main sections. Data gathered through the CCAT survey with regard to the organizational strengths and challenges facing nonprofits in Los Angeles County are presented in Section IV, titled "Nonprofit Organizational Capacity-Building Needs in Los Angeles County." This section discusses how nonprofits that participated in the study perform in each of the key organizational capacities

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<sup>3</sup> This report was written by Paul Connolly, Charles Fernández, and Peter York of TCC Group.

<sup>4</sup> The Core Capacity Assessment Tool (CCAT) is a 146-question online survey that measures a nonprofit organization's effectiveness in relation to four core capacities—Leadership, Adaptive, Management, and Technical capacities—as well as Organizational Culture. It is designed to be taken by all senior staff leaders and one to three Board members who are deeply knowledgeable about the organization and its operations. Please see Appendix B for a fuller description of the CCAT.

and sub-capacities measured in the CCAT; it also presents the findings from the individual interviews conducted with nonprofit, capacity-building, and philanthropic leaders on nonprofits' organizational capacities. Section V, "Nonprofit Capacity-Building Services in Los Angeles County," presents an overview of the capacity-building field in the region, the findings from the Supplemental Survey taken by nonprofit organizations in the study, and the interviews with nonprofit, capacity-building, and philanthropic leaders. In Section VI, "Funders' Role in Supporting Nonprofit Capacity Building in Los Angeles County," the report provides a brief outline of the philanthropic sector in the region as well as the findings from interviews with nonprofit, capacity-building, and philanthropic leaders regarding funders' roles in supporting and providing capacity building to nonprofit organizations. The final section, "Conclusions and Recommendations," summarizes the study's findings and lays out suggested next steps that nonprofit, capacity-building, and philanthropic leaders in Los Angeles County can take to strengthen the organizational capacity and effectiveness of nonprofit organizations in the region.

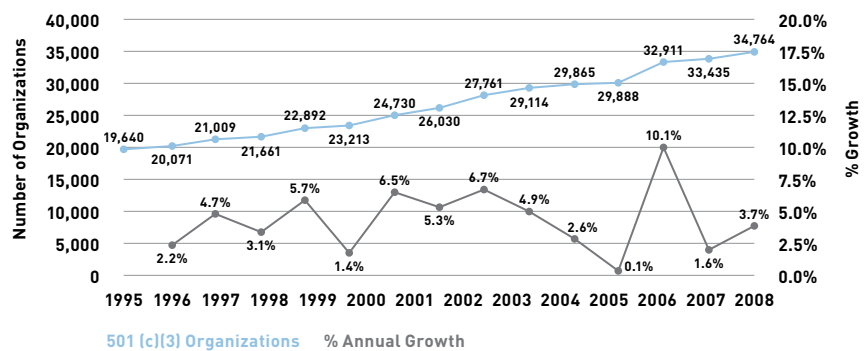


This section begins with a brief overview of the nonprofit sector in Los Angeles County. Then, there is an examination of the nonprofit sector's strengths and challenges, based on the results of the Core Capacity Assessment (CCAT) tool taken by 260 nonprofits in the region as well as the interviews conducted with leaders in the nonprofit, philanthropic, capacity-building fields, and the focus groups held with nonprofit leaders.

## OVERVIEW OF THE NONPROFIT SECTOR IN LOS ANGELES COUNTY

With 34,674 nonprofit organizations, Los Angeles County has the largest number of 501(c)(3) public charities of any county in the United States. As Exhibit 2, below, shows, the number of nonprofits in the county has almost doubled in size since 1995, when the county had 19,640 501(c)(3) public charities. As shown in Exhibit 3, on the following page, the county’s nonprofit sector is particularly robust in human service organizations, which make up almost a quarter of all nonprofits (23.5 percent), religious groups and congregations (21.2 percent), educational organizations (12.3 percent), public and societal benefit associations (12.1 percent), and arts, culture, and humanities groups (10.1 percent). Exhibit 4, on the following page, compares the county’s nonprofit sector and the study participants by sub-sector.<sup>5</sup> Because the study sample is based on nonprofit organizations that applied for or received funding from Weingart, sub-sectors that make up a sizable portion of the county’s nonprofits, such as Religion, Environment, and International, are not well represented in the study. Exhibit 5, on page 19, compares the county’s nonprofit sector by budget size to the breakdown of organizations in the study.<sup>6</sup> As the table shows, the organizations in the study are, on average, larger than those in the county overall. The mean budget size of organizations in the county is \$2.5 million and the median is \$30,135;<sup>7</sup>

**EXHIBIT 2: Growth in the Number of Nonprofit Organizations in Los Angeles County<sup>8</sup>**



Source: NCCS IRS Business Master Files, August 1995–July 2009.

Note: The growth between years is not an exact 12-month period. Data for each year was extracted from the following NCCS IRS BMF files: August 1995; June 1996; October 1997; September 1998; December 1999; May 2000; July 2001; July 2002; July 2003; April 2004; July 2005; May 2006; September 2007; June 2008; July 2009.

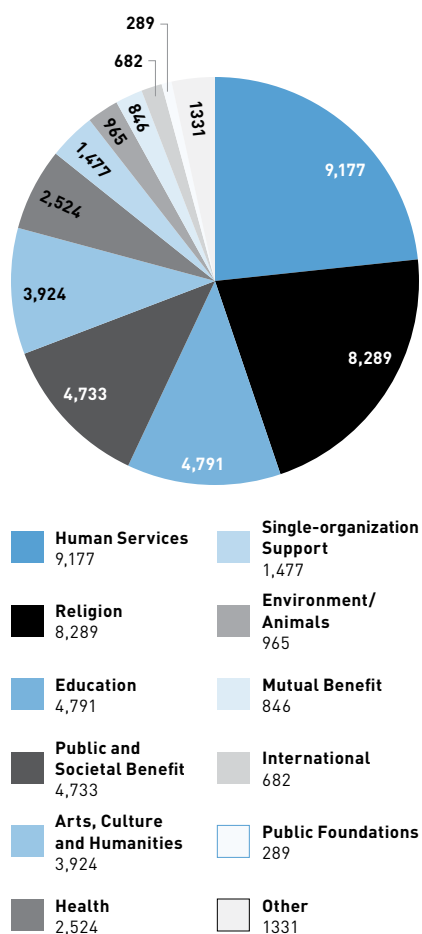
<sup>5</sup> Percentages for “LA County” do not total 100 percent because sub-sectors not reflected in this study, such as Religion, Environment, and International, are not included in the graph.

<sup>6</sup> National Center for Charitable Statistics, accessed online in October 2009. Please note that numbers for study participants do not total 260, as not all CCAT survey participants provided budget size or sub-sector information.

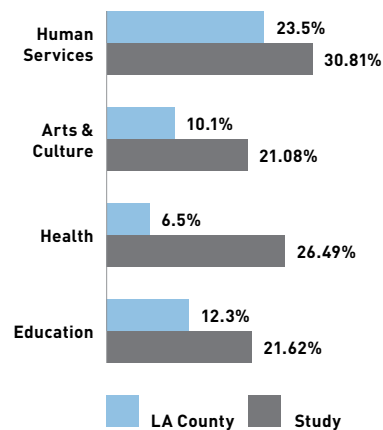
<sup>7</sup> Ibid. The small median budget size reflects the large number of very small organizations. Perhaps a more relevant figure is that the average budget size for the third quartile (organizations at the bottom 75 percent of the sample) in the sample is \$179,615.

<sup>8</sup> “Resilience and Vulnerability: The State of the Nonprofit Sector in Los Angeles,” UCLA School of Public Affairs, Center for Civil Society, 2009, p. 21.

**EXHIBIT 3: Los Angeles County's Nonprofit Sector, by Sub-Sector**



**EXHIBIT 4: Comparison, by Sub-Sector, of Los Angeles County's Nonprofit Sector and Participants in Study**



for those in the study, the mean budget size for nonprofits in this study is \$6.6 million and the median budget is \$1.8 million. This difference is likely due in part to the fact that nonprofits in the study are large enough to seek and receive foundation funding; in addition, they may be more able than smaller organizations to be self-reflective and take the CCAT.

The nonprofit sector in Los Angeles County represents slightly less than seven percent of the Los Angeles—Long Beach Metropolitan Area Gross Metropolitan Product (GMP).<sup>9</sup> The county's nonprofits employ approximately 238,000 workers, representing about six percent of the labor force in the county (the private and public sectors, by comparison, employ 81 and 14 percent of the workforce, respectively).<sup>10</sup>

The UCLA Center for Civil Society reports that the size of the nonprofit sector in Los Angeles County is comparable to both national and state per capita averages (33 organizations per 10,000 population in Los Angeles County, in contrast to 34 and 32 per 10,000 population nationwide and statewide, respectively). However, expenditures per 10,000 population in Los Angeles County stand at \$34.8 million, as compared to \$42.8 million nationally and \$39.2 million statewide. This, the UCLA report states, “[suggests] that on average a Los Angeles County nonprofit organization spends less than the average California nonprofit organization.”<sup>11</sup>

The Center for Civil Society's 2009 report also indicates that the number of nonprofits in Los Angeles County is growing faster than aggregate total expenditures by organizations in the county, resulting in a smaller average size for the region's nonprofits. These trends may be illustrated by changes in the Human Services sub-sector. According to the Center for Civil Society report, more than one-third of Human Service organizations experienced a “substantial increase” between 2008 and 2009 in the demand for their programs and services. Meanwhile, 38 percent of Human Services organizations saw a decline in revenue while, at the same time, 39 percent of them increased expenditures. All of this took place against a backdrop of explosive growth in the number of Human Services organizations in the county: 43 percent between 2001 and 2007, a greater growth rate than any other sub-sector.

These colliding trends of increased demand for services, declining revenues, and growth in the number of organizations are of serious concern. As the Center's report observes, “This begs the question as to whether more organizations, smaller in size and continuing to further ‘divide up the pie,’ will be able to adequately address growing social problems at the local level.”<sup>12</sup> This question also has clear implications

<sup>9</sup> “Creating Opportunities: The State of the Nonprofit Sector in Los Angeles,” UCLA School of Public Affairs, Center for Civil Society, 2007, p. 10.

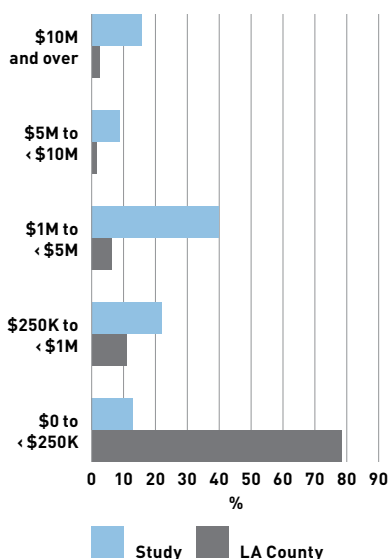
<sup>10</sup> UCLA School of Public Affairs, Center for Civil Society, 2009, Op.cit., p. 13.

<sup>11</sup> Ibid., p. 23.

<sup>12</sup> Ibid., p. 25.

## When asked about the strengths of the nonprofit sector in Los Angeles County, the nonprofit, philanthropic, and capacity-building leaders interviewed first remarked on nonprofits’ resilience, resourcefulness, and deep knowledge of the communities that they serve.

**EXHIBIT 5:** Comparison, by Budget Size, of Los Angeles County’s Nonprofit Sector and Participants in Study



for this report, as many nonprofits in the county, facing smaller, tighter budgets and increasing community demand, will find it more and more challenging to build their organizational effectiveness and capacity. (It is important to note, however, that the challenges described above are not evident in all sub-sectors. For example, while 38 percent of Human Services organizations in the UCLA study reported a substantial increase in demand for services between 2008 and 2009, only 12 percent of Arts and Culture and Education groups, and just 15 percent of Health organizations, reported a similar increase.<sup>13</sup>)

The next section examines the health of the Los Angeles County’s nonprofit sector in terms of organizational effectiveness and capacity, based on the results of the Core Capacity Assessment Tool (CCAT) as well as the interviews and focus groups conducted, as part of the study, with leaders in the nonprofit, philanthropic, and capacity-building fields.

### AN ASSESSMENT OF THE HEALTH OF LOS ANGELES NONPROFIT ORGANIZATIONS

This section begins with a qualitative overview of the health of the nonprofit sector in Los Angeles County from the perspective of leaders in the nonprofit, philanthropic, and capacity-building fields interviewed for the study. It then reviews the Core Capacity Assessment Tool (CCAT) and the four core capacity organizational effectiveness model underlying it. Next, it discusses the findings related to the strengths and challenges facing nonprofits in the region, based on quantitative results of the CCAT and the interviews and focus groups conducted as part of the study.

#### Leaders’ Perspectives on the Strengths and Challenges of Nonprofit Organizations

When asked about the strengths of the nonprofit sector in Los Angeles County, *the nonprofit, philanthropic, and capacity-building leaders interviewed first remarked on nonprofits’ resilience, resourcefulness, and deep knowledge of the communities that they serve.*<sup>14</sup> Philanthropic leaders and capacity-building providers noted the *expertise that nonprofit organizations have about the communities in which they work and the creativity with which they are addressing the challenging social conditions they face.*

*Nonprofit leaders themselves observed that the number of challenges these days is greater than the number of strengths.* The recession has left most organizations

<sup>13</sup> Ibid., p. 3.

<sup>14</sup> Please see Appendix E for a full list of people interviewed for this study.



operating at very close to a bare-bones level. Many nonprofits in Los Angeles, particularly in the Human Services sub-sector, are struggling to meet demand for services that is at an all-time high at the same time that they have to contend with grave cutbacks in funding from government, foundations, and individual donors. There was a sense among nonprofit respondents, when they were interviewed in the fall of 2009, that this financial crisis seemed worse than previous ones. In the words of one nonprofit leader, “I feel as if only the strongest organizations will survive this one.” Another nonprofit interviewee observed that “the gap between the demand for services and the cost of providing those services, on the one hand, and the revenues that they can generate to meet this demand, on the other, has grown year after year; this cannot continue. Tax dollars certainly aren’t growing to meet these demands and if private philanthropy doesn’t rise to the challenge and fill this gap, our organizations will disappear.”

***Asked about the impact that these circumstances have had on overall organizational operations and effectiveness, one nonprofit leader replied that “we can’t cut back on anything except administration, so there are fewer resources available for management and overhead.”***

Respondents across the nonprofit, philanthropic, and capacity-building fields were generally in agreement when asked what organizational functions nonprofit organizations most need support in strengthening. The most frequently cited issues were:

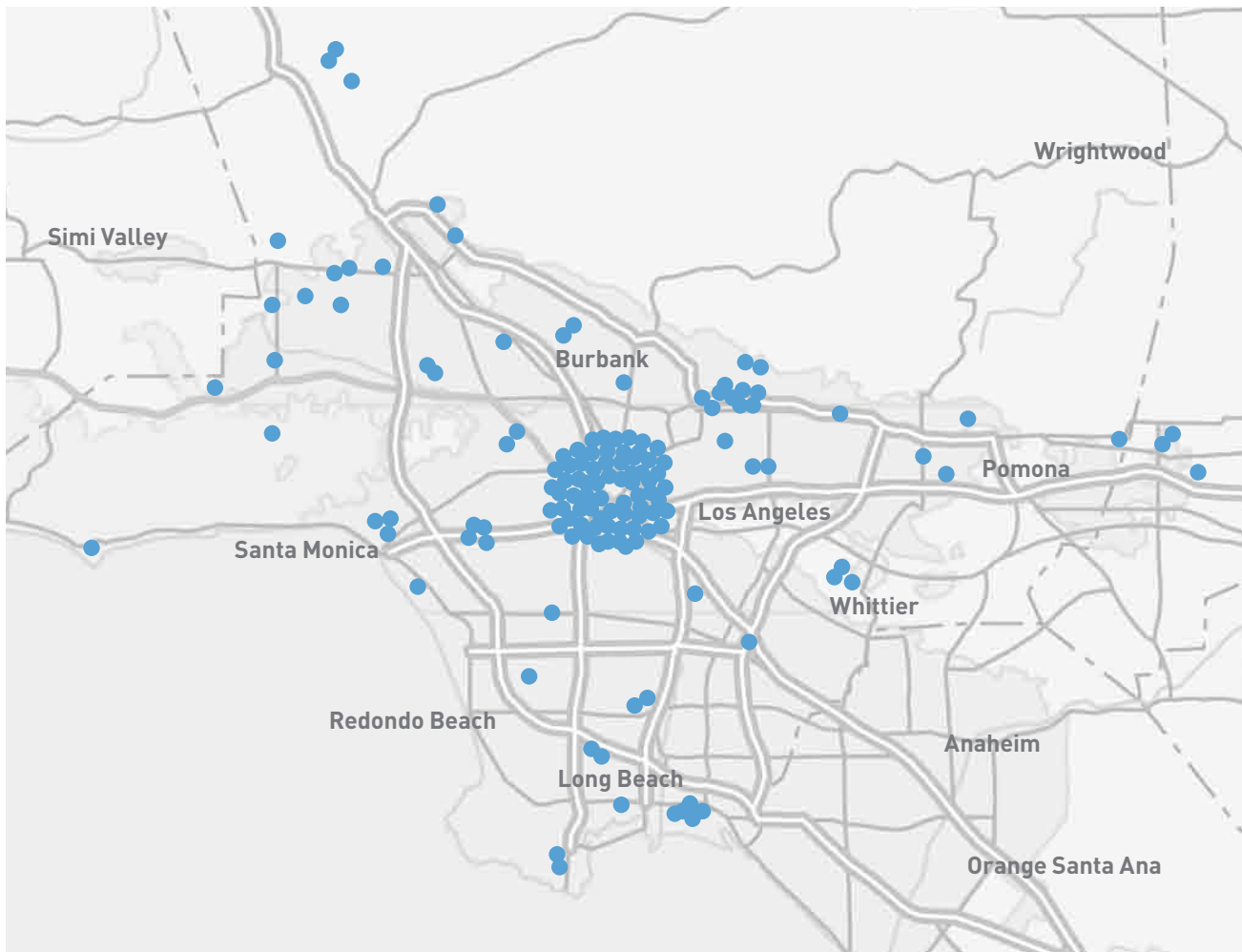
- Leadership development;
- Financial management;
- Fundraising; and
- Board development.

Other issues also mentioned include knowledge management, strategic planning, staff recruitment, program design and evaluation, and coping with and responding to changes in the operating environment. These concerns align closely with the CCAT findings; as will be discussed in greater detail below, there is room for improvement on many of these issues among nonprofits in the study.

***Many observers noted that the nonprofit sector in Los Angeles is very diffuse. Several interviewees felt that this is not entirely due to geography; they observe that it is difficult to persuade nonprofit leaders to form or join multi-organizational networks, which these respondents feel contributes to the overall weakness of the sector in the region. A number of interviewees also noted that the nonprofit sector in Los Angeles is hampered by the absence of a strong regional association of nonprofits. Several observed that the California Association of Nonprofits (CAN) is struggling and has reduced its services over the past few years. In addition, several interviewees commented that there are few vehicles or venues through which the sector can dialogue with and about itself.***

Related to the perceived reluctance to collaborate with other organizations, ***several interviewees commented on the tendency of nonprofits in the region to work on their own.*** In the words of one respondent, organizations “cling to the misperception that they can meet the needs in one community without considering the bigger picture, even though the needs are so great that no one organization can do it alone, even in their one community.” This individual added that ***fundors do not play as strong a role as they could in helping to coordinate strategies and activities geographically.***

**EXHIBIT 6:** Location in Los Angeles County of Nonprofit Organizations Participating in the Weingart Foundation Study



*There are important differences among nonprofit sub-sectors.* For example, a number of respondents felt that *some fields, such as the arts, are more strongly networked than others.* Also, Health and Human Service organizations dependent on government funding, and particularly on state funding, where slow reimbursements are a significant problem, face unique challenges. One respondent observed that the *human services field perhaps faces the most acute crisis, with most organizations in the field ill-equipped to address the organizational challenges they face as a result of the economic and state budget crises.* These sub-sectoral differences are examined below in the discussion of findings related to the strengths and challenges of nonprofits in this study.

The next section provides a brief overview of the CCAT tool as well as the organizational effectiveness and lifecycle models underlying it. The quantitative findings of the CCAT study are presented afterwards.

#### **The Core Capacity Assessment Tool (CCAT) and the Four Core Capacity Organizational Effectiveness Model**

The CCAT is a 146-question, online, self-assessment survey that measures a nonprofit organization's effectiveness in relation to four core capacities—Leadership, Adaptive, Management, and Technical capacities—as well as Organizational Culture. It also assesses an organization's placement on the organizational lifecycle and provides a findings report based on the responses of the organizational leaders taking the survey, a prioritized capacity-building

## The CCAT was offered to 725 organizations that applied for or received funding from the Weingart Foundation between 2004 and 2009. Of those, 260 organizations completed the CCAT, representing 1,613 nonprofit leaders who participated in the study on behalf of their organization.

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plan, and the technology to generate self-selected benchmark reports from a national database of over 1,500 nonprofit organizations that have previously taken the CCAT.

The CCAT was offered to 725 organizations that applied for or received funding from the Weingart Foundation between 2004 and 2009. Of those, 1,613 nonprofit leaders representing 260 organizations completed the CCAT. (See Exhibit 6, on the previous page, for a geographical distribution of Los Angeles County nonprofit organizations that participated in the study.) It should be noted that the participants in the study completed the CCAT between September 2009 and March 2010, in the midst of a major economic recession. The results were analyzed in the following three ways:

1. Across all organizations in the study, to glean a general sense of capacity strengths, challenges, and needs among nonprofits;
2. By sub-sector, using Weingart's main funding categories (Human Services, Education, Health, and Arts and Culture), to understand differences by sub-sector;<sup>15</sup> and
3. By the size of an organization's annual operating budget, to comprehend how budget size affects an organization's capacities and capacity-building needs.

TCC also compared this data against the national CCAT database of 989 nonprofit organizations.<sup>16</sup> It is notable that the Los Angeles nonprofit organizations that participated in the study are, on average, larger in budget size than the national CCAT data: the mean budget size for nonprofits in this study is \$6.6 million and median budget size is \$1.8 million, while the mean budget size of all organizations in the CCAT database is \$2.9 million and the median budget size is \$967,500.

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<sup>15</sup> TCC was unable to categorize organizations taking part in the study using Weingart's "Public and Society Benefit" program category because there is not a corresponding category in the CCAT system with which organizations could identify themselves. There are, however, equivalent categories for Weingart's other four sub-sectors, as identified above. In addition, organizations in other sub-sectors identified in Exhibit 2, such as Environment, Religion, and International, are not well-represented in the study because Weingart does not fund in these areas.

<sup>16</sup> As noted previously, over 1,500 nonprofit organizations have taken the CCAT nationally at the time this report was completed. Most of these organizations took the CCAT after September 2008, when the recession began. The national CCAT database consisted of 989 nonprofits that had taken the CCAT at the time the comparative analysis was conducted in early 2010.

## EXHIBIT 7: Description of CCAT Lifecycle Stages

	Lifecycle Stages	Description
Growth Stages	<b>Core Program Development</b> (Stage I)	An organization that resources, leads, manages, and adapts its core programs well.
	<b>Infrastructure Development</b> (Stage II)	An organization that resources, leads, manages, and adapts its operations in order to be able to take programs to scale (serve more people more effectively).
	<b>Impact Expansion</b> (Stage III)	An organization that resources, leads, manages, and adapts its community engagement and/or system-reform efforts necessary to advance the mission and achieve the vision beyond what one organization can do with its programs alone.
Decline Stages <sup>18</sup>	<b>Stagnation</b> (Stage IV)	An organization that is not adapting well to the internal and external environmental factors affecting its operations and effectiveness.
	<b>Dissolving/Merging</b> (Stage V)	An organization that, due to mission drift or becoming irrelevant in its current operating environment, may be ready to dissolve.  Alternately, the organization may be better served by merging with another, healthier organization, thus making better use of their pooled resources.

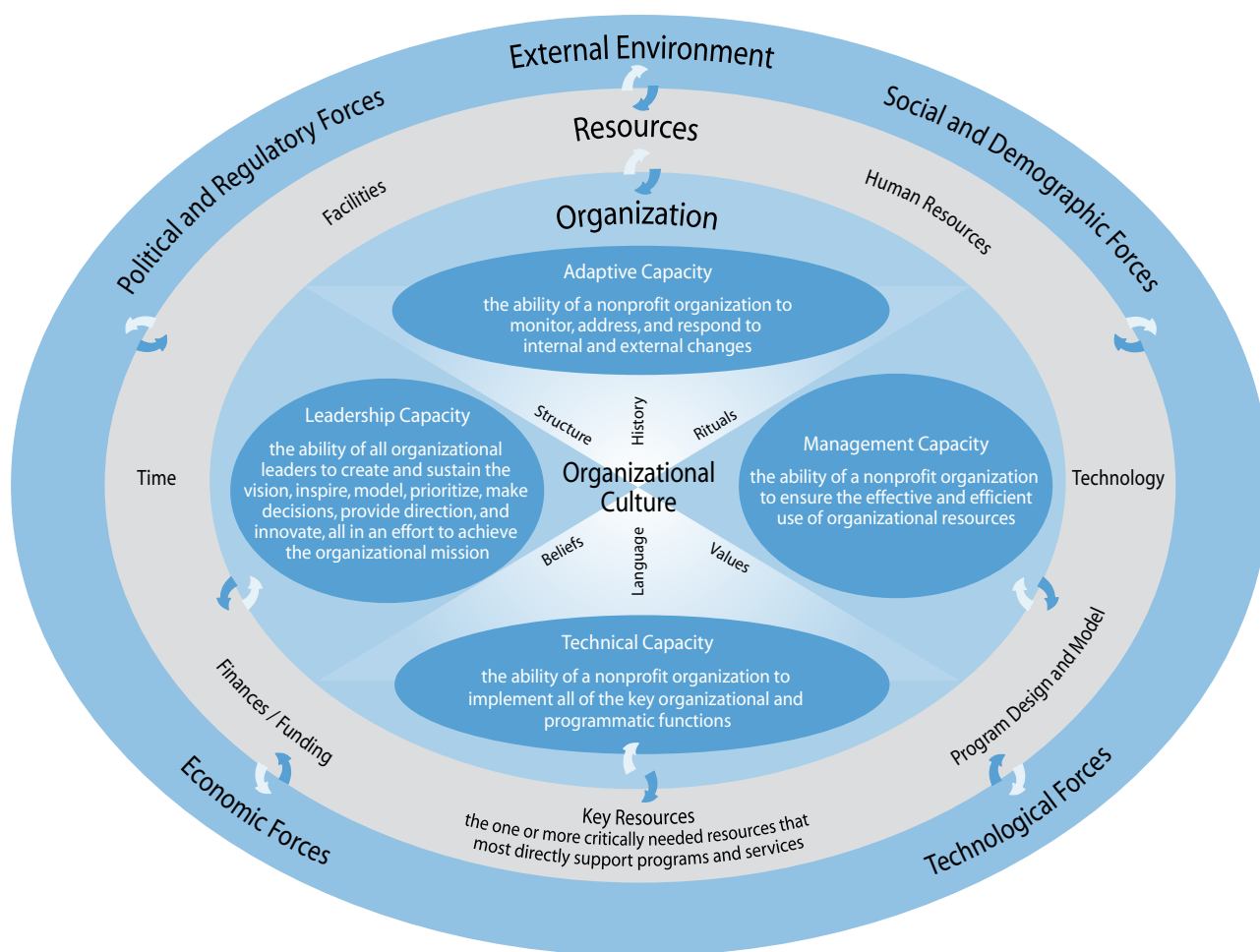
The CCAT begins by placing nonprofit organizations along a continuum of organizational lifecycle stages. Nonprofit organizations, like people, experience a lifecycle of progressive stages and developmental milestones. A nonprofit's strengths and challenges in each of the organizational capacities measured by the CCAT are informed by that nonprofit's lifecycle stage. The lifecycle stage also greatly informs the type and structure of capacity-building assistance that will have the most impact at its stage of development. TCC defines the lifecycle stages according to the organizational development milestones outlined in Exhibit 7, above.<sup>17</sup>

TCC Group also examines where an organization's current strengths and challenges are within each of four core capacities that TCC considers, based on an extensive literature review, to be essential elements of organizational effectiveness. TCC research led it to develop the Four Core Capacity Model for Organizational Effectiveness (shown graphically in Exhibit 8, on the next page). In addition to these four core capacities, the CCAT also includes

<sup>17</sup> Please see Appendix B for a fuller description of how the CCAT assesses organizational lifecycle. See also *Navigating the Organizational Lifecycle: A Capacity-Building Guide for Nonprofit Leaders*, Paul Connolly, BoardSource, 2006.

<sup>18</sup> In its administration of the CCAT self-assessment tool, TCC Group believes that, by virtue of choosing to take the CCAT, even those organizations that may have fallen into a state of decline (Stages IV and V) are embarking on a process of renewal. In order to improve their organization's effectiveness, these organizations need to be in one of the growth stages (Stages I–III). Therefore, the CCAT only places organizations into one of the growth stages.

**EXHIBIT 8:** The Four Core Capacity Model for Organizational Effectiveness



a measure of Organizational Culture since it has a significant impact on each of the above core capacities. The four core capacities and Organizational Culture are defined in Exhibit 9, on the following page.

The Four Core Capacity Model includes sub-capacities in each of these areas. By assessing both an organization’s core capacities and sub-capacities, the CCAT provides a detailed and nuanced picture of the organization’s strengths and challenges. The sub-capacities are discussed in greater detail below. Both core capacities and sub-capacities are scored on a 300-point scale:

- Scores 230 and higher are considered “strong”
- Scores from 190–229 are considered “satisfactory”
- Scores less than 190 are considered areas that need to be strengthened

Before reviewing the strengths and challenges of the organizations in the study, it is valuable to lay further groundwork about the core capacities and how they interact in order to better understand the importance and implications of the findings.

## EXHIBIT 9: Description of CCAT Core Organizational Capacities

	Description of Core Organizational Capacities
<b>Leadership Capacity</b>	The ability of all organizational leaders to create and sustain the vision, inspire, model, prioritize, make decisions, provide direction, and innovate, all in an effort to achieve the organizational mission.
<b>Adaptive Capacity</b>	The ability to monitor, assess, respond to, and create internal and external changes.
<b>Management Capacity</b>	The ability to ensure the effective and efficient use of organizational resources.
<b>Technical Capacity</b>	The ability to implement all of the key organizational and programmatic functions.
<b>Organizational Culture</b>	While separate from the four core capacities, Organizational Culture is the context in which the core capacities operate. Each organization has a unique history, language, organizational structure, and set of values and beliefs that affect staff unity and engagement.

Ideally, a nonprofit organization should strive to have these four core capacities in alignment—to have each capacity at or near the strength appropriate to its lifecycle stage. In this way, each capacity reinforces the others, enhancing an organization’s ability to deliver programs and services and enabling it to achieve its mission. However, *the four core capacities are not equal in importance, particularly early in a nonprofit’s development. The Adaptive capacity is of critical importance from the outset*, as it enables a nonprofit to comprehend what the social need is and how to design and deliver responsive programs to meet that need. It is what enables an organization to be innovative, flexible, and resilient, to be attuned to the external environment, to identify changes and opportunities, to modify or initiate strategies in response to those changes and opportunities, and (as appropriate) to take steps to change the external environment. *The Leadership capacity is similarly vital* in that organizational leaders must make effective and strategic decisions based on what they learn through the activities that enhance the Adaptive capacity. These include resource decisions to ensure that the Management and Technical capacities are in place.

In this way, then, it may be said that *the Adaptive and Leadership capacities tend to drive an organization forward while the Management and Technical capacities tend to follow*. Put another way, an organization must understand and respond strategically to its operating environment and have a sense of direction of where it needs to go before it can manage the resources and implement the knowledge and technical expertise it will need to get there. As discussed in greater detail below, this significantly impacts the sequence in which challenges identified by the CCAT should be acted upon.

Organizational sustainability—a nonprofit’s ability to weather the inevitable changes in its operating environment, to seize new opportunities and overcome new challenges—is also an important element in achieving organizational effectiveness. No organization can continue to extend its programmatic impact and work toward achieving its mission if it fails to thrive and has to close down. This is particularly pertinent during these difficult economic times. At the same time, organizational sustainability is not a goal in itself; it is also important for a nonprofit to advance in the lifecycle continuum, reaching the Impact Expansion stage and sustaining itself there in order to achieve its mission.



In light of this, using regression analysis techniques, *TCC Group analyzed predictors of organizational sustainability<sup>19</sup> and lifecycle advancement<sup>20</sup> among the organizations in this study and found that there are very specific organizational behaviors that significantly differentiate the most “sustainable” organizations in this study from the rest. Specifically, they are the capacity to:*

- Gather and use program-related information (i.e., community needs assessment and program evaluation data) for the purposes of planning, learning, decision-making, course correction, and innovation (as measured in the CCAT Adaptive sub-capacity scores for Decision-making Tools and Programmatic Learning);
- Intentionally cultivate organizational culture by bringing staff together to share, reflect, celebrate, and socialize: to “re-energize” everyone (as reflected in the CCAT Organizational Culture sub-capacity score for Re-energizing);
- Manage program staff effectively by implementing strong hiring and retention practices, undertaking ongoing professional development, and establishing clear performance accountability measures for client outcomes (as assessed in the CCAT Management sub-capacity score for Managing Program Staff);

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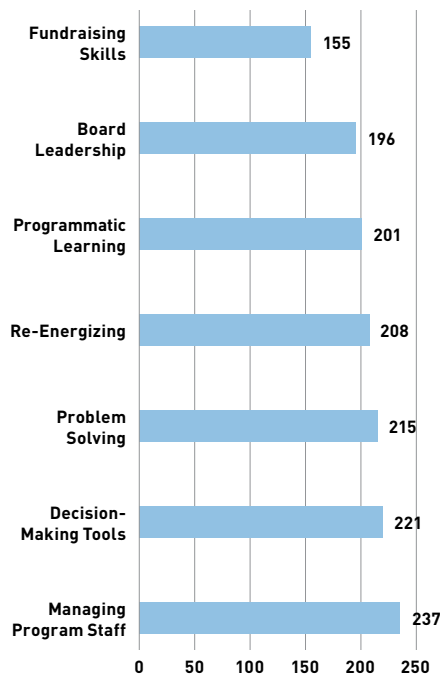
<sup>19</sup> TCC Group isolated organizational behaviors predictive of organizational sustainability by using regression analysis. The measures of “organizational sustainability” used in the CCAT are the multiple statements that ask organizational leaders how much they agree (e.g., five possible responses ranging from “Strongly Disagree” to “Strongly Agree”) with statements about their organization’s financial stability and sustainability. The CCAT also gathers three years of operating budget data on each organization (current year, previous year, and two years prior). TCC uses this financial data to confirm that an organization’s CCAT sub-capacity score on leaders’ perceptions of “organizational resource sustainability” is highly and significantly correlated with whether an organization’s operating budget increased, decreased, or stayed the same during the most recent three-year period.

<sup>20</sup> The CCAT calculates lifecycle scores by disaggregating organizational behaviors (i.e., individual survey items in the CCAT) according to where they fall uniquely within one of the following lifecycle stages:

- Stage One: program leadership, management, technical, and adaptive behaviors;
- Stage Two: non-programmatic/operational leadership, management, technical, and adaptive behaviors; and
- Stage Three: community leadership/engagement leadership, management, technical, and adaptive behaviors.

Lifecycle placement is then determined based on the *minimum* stage at which organizational leaders agree their organization exhibits the relevant behaviors. In other words, if the leaders taking the survey do not agree or are “unsure” about whether their organization exhibits the behaviors related to a particular lifecycle stage, the nonprofit is not placed at this stage but rather at the next lowest stage.

**EXHIBIT 10:** Predictors of Organizational Sustainability and Lifecycle Advancement



- Ensure that all organizational challenges and interpersonal conflicts that hinder progress are resolved quickly and effectively (as reflected in the CCAT sub-capacity score for Problem Solving);
- Build the board’s leadership capacity, particularly with respect to engaging the community as partners, resource providers, and financial backers (as measured in the CCAT Leadership sub-capacity score for Board Leadership); and
- Secure the resources needed to succeed in fundraising, including recruiting and retaining staff and board members with relevant skills and experience and putting in place the tools and infrastructure needed to generate funds effectively (as measured in the CCAT Technical sub-capacity score for Fundraising Skills).

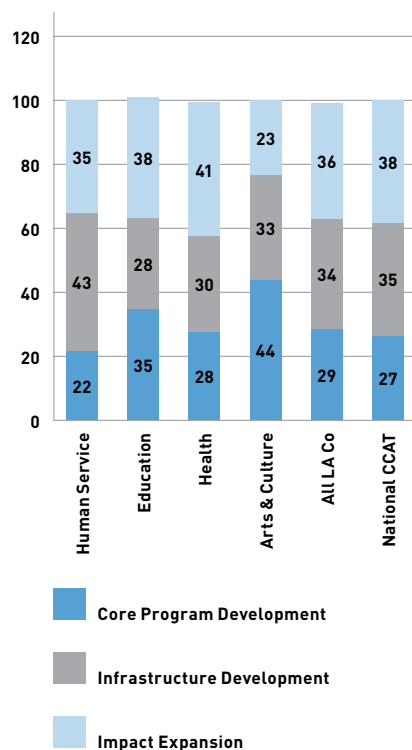
The nonprofit organizations that exemplify these capacities exhibit organizational sustainability. Exhibit 10, on the left, presents these predictors of organizational sustainability and lifecycle advancement by order of influence.<sup>21</sup>

Having laid the foundation for understanding the CCAT findings, the next section discusses the lifecycle placement of nonprofits in this study.

**Key Findings Regarding Organizational Lifecycle Stage**

When each organization’s lifecycle placement was aggregated with the others in the study and analyzed, the most significant difference was found in the breakdown by sub-sector (again, using Weingart’s categorization of these), as can be seen in Exhibit 11, on the left. As this chart shows, *study participants are fairly equally distributed across the three lifecycle growth stages, with slightly larger percentages in Stage II (Infrastructure Development) and Stage III (Impact Expansion).*

**EXHIBIT 11:** Organizational Lifecycle Placement



Looking further into the data, it is clear that *there are larger percentages of Arts and Culture and Education organizations in this study that are in Stage I (44 and 35 percent, respectively).* There are fewer Human Service and Health organizations in Stage I (22 and 28 percent, respectively). While these numbers are not greatly disparate, *it does suggest that more Arts and Culture and Education organizations are facing the challenges characteristic of Stage I (Core Program Development), namely:*

1. Effort in convincing funders of the value of core programs and thus in garnering the financial and other resources and technical capacities necessary to implement programs both efficiently *and* effectively;
2. Challenges in conducting the types of programmatic learning that will quickly help an organization to determine what it is about its program that, at its core, works or does not work;

<sup>21</sup> It is noteworthy that several of the key behaviors identified relate to human resource management practices (underscoring the importance of this function for nonprofit organizations in this study); they are not combined here because these behaviors pertain to human resources from distinct and equally important perspectives, including organizational culture and conflict resolution.

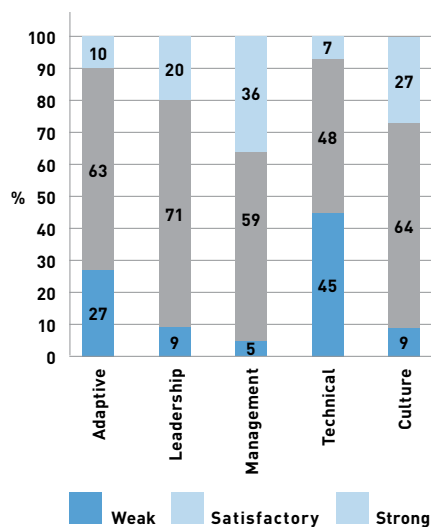
3. Trouble in developing the initial tools and processes for managing program staff; and
4. Difficulty in ensuring widespread clarity and consensus amongst staff, board and volunteers with respect to the organization’s mission and vision.

*It is also noteworthy that the largest percentage of organizations facing Stage II (Infrastructure Development) challenges is in the Human Services field (43 percent).* Placement in Stage II is a clear indication of an organization’s need to garner the resources, tools and processes necessary to improve operational leadership, human resources management, technology, facilities, and both programmatic and organizational learning, all to facilitate being able to take effective programs to scale.

*More Health organizations are challenged by Stage III (Impact Expansion) issues.* These include resourcing, leading, managing and adapting the types of community engagement, policy advocacy, system reform, mobilization, and community-building strategies most organizations will need to implement in order to advance their mission and achieve their vision. In many cases, the struggle in Stage III comes down to the need to make significant changes regarding board members’ roles and responsibilities, as well as the need to clearly differentiate leadership roles within the organization with respect to programmatic, operational, and community leadership and decision-making.

With this review of where nonprofit organizations in the study fall in the lifecycle stage continuum, as a group, the next section turns to a detailed description of findings regarding these nonprofits’ strengths and challenges on the core organizational capacities and sub-capacities.

**EXHIBIT 12: Aggregate Core Capacity Scores**



CCAT Core Capacities and Sub-Capacities			
Adaptive Capacities	Leadership Capacities	Management Capacities	Technical Capacities
<ul style="list-style-type: none"> <li>■ Environmental Learning</li> <li>■ Programmatic Learning</li> <li>■ Organizational Resource Sustainability</li> <li>■ Decision-Making Tools</li> <li>■ Organizational Learning</li> </ul>	<ul style="list-style-type: none"> <li>■ Leader Influence</li> <li>■ Board Leadership</li> <li>■ Leadership Sustainability</li> <li>■ Leader Vision</li> <li>■ Internal Leadership</li> </ul>	<ul style="list-style-type: none"> <li>■ Financial Management</li> <li>■ Supporting Staff Resource Needs</li> <li>■ Staff Development</li> <li>■ Problem Solving</li> <li>■ Conveying Unique Value of Staff</li> <li>■ Program Staffing</li> <li>■ Manager-to-Staff Communication</li> <li>■ Volunteer Management</li> <li>■ Managing Program Staff</li> <li>■ Managing Performance Expectations</li> <li>■ Assessing Staff Performance</li> </ul>	<ul style="list-style-type: none"> <li>■ Facilities</li> <li>■ Facility Management Skills</li> <li>■ Financial Management Skills</li> <li>■ Fundraising Skills</li> <li>■ Legal Skills</li> <li>■ Marketing Skills</li> <li>■ Outreach Skills</li> <li>■ Program Evaluation Skills</li> <li>■ Service Delivery Skills</li> <li>■ Technology</li> <li>■ Technology Skills</li> </ul>

**Key Findings Regarding Core Capacities and Sub-Capacities**

The overall aggregate CCAT scores on the four core capacities for all 260 participating organizations, shown in Exhibit 12, on the left, reveal that

## Adaptive capacity—the ability of a nonprofit organization to monitor, assess and respond to and create internal and external changes—is the strongest predictor of nonprofit organizational sustainability and lifecycle advancement in Los Angeles County.

Core capacities and sub-capacities are scored on a 300-point scale:

- Scores 230 and higher are considered “strong”
- Scores from 190–229 are considered “satisfactory”
- Scores less than 190 are considered areas that need to be strengthened

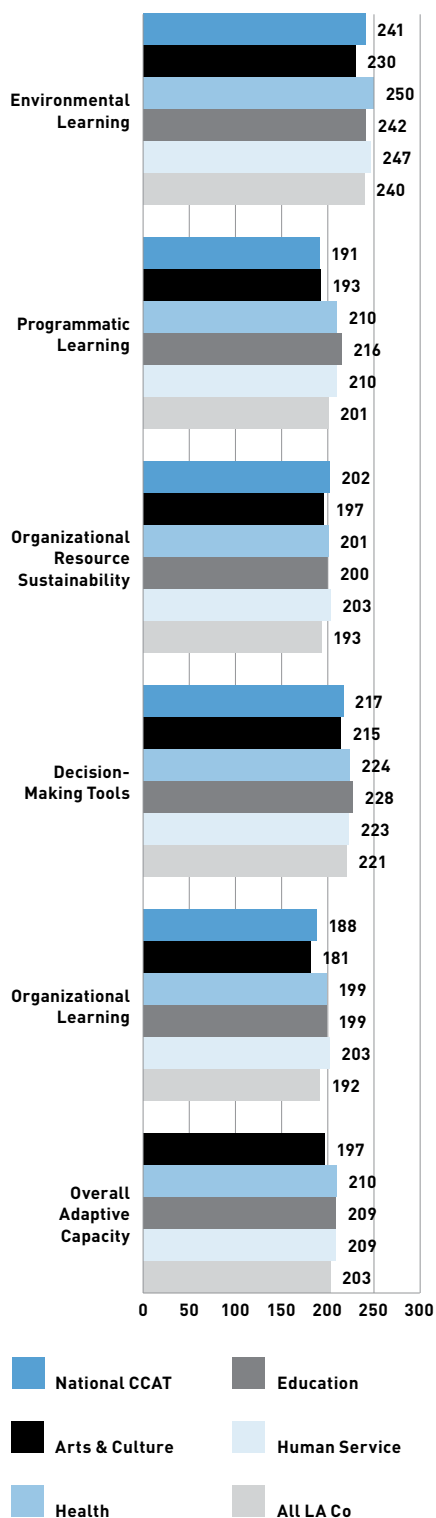
*Adaptive and Technical capacities are the weakest for the largest percentage of nonprofit organizations in the study. In addition, Management capacity has the largest percentage of nonprofit organizations scoring “strong”.*

On the surface, these findings may suggest that the biggest deficit Los Angeles nonprofits face is in the area of Technical capacity and that, therefore, the most significant capacity-building investment moving forward should concentrate on this particular core capacity. While building Technical capacity is important, however, there are two reasons why it should not be the top priority of a capacity-building program:

1. As noted above, the most important drivers of organizational effectiveness are the Adaptive and Leadership capacities, with Management and Technical following. Specifically, organizations and their leaders must be learning, prioritizing, making decisions, and planning well if they are to truly understand and garner the precise technical capacities they need to achieve their mission, and how to manage them. This is particularly the case for the one-third of organizations in the study that are still in the Core Program Development stage.
2. In addition, the analysis TCC Group conducted on organizational sustainability for the nonprofits in this study revealed that Adaptive, Management, and Leadership capacities are more predictive of sustainability and lifecycle advancement than Technical capacity.

For these reasons, *TCC believes that a focus on Technical capacity should not be the first priority of a capacity-building effort to strengthen nonprofit organizations in Los Angeles County. Instead, providing capacity-building services to the 90 percent of organizations in the study that are not yet “strong” in Adaptive capacity, the 73 percent of organizations that are not “strong” with respect to their Organizational Culture, the 89 percent that are not “strong” on board leadership, and the 64 percent of organizations whose Management capacity is not at its peak will yield greater immediate and long-term benefit to the organizations involved.* Adaptive capacity plays a decisive role in driving organizational development and effectiveness, and it is the top predictor of organizational sustainability and lifecycle advancement among nonprofits in this study. Organizational Culture and Management capacity are also important predictors of sustainability in the region. Leadership, and specifically Board Leadership, also plays an important role in sustainability and lifecycle advancement. Put another way, building a nonprofit’s Technical capacity alone will not

**EXHIBIT 13: Aggregate Adaptive Sub-Capacity Scores**



lead to organizational effectiveness and lifecycle advancement if that nonprofit does not first have:

- The learning ability necessary to understand what can be done in the near-term to progress towards that long-term goal (exhibiting a healthy Adaptive capacity);
- The mechanisms in place to both know where resources will have the greatest impact and the means to allocate them accordingly (reflecting a “strong” Management capacity); and
- An ethos in the workplace that fosters staff unity and engagement (displaying a “strong” Organizational Culture).

*Los Angeles nonprofits would be well served to first address their Adaptive and Management capacities and their Organizational Culture, particularly those groups that scored poorly or even satisfactorily in these areas.*

So far the findings discussed have related to the four broad core capacities. The CCAT also measures a nonprofit organization’s performance on a set of important sub-capacities within each of the core capacities in order to provide a more nuanced and accurate assessment. In the next section, the study’s findings with respect to the sub-capacities and their implications for capacity building in Los Angeles County are examined in detail.

#### *Adaptive Capacity and Sub-Capacities*

As noted above, Adaptive capacity—the ability of a nonprofit organization to monitor, assess and respond to and create internal and external changes—is the strongest predictor of nonprofit organizational sustainability and lifecycle advancement in Los Angeles County. The sub-capacities that comprise this vital capacity include:

- **Decision-Making Tools:** The ability to use important tools, resources, and inputs, such as outside technical assistance, in-house data, staff and client input, and strategic plans, to make decisions;
- **Environmental Learning:** The capacity to learn about what’s going on in the community and stay current with what is going on in the field by collaborating and networking with community leaders and funders;
- **Organizational Learning:** The capability to undertake self-assessments, use the findings to carry out strategic planning, and implement and follow through on strategic plans;
- **Organizational Resource Sustainability:** The ability to maintain financial stability in order to adapt to changing environments;
- **Program Resource Adaptability:** The capability to readily adapt to changes in program resources, including funding and staff; and
- **Programmatic Learning:** The capacity to assess the needs of clients and use program evaluation as a learning tool.

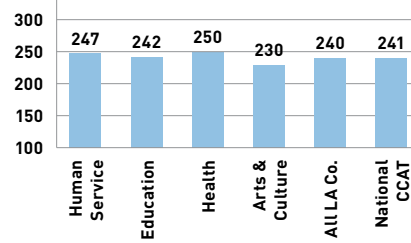
The aggregate Adaptive sub-capacity scores are shown in Exhibit 13, on the left.

*Organizations in this study exhibit weakness in several important areas of this key capacity that is a central driver of organizational effectiveness and the main predictor of sustainability among nonprofits in the study.* These findings are discussed next.

### Adaptive Sub-Capacities: Findings

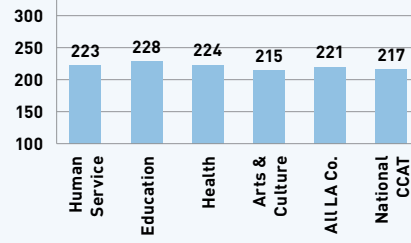
**The strongest Adaptive sub-capacity is Environmental Learning.**

Organizations across all sub-sectors scored strongly (i.e., above 230) in this sub-capacity, meaning that these nonprofits in the study are very good at “taking the pulse” of the communities they serve and monitoring changes in the world around them. This was echoed in the interviews with philanthropic leaders, who remarked on the great expertise that nonprofits in the region hold regarding the strengths, needs, and challenges of communities in which they work. It should be noted, however, that Arts and Culture organizations scored lower in this sub-capacity than their peers participating in the study.

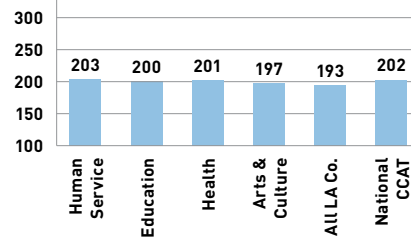


**The next strongest Adaptive sub-capacity is Decision-making Tools.**

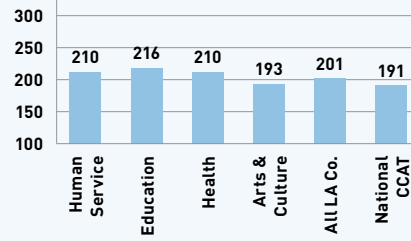
The average score across all sub-sectors, however, was in the Satisfactory range. This is significant, as TCC found this sub-capacity to be the most important predictor of sustainability among the nonprofits in this study.



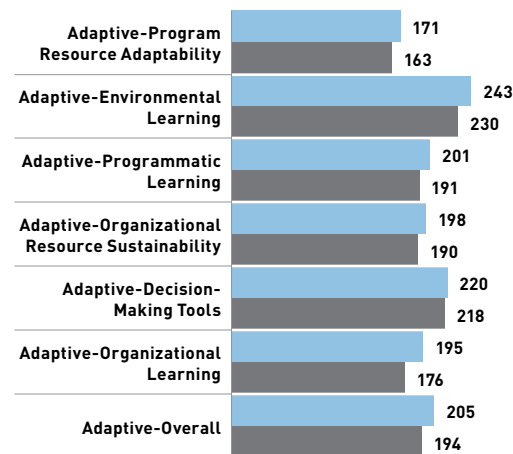
**The average score across sub-sectors for the Organizational Resource Sustainability sub-capacity is just slightly better than “weak.”** It is worth mentioning that **this aggregate score is almost 10 points lower than the national average.** Clearly, nonprofits in this study tend to have difficulty being financially stable during tumultuous times.



**Many organizations in this study have “weak” sub-capacity scores in both Programmatic Learning and Organizational Learning,** meaning that they struggle with conducting program evaluations and organizational assessments, and reflecting upon the findings. Again, Arts and Culture organizations on average scored lowest among sub-sectors with respect to both organizational and programmatic learning. Programmatic Learning is another key predictor of organizational sustainability for nonprofits in this study.



**It is notable that nonprofit organizations in this study that have reached budget levels between \$700,000 and \$1,750,000 are significantly stronger on Adaptive sub-capacities.** This is likely due to larger organizations’ greater ability to invest in more sophisticated data collection systems and to create more formal, intentional, and regular learning processes.<sup>22</sup>



<sup>22</sup> There were not enough organizations in the study with budgets over \$1,750,000 to draw statistically valid conclusions regarding how they fare on Adaptive sub-capacities.

As noted in the qualitative findings section, several philanthropic leaders and capacity-building providers commented that nonprofit organizations are responding creatively while addressing very challenging social conditions. Similarly, one interviewee remarked that she has seen a marked shift from service delivery to systems change, reflected in part by a greater emphasis on policy and advocacy. This comment may be a reflection of the “strong” score organizations in the study received on the Environmental Learning sub-capacity: as available financial resources decrease, particularly from the public sector, organizations adopt other strategies both to raise awareness about the issues they’re working on and to address the structural causes of those issues. It also echoes one of the recommendations in the UCLA Center for Civil Society 2009 report on nonprofits in the region to engage more fully in advocacy efforts.<sup>23</sup>

Despite the sector’s strengths in this crucial capacity, there remains room for significant improvement with respect to some key aspects of Adaptive capacity for nonprofit organizations in this study. In particular, *given how strongly the Decision-Making Tools and Program Learning sub-capacities serve as predictors of organizational sustainability and lifecycle advancement for nonprofits in this study, investments in these two areas would be wise* (it is notable that the 2009 UCLA Center for Civil Society also calls for a “renewed focus on program evaluation”). *This is particularly the case for Arts and Culture organizations, which scored lowest across all sub-sectors in these two sub-capacities, and for the 20 percent of organizations in this study whose current operating budgets are under \$700,000.* Other Adaptive sub-capacities that could be strengthened include a nonprofit’s ability to maintain financial stability (Organizational Resource Sustainability) and its capability to undertake self-assessments and use the findings to develop and implement strategic plans (Organizational Learning). Training, coaching, organizational assessments, and consulting to build program evaluation skills and a culture of learning are all very effective activities to strengthen Adaptive capacity.

#### *Leadership Capacity and Sub-Capacities*

Leadership capacity is the ability of all organizational leaders—staff and board alike—to create and sustain the vision for the organization, inspire others around that vision, prioritize, make decisions, and provide direction driven by the vision, all in an effort to achieve the organizational mission. Leadership capacity is a predictor of organizational sustainability and lifecycle advancement among nonprofits in the study, specifically in the area of Board Leadership. The sub-capacities that make up this core capacity include:

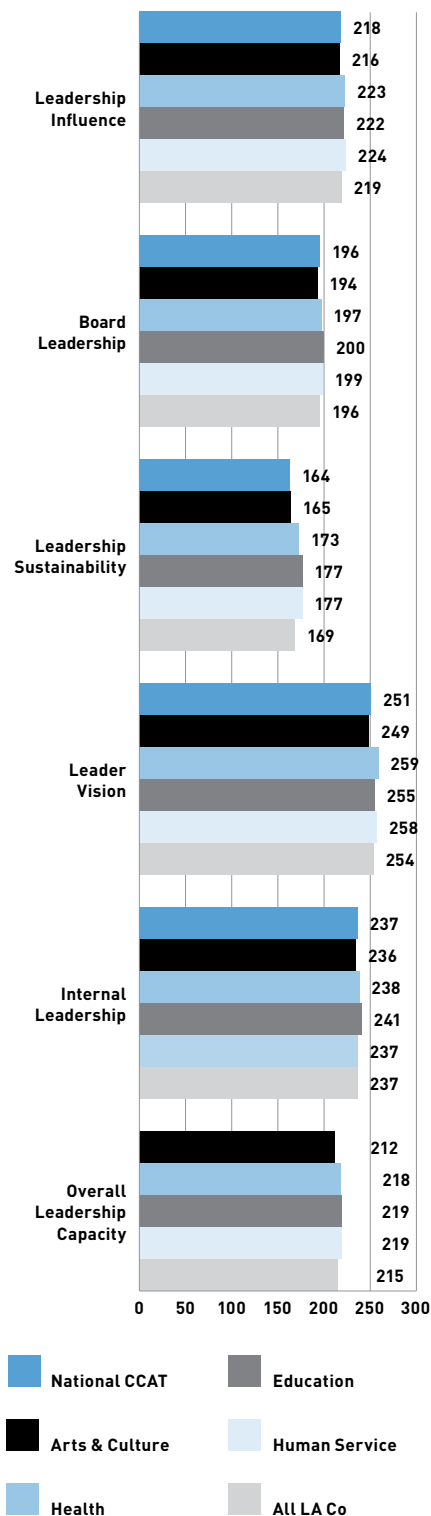
- **Board Leadership:** The capacity of the board to 1) empower by connecting people with the mission and vision of the organization; 2) hold organizational leaders accountable for progress toward achieving the mission and vision; 3) educate the community about the organization’s work and garner resources for the organization from the community at large; and 4) meet regularly and provide fiscal oversight;
- **Internal Leadership:** The ability of organizational leaders to apply a mission-centered, focused, and inclusive approach to making decisions, and to motivate people to act on those decisions;

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<sup>23</sup> UCLA School of Public Affairs, Center for Civil Society, 2009, Op.cit., p.vii.



**EXHIBIT 14: Aggregate Leadership Sub-Capacity Scores**



- **Leader Influence:** The capability of organizational leaders to persuade their board, staff, and community leaders/decision-makers to take action;
- **Leader Vision:** The capacity of organizational leaders to formulate a clear vision and to motivate others to pursue it; and
- **Leadership Sustainability:** The organization’s ability to cultivate organizational leaders, avoid over-relying on one leader, and plan for leadership transition.

The aggregate Leadership sub-capacity scores for the nonprofits in this study are indicated in Exhibit 14, on the left.

Leadership capacity is a critical organizational capacity in that effective staff and board leadership is essential in guiding an organization to effectively and strategically work toward its mission. *For the organizations in this study, the Leadership sub-capacity that matters most is Board Leadership.* Key findings for all leadership sub-capacities are discussed below.

*The most significant finding with regard to Leadership capacity is the pressing need to address the 89 percent of nonprofit organizations that are not yet “strong” when it comes to the Board Leadership sub-capacity.* It is important to note that the finding that Board Leadership is a key predictor of sustainability and lifecycle advancement needs to be understood within the context of a sample of organizations that are larger, on average, than reflected in data on nonprofits in Los Angeles County, as well as nationally (as represented in TCC’s national database). TCC’s examination of its national database, which includes a wider range of organizations with respect to budget size, has found that, in addition to Board Leadership, Internal Leadership, and Leader Vision sub-capacities are key predictors of sustainability and effectiveness. TCC cannot say that this would be the case for Los Angeles County if smaller organizations were also represented in the study, but TCC hypothesizes that this may be the case. Nonprofit organizations scored highly in both Internal Leadership and Leader Vision sub-capacities.

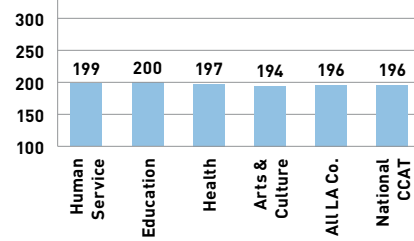
Activities that can help a nonprofit build its capacity in the area of Board Leadership include board assessments as well as leadership development, training, coaching, and peer exchanges for board members. Based on this study’s findings related to the other capacities, these board development activities could focus specifically on building board members’ ability to lead their organizations to be stronger in becoming more highly adaptive organizations, especially in the areas of program and organizational learning, organizational assessment, and resource acquisition. Other capacity-building activities that build Leadership capacity include coaching and consulting. Given the low scores in the Leadership Sustainability sub-capacity cited above, these activities could have a particular focus on succession planning; it may also be beneficial to create a special peer exchange on the topic. Because board members play such a critical role in overseeing the chief executive, they should also be involved in these capacity-building activities.

*Management Capacity and Sub-Capacities*

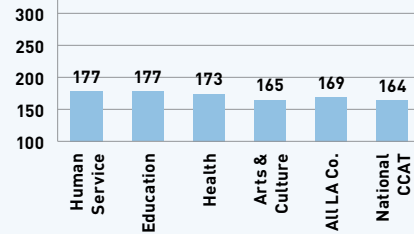
Management capacity is the ability of a nonprofit organization to ensure the effective and efficient use of resources. This organizational capacity plays a decisive role in helping a nonprofit to “go to scale,” that is, to be able to serve more constituents more effectively, as reflected in the achievement of constituent outcomes. As noted above, Management capacity is also

### Leadership Sub-Capacities: Findings

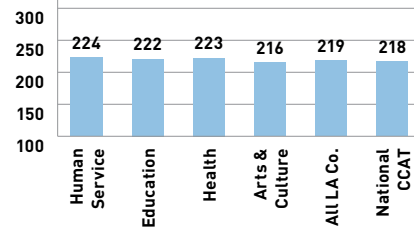
**The most important vulnerability with regard to Leadership capacity is Board Leadership**, with most organizations in this study scoring at the borderline between “satisfactory” and “weak.” This governance sub-capacity is particularly important in that it is a key predictor of organizational sustainability among nonprofits in the study. There appears to be no significant difference across sub-sectors when it comes to this sub-capacity.



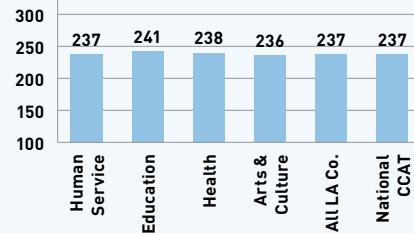
**Organizations in the study face significant challenges with respect to the Leadership Sustainability sub-capacity.** In the aggregate, scores were weak in this sub-capacity; Arts and Culture organizations registered the lowest scores in this area among the sub-sectors. Yet several nonprofit and philanthropic leaders interviewed commented that, as one interviewee put it, “the next generation of leaders coming up through the ranks is creative, energetic, and committed.” Therefore, perhaps a strong set of new leaders is emerging but they are not being groomed in a deliberate enough manner by current leaders.



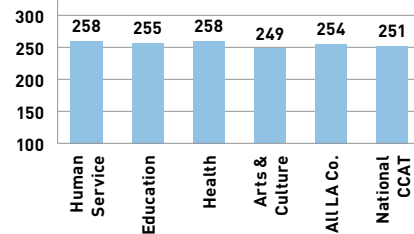
**Most organizations in the study scored on the high end of “satisfactory” on the Leader Influence sub-capacity**, indicating that they tend to have persuasive leaders. There is no significant difference across sub-sectors relating to leader influence.



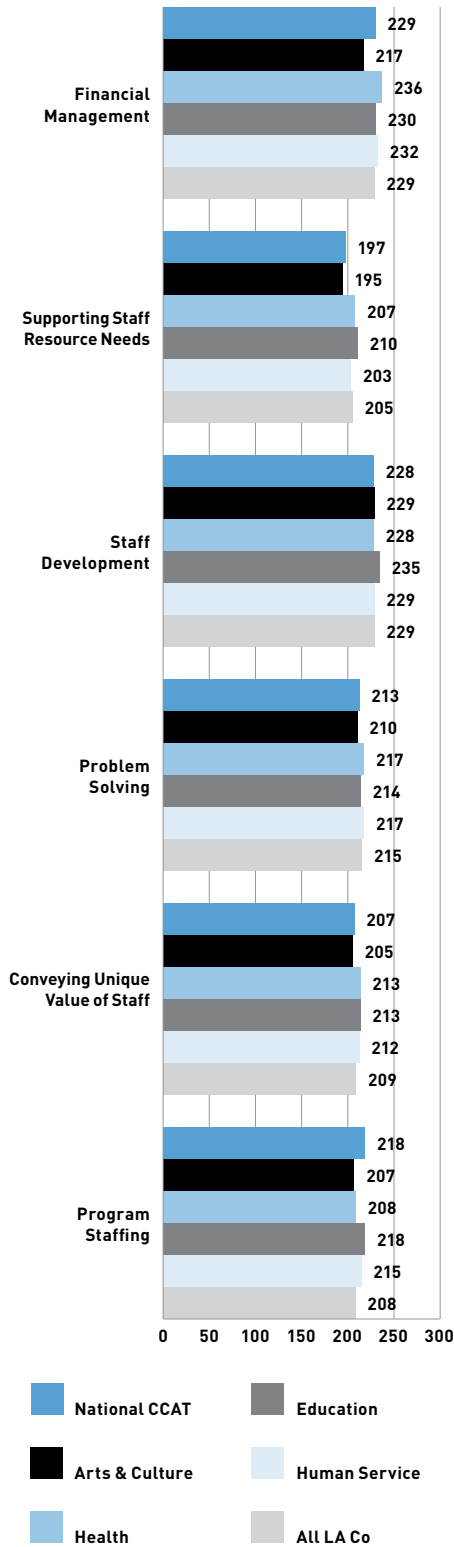
**Nonprofits across all sub-sectors in the study scored strongly on the Internal Leadership sub-capacity**, a key indicator, in the national CCAT data, of organizational sustainability. This means that staff and board leaders of nonprofits in the county do a very good job of motivating key stakeholders and facilitating decision-making.



**Organizations in the study also scored strongly on the Leader Vision sub-capacity**, another indicator of sustainability in the national CCAT database. Los Angeles County is fortunate to have so many visionary nonprofit leaders.



**EXHIBIT 15:** Aggregate Management Sub-Capacity Scores



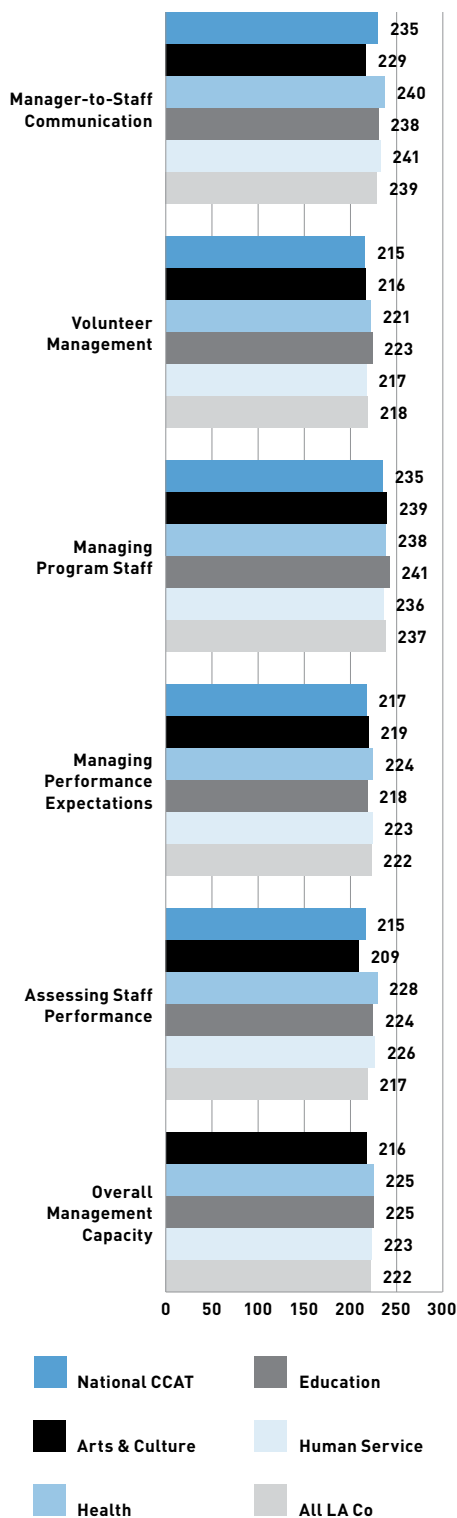
a key predictor of organizational sustainability and lifecycle advancement among nonprofits in the study. This capacity is composed of the following sub-capacities:

- **Assessing Staff Performance:** The capability to develop clear job roles and responsibilities and assess staff performance against them;
- **Conveying Unique Value of Staff:** The ability to provide staff members with positive feedback, rewards, and time for reflection;
- **Financial Management:** The competence to manage organizational finances, including staff compensation;
- **Manager-to-Staff Communication:** The capacity to establish and maintain open channels of communication between managers and staff, including managers’ willingness to receive constructive feedback;
- **Managing Performance Expectations:** The ability to facilitate clear and realistic expectations among staff regarding work performance and standards;
- **Managing Program Staff:** The capability to ensure that program staff have the knowledge, skills, and cultural sensitivity to effectively deliver programs and services;
- **Problem Solving:** The competence to have organizational managers effectively resolve human resource problems and interpersonal conflicts, including the ability to engage staff in the problem-solving process;
- **Program Staffing:** The capacity to manage staffing changes as needed to increase and/or improve programs and service delivery;
- **Staff Development:** The ability to coach, mentor, train, and empower staff to improve their skills and innovate;
- **Supporting Staff Resource Needs:** The capability to provide the technical resources, tools, systems, and people needed to carry out the work; and
- **Volunteer Management:** The capacity to recruit, train, retain, and reward volunteers.

The aggregate Management sub-capacity scores for nonprofits in this study are found in Exhibit 15, on the left and on the following page.

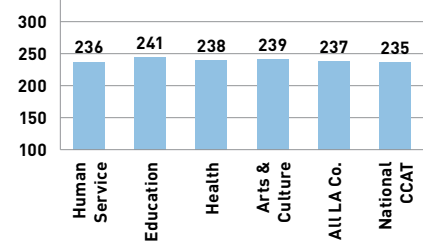
Management capacity, and in particular the sub-capacities related to problem-solving and managing staff, are part of the set of organizational capacities predictive of sustainability and lifecycle advancement among nonprofits in the study. The findings from the study with regard to these sub-capacities follow.

**EXHIBIT 15:** Aggregate Management Sub-Capacity Scores (continued)

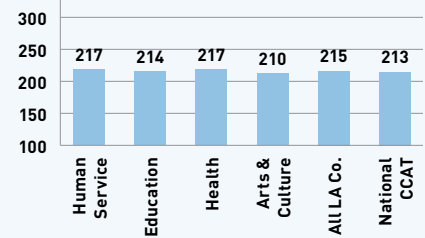


**Management Sub-Capacities: Findings**

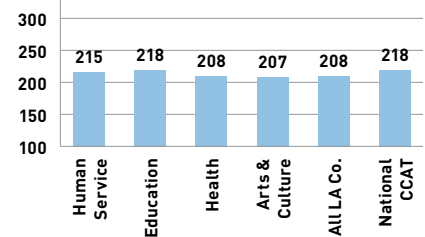
**Most nonprofits in the study, across all sub-sectors, scored “strong” in the Managing Program Staff sub-capacity.** This sub-capacity is an important predictor of organizational sustainability in Los Angeles County.



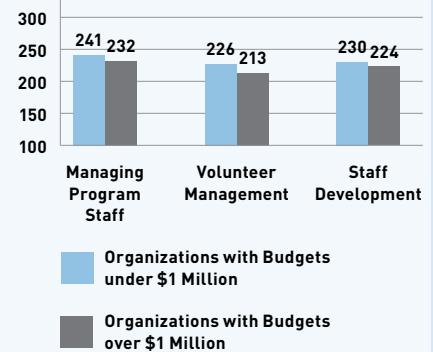
**The average score for nonprofits in the study for the Problem Solving sub-capacity was only “satisfactory.”** This sub-capacity is the most important factor driving Management capacity’s role in predicting organizational sustainability and lifecycle advancement among nonprofits in the study.



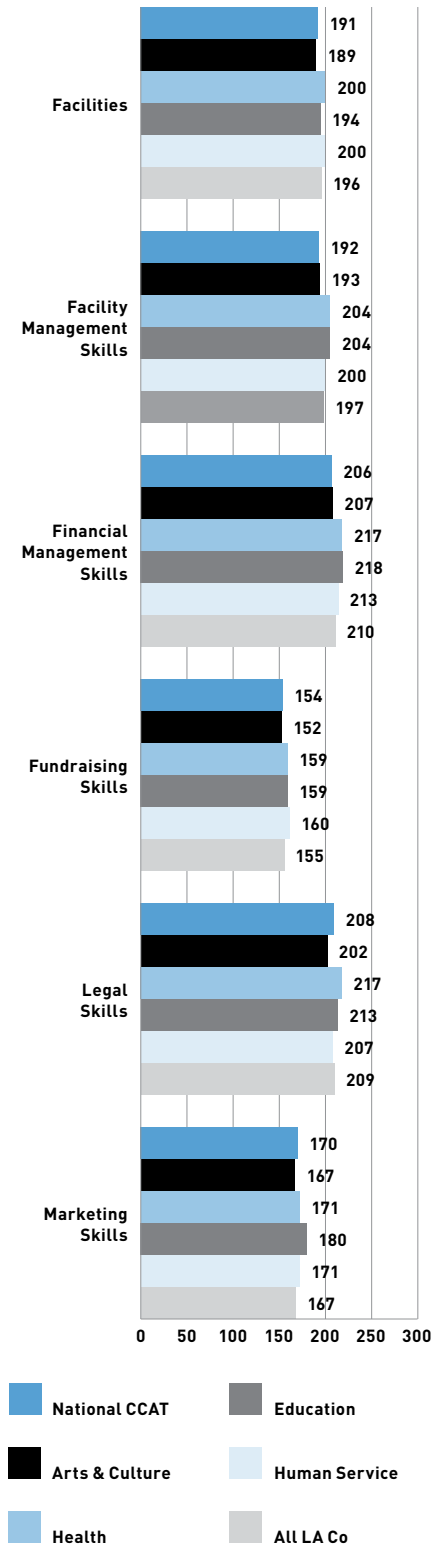
**Most nonprofit organizations are not “strong” in the Program Staffing sub-capacity.** In the aggregate, Los Angeles County nonprofits scored 10 points lower in this important sub-capacity than did organizations in the national CCAT database. These low scores may be due to nonprofits in this study having inadequate staffing levels during a time of budget reductions and increasing demand for some services.



**When nonprofits in this study grow beyond a \$1 million annual operating budget, some key “program-related” Management sub-capacity scores drop significantly,** reflecting a similar pattern in the national CCAT data. This demonstrates a tendency among nonprofit organizations to not sustain investments in Management capacity, specifically in program-related human resource management, in a manner that can keep pace with program growth to ensure that staff and resources don’t increase beyond the ability of the organization to effectively manage them.



**EXHIBIT 16:** Aggregate Technical Sub-Capacity Scores



In conclusion, overall Management capacity among nonprofit organizations in this study is relatively “strong”. This is particularly the case in terms of Managing Program Staff, an important predictor of organizational sustainability among nonprofits in the study. They did not do as well, however, in another human resource management predictor in this sub-capacity, Problem Solving. Likewise, nonprofits in this study do not have strong organizational capacity in making difficult staffing allocation decisions.

Lastly, growing nonprofit organizations in the region with budgets climbing over \$1 million would benefit from long-term general operating support for infrastructure development, in addition to targeted capacity-building assistance, in order to get more sophisticated about human resource management tools, processes and methods, and the hiring of human resource management staff.

Coaching, peer exchanges, consulting, and specialized training are effective capacity-building activities to strengthen nonprofits’ management capacity. Given the findings discussed above, it would be important to focus these efforts especially on human resource management issues.

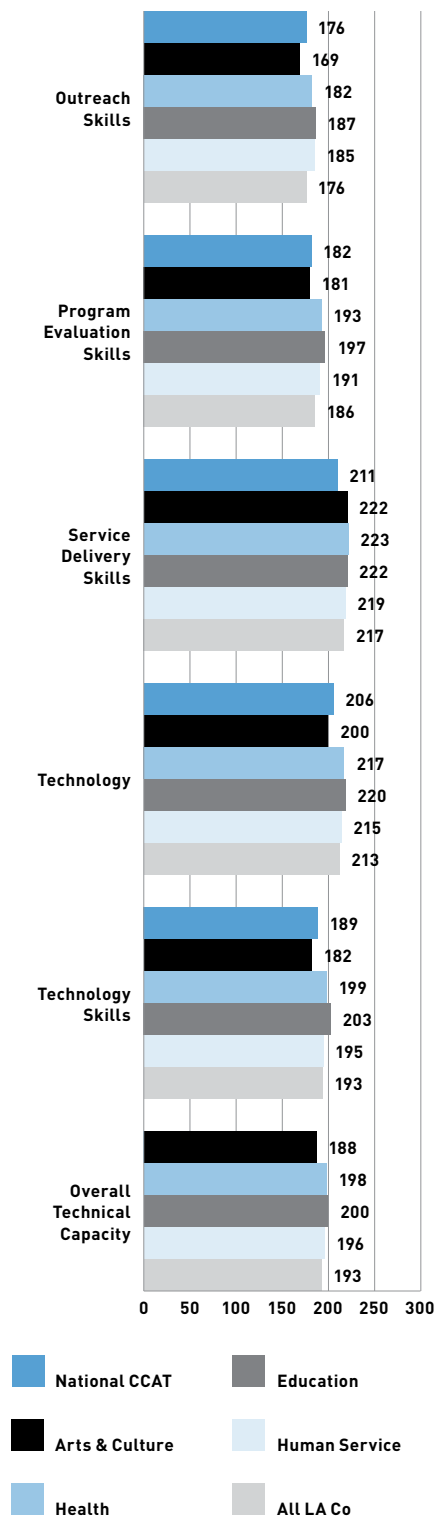
*Technical Capacity and Sub-Capacities*

Technical capacity is a measure of whether an organization has the resources, skills, tools, and facilities to deliver its programs, manage its operations, and engage as a community partner for the purposes of creating community change. Most nonprofit organizations in the study score poorly in Technical capacity, which is likely a reflection of the lack of significant and sustainable funding for staff positions, facilities, and non-human resources. This capacity consists of the following sub-capacities:

- **Facilities:** Having proper facilities (space, equipment, amenities, etc.) to efficiently operate the organization;
- **Facility Management Skills:** The capacity to effectively operate a facility;
- **Financial Management Skills:** The capability to ensure efficient financial operations;
- **Fundraising Skills:** The ability to procure the financial and in-kind resources necessary for efficient operations;
- **Legal Skills:** The competence to secure proper legal engagement and coverage;
- **Marketing Skills:** The capacity to communicate effectively with both internal and external stakeholders;
- **Outreach Skills:** The ability to conduct outreach, organizing, and advocacy;
- **Program Evaluation Skills:** The capability to design and implement an effective evaluation;
- **Service Delivery Skills:** The capacity to ensure the delivery of efficient and quality services;
- **Technology:** Having the necessary resources (equipment, systems, software, etc.) needed to efficiently operate the organization; and
- **Technology Skills:** The ability to run efficient operations.

The aggregate Technical sub-capacity scores for nonprofits in this study are found in Exhibit 16, on the left and on the following page.

**EXHIBIT 16:** Aggregate Technical Sub-Capacity Scores (continued)

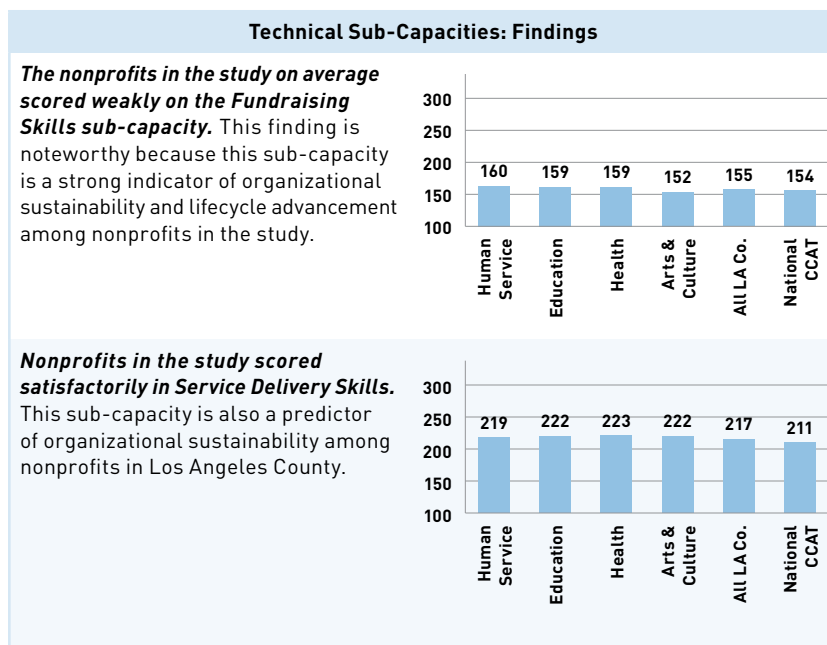


Overall, nonprofit organizations in this study are challenged most in the following five Technical sub-capacities:

- Technology skills;
- Program evaluation skills;
- Outreach skills;
- Marketing skills; and
- Fundraising skills.

Another way of looking at this finding is that nonprofit organizations in this study either do not have the funding to hire staff members or contractors with sufficient technology, program evaluation, and/or fundraising skills or do not allocate the resources they do have for this purpose. It is also possible that the leaders of the organizations in this study do not perceive that the staff members that they do have and/or have hired for these “operational” functions have the requisite skills to carry out the work. Given the importance of program evaluation and fundraising, these skill deficits need to be addressed. Without a starting point of having the skills needed to evaluate programs, utilize technology, and conduct fundraising, the Adaptive sub-capacities, which are so pertinent to organizational effectiveness, sustainability, and leadership, are hindered.

Two of the predictors of organizational sustainability among nonprofits in the study fall under Technical capacity. The groups in the study did not score strongly in these areas; the findings are discussed below:



# Nonprofit organizations in this study would do well to address the areas of technology, evaluation, outreach, and external communications, each of which plays an important role in supporting the Adaptive capacity.

*Nonprofit organizations in this study would also do well to address the Technical capacity areas of technology, evaluation, outreach, and external communications. In the aggregate, the groups had weak scores in these sub-capacities, yet each of them plays an important role in supporting Adaptive capacity, the most important predictor of organizational sustainability and lifecycle advancement among nonprofits in the study. Strong outreach skills facilitate learning about what’s going on in the community and staying abreast with what is going on in the field; robust evaluation skills of course aid organizational learning; and technology skills play a vital infrastructural role in helping to carry out the work.*

A nonprofit organization’s Technical capacity can be strengthened by providing training to current staff; this is generally effective when it comes to basic areas of knowledge and function such as managing donor databases, web development, and community outreach. This depends on the availability and accessibility of high-quality training resources, which is discussed in the next section of the report. It is of course more difficult to train staff on the job in specialized or in-depth areas of work, like accounting, evaluation, more complex fundraising activities, and program service delivery. In these cases, it may be best to hire new staff with the necessary skills (easier said than done, certainly) or outsource the function to accountants, fundraising consultants, evaluation consultants, and other contractors.

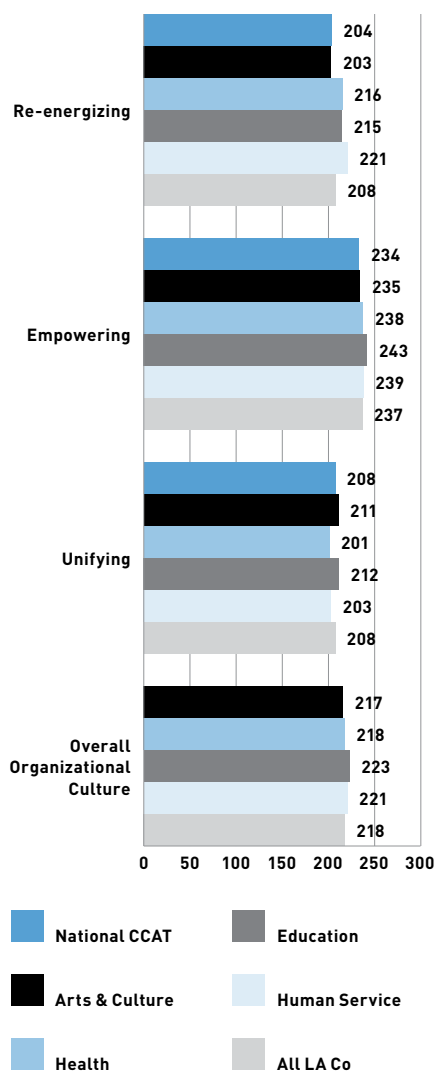
### Organizational Culture

The TCC CCAT measures Organizational Culture through three sub-capacities:

	Description
<b>Unifying</b>	This measure describes an organization’s capacity to engender open and honest communication across all levels of the organization, leading to a sense of cohesive “group identity.”
<b>Empowering</b>	This indicator assesses a group’s ability to promote proactivity, learning, and the belief in the value and ability of staff and clients.
<b>Re-energizing</b>	This gauge reflects the degree to which an organization encourages and facilitates staff taking the time to reflect on their work, socialize, and reconnect with why they are doing the work.

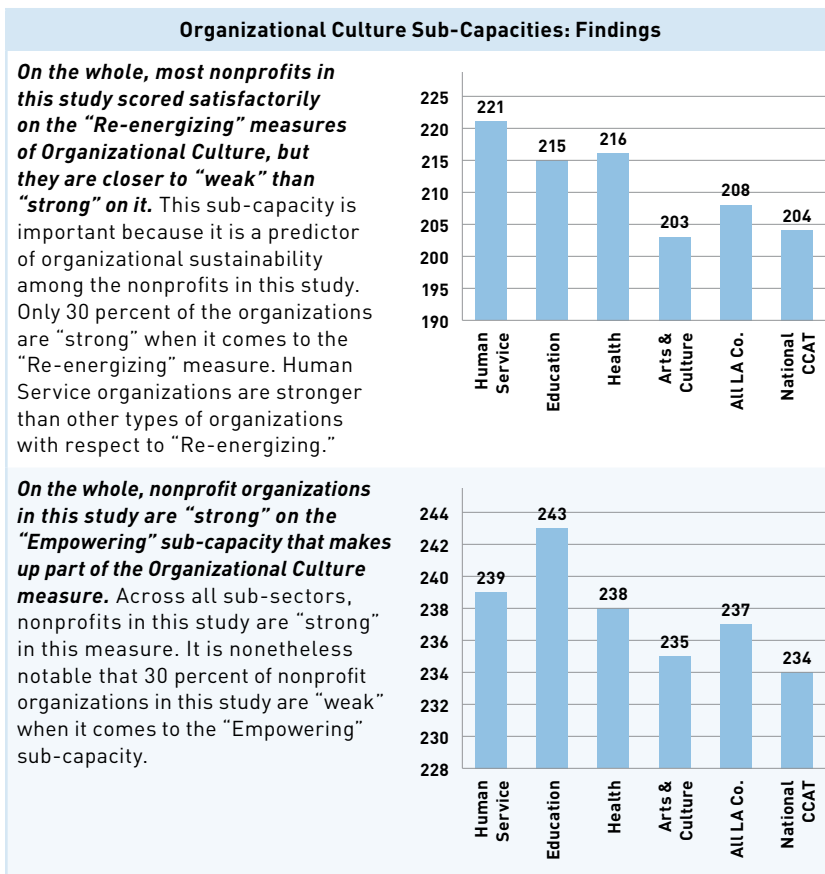


**EXHIBIT 17: Aggregate Organizational Culture Sub-Capacity Scores**



The aggregate Organizational Culture sub-capacity scores for the nonprofits in this study are found in Exhibit 17 on the left.

*Overall, nonprofit organizations in this study scored “satisfactory” to “strong” when it comes to Organizational Culture.* In particular, Human Service organizations scored well in this Capacity, particularly in the two important measures of “Re-energizing” and “Empowering”. Arts and Culture organizations generally scored lowest among sub-sectors in the three measures of Organizational Culture. Additional findings include:



There is room for improvement in terms of the key Organizational Culture measure of “Re-energizing.” The types of capacity-building services that most strengthen the “Re-energizing” and “Empowering” sub-capacities of Organizational Culture are the same ones that benefit individual leadership development: peer exchanges and executive coaching. In addition, as organizational leaders are responsible for fostering a positive organizational culture, this capacity strongly relates to Leadership capacity.

## Nonprofit leaders can make enormous strides by focusing on those critical organizational capacities that are key predictors of organizational sustainability and lifecycle advancement among groups in this study.

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### SUMMARY

The nonprofit organizations in this study have many strengths they can build on to address those areas in which they could build greater organizational capacity. Many are resilient and resourceful in navigating challenges such as the current economic recession and have considerable expertise regarding the communities they work in and serve. This is reflected in the fact that one-third of the organizations are in the Impact Expansion lifecycle stage, marshaling their resources to achieve greater impact in fulfillment of their mission. In terms of specific sub-capacity scores, they are “strong” in critical areas such as Environmental Learning, Internal Leadership, Leader Vision, and Managing Program Staff<sup>24</sup> sub-capacities.

*These strengths can be leveraged to improve organizational effectiveness in those areas in which, in the aggregate, they are not as strong. Nonprofit leaders can make enormous strides by focusing on those critical organizational capacities that are key predictors of organizational sustainability and lifecycle advancement among groups in this study:*

- Apply their skills as effective environmental learners to become more effective learning organizations, continually assessing and improving both their programs and their operations;
- Marshall their assets in Internal Leadership and Staff Development sub-capacities to continue to foster a “Re-energizing” organizational culture;
- Channel their strong Management capacity to the task of strengthening their ability to manage human resources and resolve human resource challenges;
- Harness their abilities in Leader Vision and Leader Influence sub-capacities to help board members to become stronger, more effective leaders, decision-makers, and learners, as well as able to generate and leverage the resources the organization needs to carry out its work; and
- Connect their commitment to Staff Development to their skillfulness in Internal Leadership, as reflected by the high scores received in these sub-capacities, to engage everyone across the organization in developing their fundraising capacity.

Most of the nonprofits in this study do not currently have strong organizational capacity in these organizational capacities that are predictors of organizational sustainability. Targeting capacity-building resources and efforts to helping nonprofit organizations in Los Angeles County strengthen their effectiveness in these capacities will result in an even stronger, effectual, and sustainable nonprofit sector in the region.

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<sup>24</sup> While there are challenges in a number of Management sub-capacities, Managing Program Staff is a key strength among them.

## NONPROFIT CAPACITY-BUILDING SERVICES IN LOS ANGELES COUNTY



This section begins with a brief overview of the field of nonprofit capacity building in Los Angeles County. There is then a presentation of findings related to nonprofit organizations' use of, access to, and experiences of capacity-building services. The information presented in this section is based on the quantitative results of the Supplemental Survey, completed by 263 organizations in the study, as well as the qualitative interviews conducted with leaders in the nonprofit, philanthropic, capacity-building fields, and the focus groups held with nonprofit leaders.

## OVERVIEW OF NONPROFIT CAPACITY-BUILDING FIELD IN LOS ANGELES COUNTY

The field of nonprofit capacity building in Los Angeles County is comprised of numerous types of providers, including:

- **Nonprofit Resource Centers:** A number of these providers, such as the Long Beach Nonprofit Partnership, the Pasadena-based Flintridge Foundation, and the Valley Nonprofit Resource Center in the San Fernando Valley, serve nonprofits in a specific community or region. Others, such as the Center for Nonprofit Management, work with the nonprofit sector countywide.
- **Issue-specific Providers:** Providers in this category, such as the Nonprofit Finance Fund and CompassPoint Nonprofit Services' Fundraising Academy for Communities of Color, focus on a particular area of organizational development.
- **Academic Centers:** Numerous academic institutions in the region, including CSU Northridge, the USC School of Public Policy, Pepperdine University, and the UCLA School of Public Affairs, offer certificate programs in nonprofit management and executive education, conduct relevant research, and hold forums, roundtable discussions, and seminars to discuss trends and developments in the nonprofit and philanthropic sectors.
- **Independent Consultants and For-Profit Firms:** Numerous individual practitioners and private firms provide consulting and coaching services across a wide range of topics.
- **Volunteer Referral Services:** Organizations such as the Volunteer Center of Los Angeles, the Santa Clarita Valley Resource Center, and CaliforniaVolunteers connect volunteers with appropriate organizations, while groups such as Executive Service Corps and the Taproot Foundation link nonprofits with business executives who provide consulting services in such areas as board development, marketing, web development, fundraising, and organizational development.

Nine capacity-building providers identified by the Weingart Foundation were interviewed for this study; Exhibit 18, on the following page, and Exhibits 19 and 20, on pages 45 and 46, indicate the modes of services these providers offer, the nonprofit management topics they cover, and their geographic focus. In addition, Exhibit 21, on page 47, maps the capacity-building providers interviewed and their general service areas.

**EXHIBIT 18:** Capacity-Building Providers Interviewed by Mode of Service Offered<sup>25</sup>

	Workshops / Trainings / Seminars	Coaching	Peer Exchanges	Consulting	Referrals to Consultants
Center for Nonprofit Management	✓	✓	✓	✓	
Community Partners	✓	✓	✓		
CompassPoint Nonprofit Services / Fundraising Academy for Communities of Color	✓		✓		
Deloitte Center for Leadership & Community	✓				
Executive Service Corps of Southern California	✓	✓	✓	✓	
Flintridge Foundation	✓			✓	
Long Beach Nonprofit Partnership	✓	✓	✓	✓	
Taproot Foundation				✓	
Valley Nonprofit Resource Center	✓		✓		✓

<sup>25</sup> The information in Exhibits 18, 19, and 20 are based on the interviews conducted for this study as well as a review of these organizations' websites.

**EXHIBIT 19:** Capacity-Building Providers Interviewed by Organizational Area Topics Covered

	Organizational Assessment	Board Development	Leadership Development	Strategic / Business Planning	Financial Planning and Management	Fundraising / Marketing	Knowledge Management / Evaluation	Communications and Outreach	Information Technology Management	Facilities Management	Human Resources
Center for Nonprofit Management	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Community Partners	✓	✓	✓	✓	✓	✓	✓	✓			✓
CompassPoint Nonprofit Services/ Fundraising Academy for Communities of Color						✓					
Deloitte Center for Leadership & Community	✓	✓	✓	✓	✓						✓
Executive Service Corps of Southern California		✓	✓	✓	✓	✓		✓			✓
Flintridge Foundation	✓	✓	✓	✓	✓	✓		✓			✓
Long Beach Nonprofit Partnership	✓	✓		✓	✓	✓			✓		✓
Taproot Foundation	✓		✓	✓				✓	✓		
Valley Nonprofit Resource Center	✓			✓		✓					

**EXHIBIT 20:** Capacity-Building Providers Interviewed by Geographic Scope of Nonprofits Served

	All County	Long Beach	San Fernando Valley	Pasadena
Center for Nonprofit Management	✓			
Community Partners	✓			
CompassPoint Nonprofit Services/ Fundraising Academy for Communities of Color	✓			
Deloitte Center for Leadership & Community	✓			
Executive Service Corps of Southern California	✓			
Flintridge Foundation				✓
Long Beach Nonprofit Partnership		✓		
Taproot Foundation	✓			
Valley Nonprofit Resource Center			✓	



**EXHIBIT 21:** Map of Capacity-Building Providers Interviewed for Study



A review of the previous tables indicates important gaps in the availability of capacity-building resources in Los Angeles County (though it bears repeating that these tables do not constitute a thorough cataloguing and mapping of capacity-building resources in the region but, rather, the nine that were interviewed as part of this study). For example, *many providers offer trainings and workshops*, a common, basic offering in capacity building; this is noteworthy because, as will be discussed below, relatively few nonprofits in the study report availing themselves of workshops. Fewer *capacity-building providers offer coaching or peer exchanges*. *The tables also indicate limited resources available on communications and outreach, information technology, and facilities management. There are fewer capacity-building resources available for program evaluation*, a critical capacity for organizational effectiveness as well as a predictor of sustainability and lifecycle advancement among nonprofits in this study. Finally, *though there are numerous providers that serve the county as a whole, all of them, as shown on the map, above, are located in downtown Los Angeles*. Given the well-known challenges of traveling across Los Angeles County, this location may not make these providers easily accessible to nonprofits on the southern, eastern, and northern peripheries of the county for services that require a nonprofit to go on-site, such as trainings, workshops, peer exchanges, or convenings.

Several philanthropic leaders interviewed expressed the concern that capacity-building resources are not readily available to nonprofit organizations across

## Most foundation leaders and capacity-building providers interviewed agreed that the capacity-building field in Los Angeles is not as strong as it needs to be, and that it is particularly weak in comparison to other cities, given the large size of the nonprofit sector in Los Angeles.

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the county. In particular, *areas outside of central Los Angeles, the San Fernando Valley, Pasadena, and Long Beach, where most capacity-building providers are located, are not well served.* This was echoed by one nonprofit leader, who observed that there were few capacity-building resources in San Gabriel Valley, where her organization is based.

On a related note, one funder observed that community-based programs like the Flintridge Foundation are very effective at meeting specific neighborhood needs. This individual noted that this approach may serve to reinforce the disparateness and lack of coordination in capacity-building resources in Los Angeles. This person added that this issue is also about scale: “It makes more sense for the bigger players to think about the bigger picture because they have the money to respond to the needs. Flintridge’s budget would be lost in the bigger picture, whereas it makes a big difference in Pasadena.”

*Most foundation leaders and capacity-building providers interviewed agreed that the capacity-building field in Los Angeles is not as strong as it needs to be, and that it is particularly weak in comparison to other cities, given the large size of the nonprofit sector in Los Angeles.* Capacity-building providers emphasized the lack of infrastructure for capacity building in the region. They noted that the local providers are not financially strong, and this results in programs and services that do not fully meet the needs of the region’s nonprofit sector. In the words of one individual interviewed, *“the needs of the nonprofit sector in Los Angeles far outweigh the existing capacity of capacity-building providers in the region to meet that need.”* Several other interviewees concurred with this assessment, with one philanthropic respondent noting that Los Angeles, as a community, does a “poor job” of supporting local management support organizations, the capacity-building field in general, and nonprofits seeking these services,” while a nonprofit interviewee asserted that the “capacity-building sector in LA is pretty thinly resourced.”

*A number of foundation respondents felt that capacity-building providers in Los Angeles are moving in the direction of “boutique programming”: offering highly specialized services (such as the Nonprofit Finance Fund’s focus on finances) rather than a broad menu of programs.* Another philanthropic leader stated that “nonprofits need holistic assistance, not niche services. We need capacity-building providers that provide a comprehensive suite of services, rather than competing on niche programs.” A nonprofit leader echoed this observation, stating that “the [capacity-building] resources available never feel comprehensive—it’s a little bit of this, a little bit of that—it’s not a full salad bar.”

*Capacity-building providers themselves commented that capacity-building offerings throughout the region are “disjointed, uncoordinated, and very scattershot” and that there is a great deal of duplication of effort in those geographic areas that are relatively better served by capacity-building providers* (which one provider felt

makes it difficult, in turn, for funders to support the capacity-building field in the region). The majority of capacity-building providers attributed this fragmentation to a *lack of collaboration or even communication among providers, citing the region's large geographic spread as a major obstacle to greater coordination*. (One capacity-building provider commented that, as the primary funders and purchasers of capacity-building providers' services, foundations should play a lead role in laying the groundwork for collaboration among capacity-building providers, but that they are not doing so.)

It appears that the health of the capacity-building field itself in Los Angeles County is not as robust as it could and should be, a concern that is addressed in greater detail below. To provide greater detail on this emerging picture, the next section discusses the experiences of nonprofit organizations in this study in securing capacity-building services from providers in Los Angeles County.

## NONPROFIT ORGANIZATIONS' EXPERIENCES OF CAPACITY-BUILDING SERVICES

### Capacity-Building Activities Pursued

The TCC Supplemental Survey posed a series of questions regarding the types of capacity-building activities nonprofit organizations in this study have conducted within the past two years (if any), their experiences of those activities, and their perceptions about their capacity-building needs over the next year.

Respondents were asked if they had sought out capacity-building services to address specific organizational needs, functions, or behaviors (e.g., human resource management, communications and outreach, fundraising, or program evaluation) and, if so, through what mode of service (e.g., workshops or trainings, consulting, peer exchanges, or coaching). The results are presented in Exhibit 22, on the following page.

These results, which are in line with what the capacity-building providers interviewed stated were the issues on which nonprofits most frequently seek assistance, were then assessed in terms of the depth of capacity-building services received, measured in the follow numerical scale:

- 1 = Individual change in skills or knowledge through workshops or training;
- 2 = Individual changes in motivation through coaching;
- 3 = Individual to organizational change through learning from peers; and
- 4 = Organizational change or activity like consulting.

TCC developed this continuum based on its experience of more than ten years in evaluating capacity-building initiatives throughout the country. In its evaluation of the various capacity-building modalities—specifically workshops/trainings, individual coaching, peer learning/exchanges, peer mentoring, and consulting—the following results were typically found:

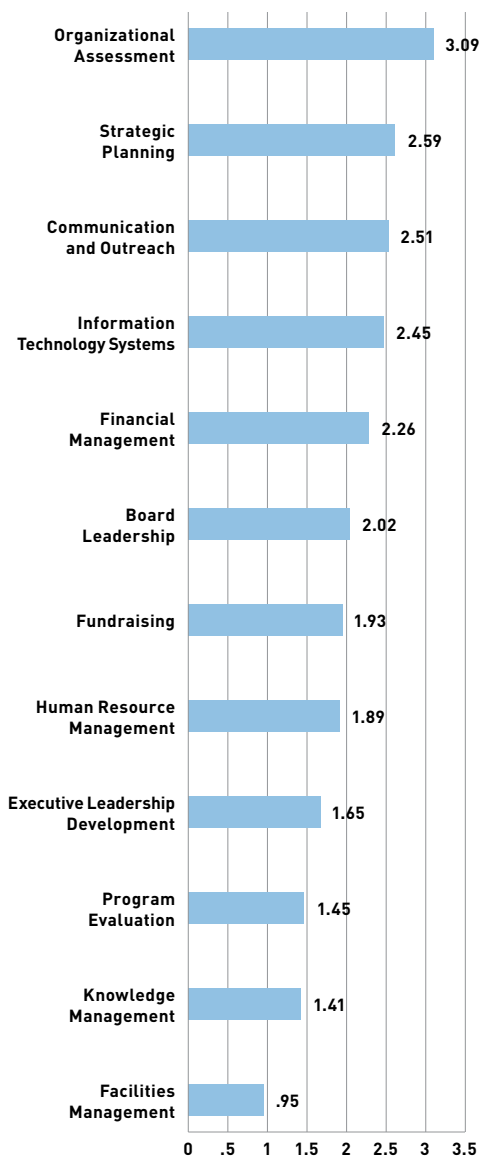
1. Effective workshops/trainings, particularly if they were provided to a heterogeneous group of individuals representing multiple organizations, led most *directly* to knowledge and skill gains, and new resources and tools, for *individual* participants. However, participants did not typically nor predictably apply the lessons and tools back at their home organizations enough so as to create significant changes to overall organizational effectiveness.

2. Effective coaching helps *individuals* most by improving their “motivation” to act in a manner that aligns with their values and makes them better leaders and/or managers. In TCC’s evaluation work, the most *direct* outcome from coaching is *individual* changes in motivation; these motivational changes do not typically translate into significant organizational system-wide behavior changes because of the many other contextual variables and complexities that are often at play.
3. TCC has found that when peer exchanges are done well, they help individuals share knowledge, skills, resources, and tools, as well as serve as a “coaching group” to help participants become more “motivated” to change. Peer exchanges are the most effective strategy for bringing about individual behavioral changes. They often provide, in a combined manner, similar benefits as both workshops/trainings and coaching. Individuals are more likely to apply what they have learned through peer exchanges than via workshops/trainings or coaching, alone.
4. Consulting engagements prove most effective when it comes to changing organization-wide behaviors (i.e., the group of organizational leaders, managers, staff, volunteers, and other stakeholders acting as a “system” or whole). This is primarily due to the fact that consulting engagements typically involve more than one organizational leader, bringing some form

**EXHIBIT 22: Capacity-Building Services Obtained by Topic and Mode of Service**

	No Capacity Building	On Own	Workshops/ Training	Coaching	Peer Exchange	Consulting
<b>Executive Leadership Development</b>	40%	11%	11%	4%	9%	25%
<b>Board Leadership</b>	32%	16%	8%	3%	8%	33%
<b>Strategic Planning</b>	24%	16%	3%	3%	5%	48%
<b>Organizational Assessment</b>	8%	31%	6%	3%	6%	46%
<b>Program Evaluation</b>	39%	30%	6%	2%	2%	22%
<b>Fundraising</b>	33%	10%	14%	3%	5%	35%
<b>Communication &amp; Outreach</b>	11%	48%	8%	3%	5%	25%
<b>Human Resource Management</b>	23%	18%	22%	6%	5%	27%
<b>Facilities Management</b>	40%	44%	1%	2%	3%	10%
<b>Financial Management</b>	17%	48%	3%	3%	4%	24%
<b>Knowledge Management</b>	33%	40%	5%	2%	3%	16%
<b>Information Technology Systems</b>	21%	38%	3%	2%	2%	35%

**EXHIBIT 23: Depth of Capacity-Building Activity by Area of Organizational Need or Function**



0 = No Outside Capacity-Building Activities  
 1 = Individual knowledge and skills (training)  
 2 = Individual motivation (coaching)  
 3 = Individual behavior change (peer exchange)  
 4 = Organizational Change

of objective assessment, insight, and experience, as well as often creating projects requiring stakeholder buy-in. Because consulting targets the organization as a whole, TCC places it at the far end of the continuum of capacity-building strategies.

TCC puts forth this continuum as a framework for understanding the “depth” of different capacity-building strategies. TCC acknowledges that this framework is not a perfect scale; it over-generalizes and over-simplifies what a “typical” workshop, coaching experience, peer exchange and consulting engagement in fact looks like. The continuum does, however, provide a research-based lens through which one may assess the level of depth (penetration) of the various capacity-building activities that nonprofits in this study have undertaken.

Using this continuum, Exhibit 23, on the left, describes the average “depth of capacity-building activity” undertaken, by area of organizational need or function, by all nonprofit organizations in this study for the previous two years. What emerges from this analysis is an interesting pattern of consumption of capacity-building services. *Many organizations in this study are not engaging capacity-building services related to crucial areas of organizational functions, such as program evaluation, knowledge management, and board leadership development that, as discussed in the previous section, are key predictors of organizational sustainability and lifecycle advancement.* Just one-third of organizations in this study sought outside capacity-building assistance with program evaluation. *Forty percent of the groups in the study either did not seek or did not receive capacity-building services in the area of program evaluation.* It should be noted that program design and evaluation is one of the issues in which nonprofit leaders interviewed for the study stated they most need support and, as discussed above, is an important predictor of organizational sustainability and lifecycle advancement for nonprofits in this study. Based on its previous research, TCC Group believes that all nonprofit organizations should undertake some form of capacity building on an ongoing basis, whether that is planning, professional development, course correction, raising and allocating resources, or monitoring program or operational performance. This does not suggest that all organizations need to address all issues constantly. Indeed, there may be organizational functions in which an organization does not need to focus attention. Generally speaking, however, most organizational capacities require attention—adjustments, improvements, tools to sustain them—in an ongoing manner.

In the area of board leadership development, another important predictor of sustainability among nonprofit organizations in Los Angeles, about half of the nonprofit organizations in the study received outside assistance; one-third of the organizations did not undertake activities to build their organizational capacity with regard to this function. Again, this is an area that nonprofit leaders said they needed support in and which capacity-building providers reported being one of the issues for which nonprofits most frequently seek assistance.

When one includes all the organizations in the study that, as reflected in Exhibit 22, are undertaking no capacity-building efforts or doing so without external assistance, *nonprofits in the study secure capacity-building for those areas of organizational need or function that are predictive of organizational sustainability and lifecycle advancement, they in large part do so through activities like workshops and trainings focused on individual rather than organizational change.*<sup>26</sup> As Exhibit 23 shows, the depth of activity engaged in to address these issues is relatively low: 1.41 for Knowledge Management, 1.45 for Program Evaluation, and 1.93 for Fundraising. *Consequently, while engaging in these individual-focused activities to address organizational functions that are*

so important to sustainability certainly does no harm, it is unclear that the individual's gains in knowledge and skills will automatically lead to organizational sustainability and lifecycle advancement without more organization-specific supports, follow-up, coaching, and/or consulting.

Nonprofits in this study are on average highly likely to engage consultants to address a broad spectrum of organizational needs or functions, including for strategic planning (48 percent engaged a consultant for this in the last two years), organizational assessments (46 percent), and fundraising and information technology systems (35 percent each). Conversely, *coaching and peer exchanges are very infrequently used to address organizational needs; workshops and trainings are utilized only slightly more often.* The most common use of peer exchanges was for executive leadership development (9 percent in the last two years); for coaching it was human resource management (6 percent). Workshops and trainings were accessed most frequently to address human resource management issues (22 percent), followed by fundraising (14 percent).

What follows is a presentation of findings from the Supplemental Survey regarding the types of capacity-building activities that respondents reported they have undertaken to strengthen each of the core capacities and sub-capacities. The table below lists the core capacities and sub-capacities as a reminder.

Core Capacities and Sub-Capacities			
<b>Adaptive Capacities</b> <ul style="list-style-type: none"> <li>■ Environmental Learning</li> <li>■ Programmatic Learning</li> <li>■ Organizational Resource Sustainability</li> <li>■ Decision-Making Tools</li> <li>■ Organizational Learning</li> </ul>	<b>Leadership Capacities</b> <ul style="list-style-type: none"> <li>■ Leader Influence</li> <li>■ Board Leadership</li> <li>■ Leadership Sustainability</li> <li>■ Leader Vision</li> <li>■ Internal Leadership</li> </ul>	<b>Management Capacities</b> <ul style="list-style-type: none"> <li>■ Financial Management</li> <li>■ Supporting Staff Resource Needs</li> <li>■ Staff Development</li> <li>■ Problem Solving</li> <li>■ Conveying Unique Value of Staff</li> <li>■ Program Staffing</li> <li>■ Manager-to-Staff Communication</li> <li>■ Volunteer Management</li> <li>■ Managing Program Staff</li> <li>■ Managing Performance Expectations</li> <li>■ Assessing Staff Performance</li> </ul>	<b>Technical Capacities</b> <ul style="list-style-type: none"> <li>■ Facilities</li> <li>■ Facility Management Skills</li> <li>■ Financial Management Skills</li> <li>■ Fundraising Skills</li> <li>■ Legal Skills</li> <li>■ Marketing Skills</li> <li>■ Outreach Skills</li> <li>■ Program Evaluation Skills</li> <li>■ Service Delivery Skills</li> <li>■ Technology</li> <li>■ Technology Skills</li> </ul>

<sup>26</sup> Many nonprofits conduct capacity building “on their own” by carrying out many types of in-house professional development offerings, planning, mentoring, engaging the pro bono support of stakeholders (including board members in non-board roles), etc. That said, to date, TCC Group’s evaluation findings and experience have shown that intentional and formal capacity building conducted by nonprofits on their own (without engaging outsiders) is not *typically* as impactful as similar capacity-building efforts facilitated by outsiders. In large part this is due to outside resources bringing an objective perspective and assessment, non-participant facilitation, and outside field-generated knowledge, skills, and tools pertaining to the very specific capacity-building need. There are of course many exceptions to this finding. However, as with any research study or evaluation, the purpose is to express the “average” experience as reflective of a total population. In this case, TCC Group is referring to the “average” nonprofit organization’s experience in conducting its own capacity building.



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**76 percent of nonprofits in the study engaged in strategic planning, most of them with the assistance of a consultant.**

#### *Adaptive Sub-Capacities*

The Organizational Learning sub-capacity measures a nonprofit's ability to undertake programmatic and organizational self-assessments, use the information gathered from them to conduct strategic planning, and implement the plan. It is striking that, **while organizations in the study aggregately scored relatively low in this sub-capacity, they nevertheless reported engaging in high levels of capacity-building activities in the relevant organizational functions.** For example, 76 percent of nonprofits in the study engaged in strategic planning, most of them with the assistance of a consultant. Similarly, a full 92 percent of groups (the highest for any organizational function) reported carrying out organizational assessment activities (and, of course, the CCAT itself is a self-assessment tool);<sup>27</sup> almost half of them (46 percent) did so with a consultant. Perhaps this discrepancy is the result of organizational assessment services that are not of sufficient depth or quality. High-quality organizational assessments are critical in order to effectively diagnose a nonprofit's organizational capacities and develop a prioritized capacity-building plan, thus this question merits further study.

Nonprofits in the study also scored fairly low in the Organizational Resource Sustainability sub-capacity, which assesses a group's ability to achieve and maintain financial stability in order to adapt to changing operating environments.<sup>28</sup> As noted above, however, one-third of nonprofits in the study are not pursuing any activities to strengthen their fundraising capacity; just over one half (51.3 percent) are not undertaking efforts to improve their ability to implement earned income strategies. In addition, just 34 percent are engaging outside assistance to build their effectiveness in the area of financial management; almost half are doing so on their own.

#### *Leadership Sub-Capacities*

Leadership Sustainability gauges an organization's capacity to cultivate organizational leaders, avoid over-reliance on one leader, and plan for leadership transition. In the aggregate, nonprofits in the study scored relatively low in this sub-capacity. However, **most of the groups reported engaging in activities to help their staff members, including leaders, develop professionally. The majority, however, did so either on their own (46.4 percent) or by sending staff to trainings and workshops (45.6 percent).** Just 16.7 percent reported having staff members work with a coach. **The fact that these efforts are not reflected in higher CCAT scores in this sub-capacity suggests that the staff professional development activities that nonprofits in the study are engaging in may not be of sufficient depth or quality. Over half of the groups (54.8 percent) reported undertaking no activities to plan for a leadership transition;** another

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<sup>27</sup> The relevant question in the Supplemental Survey did not specifically reference the CCAT as a form of self-assessment. Nonetheless, TCC Group believes this finding is statistically valid, as there does not appear to be a great deal of overlap between organizations taking the CCAT and those completing the Supplemental Survey.

<sup>28</sup> The CCAT serves as a snapshot in time of organizational leaders' perceptions of their nonprofit organization's current capacities. As such, it is highly likely that leaders' responses to questions in the CCAT survey regarding resource sustainability took into account the economic recession that was already well underway at the time the CCAT was administered.



25.9 percent stated they were addressing the issue on their own, without outside assistance.

#### *Management Sub-Capacities*

As discussed in the previous section, managing program staff effectively is an important predictor of organizational sustainability and lifecycle advancement for the organizations in this study. Effective program staff management includes putting in place strong staff hiring and retention practices; implementing thoughtful and relevant professional staff development opportunities; and establishing clear roles and responsibilities and the systems to hold staff members accountable to them.

***Twenty percent of respondents to the Supplemental Survey reported that they had not undertaken any activities in the previous two years to strengthen their ability to assess necessary staff functions, assign these to staff members, or create new staff positions.*** The majority of nonprofits addressed this issue internally, without relying on outside capacity-building support. Similarly, ***almost 38 percent of the groups in the study did not carry out efforts to improve their ability to recruit and/or terminate staff;*** a larger portion of the groups, 44.5 percent, did so internally. And, as noted above, of the nonprofits that took steps to improve their human resource management efforts, 22 percent did so by attending workshops, 5 percent did so through peer exchanges, and 27 percent engaged a consultant to work with them on this issue. These findings may be a reflection of the relative lack of available capacity-building resources for human resource management, as reflected in Exhibit 19, on page 45.

#### *Technical Sub-Capacities*

As previously discussed, 35 percent of respondents that reported taking steps to build their fundraising capacity are doing so by working with an external consultant; a significantly smaller number (14 percent) are doing so by attending workshops and trainings. This finding likely reflects the average larger size of organizations in the study and the possibility that their fundraising operations have moved beyond basic operational issues and “how-to’s” typically addressed in workshops. Given the weak aggregate score that nonprofits in the study received on this critical sub-capacity, and its function as a predictor of organizational sustainability for groups in this study, this push to build their collective fundraising capacity is a positive sign. It remains worrisome, however, that one-third of nonprofits reported no capacity-building activities in this area.

On a positive note, organizations in the study are taking proactive steps to build their effectiveness in two sub-capacities on which they, on average, scored fairly low. Thirty-five percent of respondents to the Supplemental Survey reported working with an external consultant to improve their information technology systems. Similarly, one-quarter of the groups engaged consultants to assist them in strengthening their communications capacity as well as their ability to conduct outreach.

In sum, it is noteworthy that ***a relatively large percentage of the nonprofits in this study are not undertaking efforts to build their organizational capacity. For example, 40 percent of the groups in the study are not pursuing any leadership development or coaching activities; one-third are not working to strengthen board leadership; and another 40 percent did not report any efforts to build their program evaluation capacity.*** This may reflect the

**EXHIBIT 24: Barriers to Capacity Building**

	(1) Not a Barrier	(2)	(3)	(4)	(5) Very much a barrier
<b>Interest in Capacity Building</b>	47.1%	13.7%	17.5%	7.6%	2.7%
<b>Knowledge of Capacity Building</b>	22.8%	19%	21.7%	18.6%	6.1%
<b>Staff Time</b>	5.3%	5.7%	16.3%	32.3%	29.3%
<b>Board Time</b>	3.4%	5.7%	20.2%	36.5%	22.4%
<b>Monetary Cost</b>	3%	3.4%	10.3%	23.6%	48.3%
<b>Identifying Appropriate Issues to Work on</b>	32.3%	14.4%	25.5%	11.4%	4.2%

economically challenging times during which this study was undertaken. Many nonprofits in Los Angeles County and around the country have felt compelled by the recession to focus on keeping programs running and their doors open. As numerous nonprofit leaders reported in the interviews and focus groups, “capacity building just feels like a luxury at this point.” It should be noted, however, that these findings are likely *not just* a reflection of the current economic difficulties, as the Supplemental Survey anticipated this distortion by requesting information about activities undertaken between 2007 and 2009.<sup>29</sup>

**Barriers to Capacity Building**

Nonprofit leaders were asked in the Supplemental Survey to identify the degree to which common barriers prevent them from undertaking capacity-building efforts. The results are displayed in Exhibit 24, above.

*The most significant impediments that nonprofits in the study face to undertaking capacity building are, first and foremost, the cost, and second, staff time.* These findings strongly echo what nonprofit leaders and capacity-building providers interviewed for this study stated when asked the same question. There was consensus that too many nonprofit organizations lack the financial resources to access and pay for capacity-building services. Several respondents felt that capacity-building services were, in the words of one interviewee, “less and less affordable because we don’t have the money for them.” From the perspective of nonprofit leaders, however, there were two issues related to affordability: one was having the financial resources to pay for capacity-building services while the other was the outright pricing of the services themselves. One nonprofit leader reported that “capacity-building services aren’t affordable unless you have dedicated funding to pay for them.”

*Numerous capacity-building providers and nonprofit leaders urged funders to help make capacity building more feasible and accessible by providing adequate financial support for it.* One suggestion to address this was for funders to build funds

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<sup>29</sup> According to economists, the recession officially began in late 2007, but the vast majority of the public—including nonprofit leaders making decisions about capacity building expenditures, were not aware of it until the fall of 2008, when the situation reached a crisis point.

## Numerous capacity-building providers and nonprofit leaders urged funders to help make capacity building more feasible and accessible by providing adequate financial support for it.

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earmarked for organizational capacity building into more grants. Others recommended that grantmakers provide more unrestricted general support.

There was also agreement among those interviewed that nonprofit leaders face a tough dilemma: spending money to improve management and organizational capacity versus spending it on programs, particularly when demand for some salient services is at an all-time high. As one respondent put it, “most executive directors are hard-wired to put every spare dollar into programs rather than building and supporting the infrastructure.”

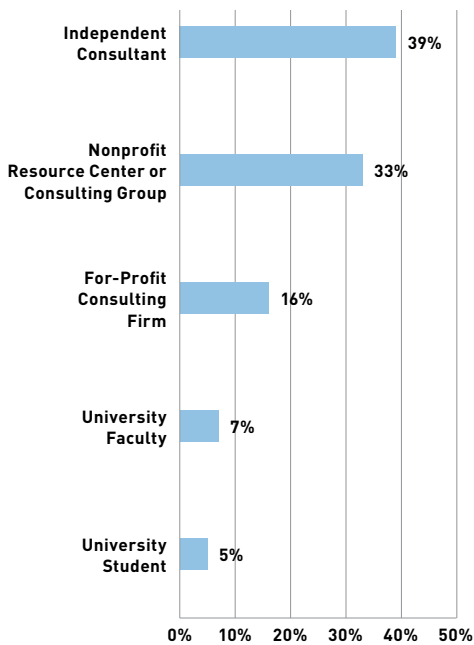
Nonprofit leaders interviewed agreed with the Supplemental Survey finding that the time commitment required from staff and board members to undertake capacity building is a significant barrier. In the view of one interviewee, it was an “even greater obstacle than cost.” Another reported that she often asked herself whether to apply for funding to pursue capacity-building efforts “because, if we got it, how would we manage it internally?”

Capacity-building providers interviewed for this study felt that nonprofits’ lack of knowledge about capacity building is a prevalent barrier to accessing service. In the words of one interviewee, “nonprofits don’t really understand the value that capacity building offers to their organization, or how it can help them build stronger and more effective organizations.” Another provider stated that nonprofit leaders do not know what help to ask for. As indicated in Exhibit 2.4, nonprofit leaders do not believe that lack of knowledge about capacity building is a significant obstacle to accessing services, though they did concur with capacity-building providers in that nonprofit organizations need additional help in assessing and diagnosing their capacity-building needs. *Of course, some nonprofits may not be aware of their lack of knowledge; better organizational assessments would help raise their awareness regarding their organizational needs.*

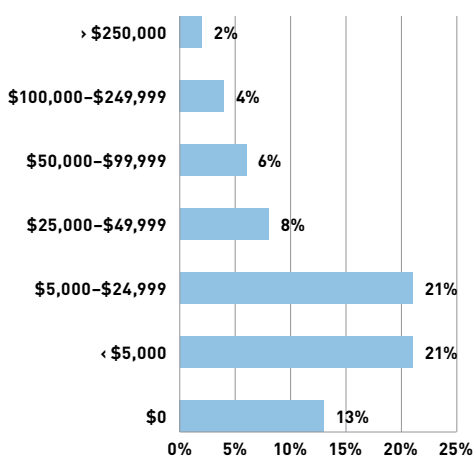
Nonprofit leaders and capacity-building providers concurred that, as one interviewee put it, “knowing where to look to find the right resources” can also be a challenge to accessing services. *One capacity-building provider observed that “in many ways there is a bigger gap in the awareness of available resources than there is in the availability of resources.”* Several capacity builders felt that the absence of an appropriate regional publication or website makes it difficult to advertise or raise awareness about available resources, and several suggested that funders could help in this regard, informing grant recipients of the resources in the region.

*Several capacity-building providers recommended launching an effort to increase awareness among nonprofit leaders regarding the value of capacity building.* These interviewees felt that funders, in particular, could play an important role in this regard by discussing capacity building with their

**EXHIBIT 25:** Percentage of Respondents Paying for Capacity-Building Services out of their own Budgets by Type of Provider



**EXHIBIT 26:** Amount Paid by Respondents for Capacity-Building Services out of their own Budgets over Last Two Years



applicants and grant recipients and by distributing information about resources available in the region.

### Funding of Capacity Building

*A large majority of nonprofit organizations in this study—83 percent—are paying for capacity-building services, and typically out of their own budgets without—but sometimes in addition to—a grant specifically designated for it.* Exhibits 25 and 26 on the left illustrate the types of capacity-building services that nonprofits in the study are paying for and how much they have paid using their own unrestricted funds over the previous two years, respectively. Despite the downturn in the economy, the median amount paid for consulting engagements is \$5,000, and one quarter of nonprofit organizations in this study paid \$25,000 or more over the past two years; another 10 percent have paid over \$50,000 during the same time period.

*Thirty-five percent of all organizations have received at least one grant specifically for capacity building.* Almost 13 percent of respondents reported receiving a second grant for capacity building, and 4.2 percent reported receiving at least a third grant. By comparison, the Foundation Center reports that just 2 percent of the number of grants and 2.2 percent of the dollar value of grants made nationally went to what it refers to as “management development.”<sup>30</sup> The discrepancy may reflect the fact that all of the participants in the study are grantees or grantseekers of the Weingart Foundation, a significant funder of capacity building in the region, as well as the narrow nature of the Foundation Center’s definition of “management development.” For the group of organizations that received capacity-building grants, *the median total funding for capacity building over the previous two years was \$75,000.* This could be estimated to be \$37,500 per year. *The vast majority of funding (85 percent) came from foundations, with 15 percent of organizations in this study reporting receiving capacity-building grants from government contracts and 5 percent from corporations.* There are only two cases in which an “individual” provided the funding.

*The primary source for capacity-building services purchased in Los Angeles County is independent consultants.* The next largest outlay of funds was for trainings and workshops, for which nonprofits in this study paid an average of \$2,000 during the previous year, with 1 in 3 organizations spending \$5,000 or more. Despite the concerns about the cost of capacity building discussed above, *just one-third of all organizations expected to spend less on capacity building in the next year, while one-quarter expected to pay more and approximately 40 percent expected to pay the same.*

On the pricing of the services themselves, several nonprofit leaders interviewed stated that hourly rates exceeding \$150 were too expensive. Another distinguished affordability in terms of the types of services sought: “The one-size-fits-all programs are pretty affordable; it’s the customized stuff that’s really expensive, especially for strategic plans and business plans.” Still others noted that

<sup>30</sup> Foundation Center, “Types of Support Awarded by Foundations, circa 2008,” accessed online on April 29, 2010.

affordability varied by provider; one respondent stated that “the Center for Nonprofit Management and Valley Nonprofit Resource Center are pretty affordable, but others are not.”

Nonprofit capacity-building providers rely on funding as well, of course, and *most capacity-building providers interviewed felt that the field needs more financial resources and support. One interviewee noted that the field is “severely under-resourced,” while several others observed that the field needs long-term funding in order to build up its own capacity to meet the needs of the nonprofit sector.* Another suggestion was to do more to access the considerable resources available in the corporate sector, and to begin doing so by inviting corporate representatives to be part of the discussion. One capacity-building provider commented: “I would like to be able to offer our services to any organization in LA that’s ready to receive them and act on them. This is about what’s accessible and affordable to nonprofits, but in a sense it’s also about what a viable business model looks like for a capacity-building provider.”

In summary, nonprofit organizations in the region appear to be consuming capacity-building services at a high volume, and receiving at least some funding to do so. It is important to note, however, that these findings may not be representative of all nonprofits in Los Angeles County because all of the respondents were grant recipients or grantseekers of the Weingart Foundation, an important funder of capacity building in the region. As described in more detail in the next main section of this report, there are other funders in Los Angeles, like First 5 LA, the James Irvine Foundation, the Annenberg Foundation, and the California Community Foundation, that do explicitly provide grant funding to undertake capacity-building activities, as well as these and other funders that provide general operating support to nonprofit organizations in the region. Further study, however, is needed to develop a fuller picture and deeper understanding of capacity-building funding to nonprofit organizations in Los Angeles County.

#### **The Quality of Capacity-Building Services Used by Los Angeles County Nonprofits**

The Supplemental Survey also asked nonprofit leaders in this study to report on the quality of capacity-building services in which they engaged. Specific findings on this question include the following related to consulting, workshops, and peer exchanges:

##### *Consulting*

*Fewer than one in ten nonprofit organizations engages consultants through nonprofit resource centers, management support organizations, or other nonprofit service providers.* In the Supplemental Survey, nonprofit leaders were asked which resources in the community they were utilizing for the purposes of consulting and other capacity-building services; the questions on this topic explicitly referenced nonprofit intermediaries and management support organizations as possible resources. The two most frequently cited resources were the Center for Nonprofit Management and the Long Beach Nonprofit Partnership; other resources such as the Executive Service Corps were also identified less frequently. Again, however, most nonprofits in the study engaged independent consultants or private consulting firms for consulting services.

***Nonprofit organizations in this study did not report a high level of satisfaction with the consulting services that they received, with most reporting that they were only somewhat “satisfied” with their consultants.*** For example, 75 percent responded that they “agreed” or “strongly agreed” with the statement that they would recommend the consultant they had retained to a colleague. At face value, this finding appears to be positive; however, self-reported data on satisfaction levels are typically skewed. To address this, TCC would instead highlight the percentage of organizations that “strongly agree” that they would refer their consultant to someone else: just one in three.

Another way to address the question of quality is to consider the degree to which well-established best practices in the consulting field were reflected in the services received by nonprofits in this study. For example, one of the most pertinent consulting best practices is the ability of consultants to help staff fully develop the skills that they will need to sustain progress after the consulting engagement (which often means being able to implement plans). On average, however, respondents were “unsure” as to whether they agreed that this best practice was in place in the consulting engagements in which they participated. In fact, ***a minority of nonprofit organizations felt that the consulting services they received incorporated what are considered to be “best practices” in the field.*** Specifically, just 15 percent “strongly agreed” that these consulting services met “best practices.” At the same time, 79 percent “agreed” or “strongly agreed” with the statement that they “got what they asked for.”

Consequently, from just a satisfaction standpoint, most nonprofit leaders interviewed for this study do not hold strongly positive views of the consultants with whom they have worked. This finding reflects comments made by nonprofit, philanthropic, and capacity-building leaders interviewed for this study regarding the variable quality of consultants in Los Angeles County. Several nonprofit leaders stated that the services consultants provide often seemed “boilerplate,” with one nonprofit respondent stating that “it often feels that consultants don’t really offer very relevant services—a lot of it feels very standardized, like they have a bag of tricks they draw from.” Another nonprofit leader observed that finding the right consultant depends a lot on where the organization is at and the complexity of the issues it is addressing, adding that “there are a lot of consultants available for basic issues but not very many who can help with the more difficult challenges facing more established organizations.”

Both philanthropic leaders and capacity-building providers echoed these concerns, with one philanthropic leader worrying that, while there are many consultants in the region, there may not be enough with “field- and content-specific expertise.” Another interviewee observed that “consultants aren’t accredited, so it’s hard to assess quality.” One capacity-building provider commented that “there are lots of single-solution consultants who know one issue well, but do more than they are qualified to do and in the process discredit the field as a whole.”

***A number of nonprofit and philanthropic leaders interviewed also expressed concern about the availability of independent consultants to address the specific capacity-building needs of small, grassroots nonprofits. Another question raised was the degree to which there are sufficient consultants with the cultural competency necessary to work with the diversity of communities and organizations in Los Angeles County.*** As one nonprofit interviewee put it, “it’s not just that organizations in communities of color may need

**“It’s not just that organizations in communities of color may need capacity-building providers with specific linguistic skills or knowledge about that community’s culture, but that organizations in those communities often need a nuanced approach to organizational issues such as leadership development, board recruitment, and fundraising; the off-the-shelf stuff that may work in mainstream communities can be irrelevant in some communities of color.”**

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capacity-building providers with specific linguistic skills or knowledge about that community’s culture, but that organizations in those communities often need a nuanced approach to organizational issues such as leadership development, board recruitment, and fundraising; the off-the-shelf stuff that may work in mainstream communities can be irrelevant in some communities of color.”

However, when respondents to the Supplemental Survey were asked if they thought there was a “sufficient quantity of high-quality, culturally competent consultants,” just over half said that there were. Ten percent responded that there was not a sufficient quantity of culturally competent consultants, and 30 percent did not know.

In conclusion, nonprofit organizations in Los Angeles County are allocating significant financial resources to engage consultants to strengthen their organizational capacity, in many cases drawing these financial resources directly from their operating budgets rather than from grant funds earmarked for this purpose. Yet, when the data are examined closely for the presence of consulting practices that result in effective implementation plans and achieving the intended organizational changes, it would seem that nonprofit organizations in this study are not receiving the full benefit of the funds they are expending.

#### *Workshops*

***Workshops and trainings are not a major source of capacity building for strengthening the Management and/or Technical capacities of the nonprofit sector in Los Angeles County.*** Only 41 percent of all survey respondents attended a workshop or training. This is remarkably lower, both as a percentage and a proportion, than nonprofit leaders who reported engaging in consulting.

***Only one in 10 nonprofit leaders felt that the workshops and trainings that they attended were “high-quality” in terms of meeting established best practices.*** It is widely held that, in order to ensure that the information and tools provided are used successfully, trainings and workshops should:

1. Provide time for peer sharing/exchange/adult learning experiences;
2. Provide access to high-quality and sophisticated management expertise;
3. Result in a product that becomes a work in process to continue once participants return to their organizations;
4. Incorporate feasible follow-up activities and offerings; and



5. Provide all or most of the tools necessary to utilize and implement the lessons learned.

On average, however, these elements were not present in the workshops and trainings available to nonprofit organizations in this study. Exhibit 27, on the next page, reports how respondents assessed the most recent workshop in which they participated.<sup>31</sup>

Both philanthropic leaders and capacity-building providers interviewed cited the “one-off” workshop approach as an example of a flawed business model for capacity-building providers. One foundation respondent commented that *“the one-size-fits-all strategy that most capacity-building providers seem to now have in place does not meet most nonprofit organizations’ specific and unique needs.” Most respondents agreed that what nonprofit organizations need is in-depth, highly engaged consulting that is tailored to an organization’s specific needs and circumstances.*

There are many in the capacity-building field, including TCC, who are quick to note that workshops and trainings alone are not highly effective strategies for strengthening organizational capacities. Yet, they remain a critical resource for ensuring that organizational leaders and staff have the skills, resources, and tools to carry out their work, particularly when it comes to building Management and Technical capacities (they are not effective strategies to strengthen Adaptive and Leadership capacities). Based on findings from the Supplemental Survey, nonprofits in this study do not have access to, are not aware of, or choose not to participate in workshops and trainings to strengthen organizational capacity.

#### *Peer Exchanges*

TCC Group’s research has shown that formal, well-facilitated peer exchanges, where nonprofit leaders meet regularly as a group, are one of the best and most cost-effective capacity-building methods for strengthening Leadership, Adaptive, and Management capacities. As nonprofit leaders come together in a confidential space to address macro-level organizational challenges, great things happen. When done well, peer exchanges are particularly effective for leadership development.

*Approximately half of all nonprofit leaders taking the Supplemental Survey engage in what they perceive to be peer exchanges, and the quality of these peer exchanges, as reported by respondents, is not consistently high.*

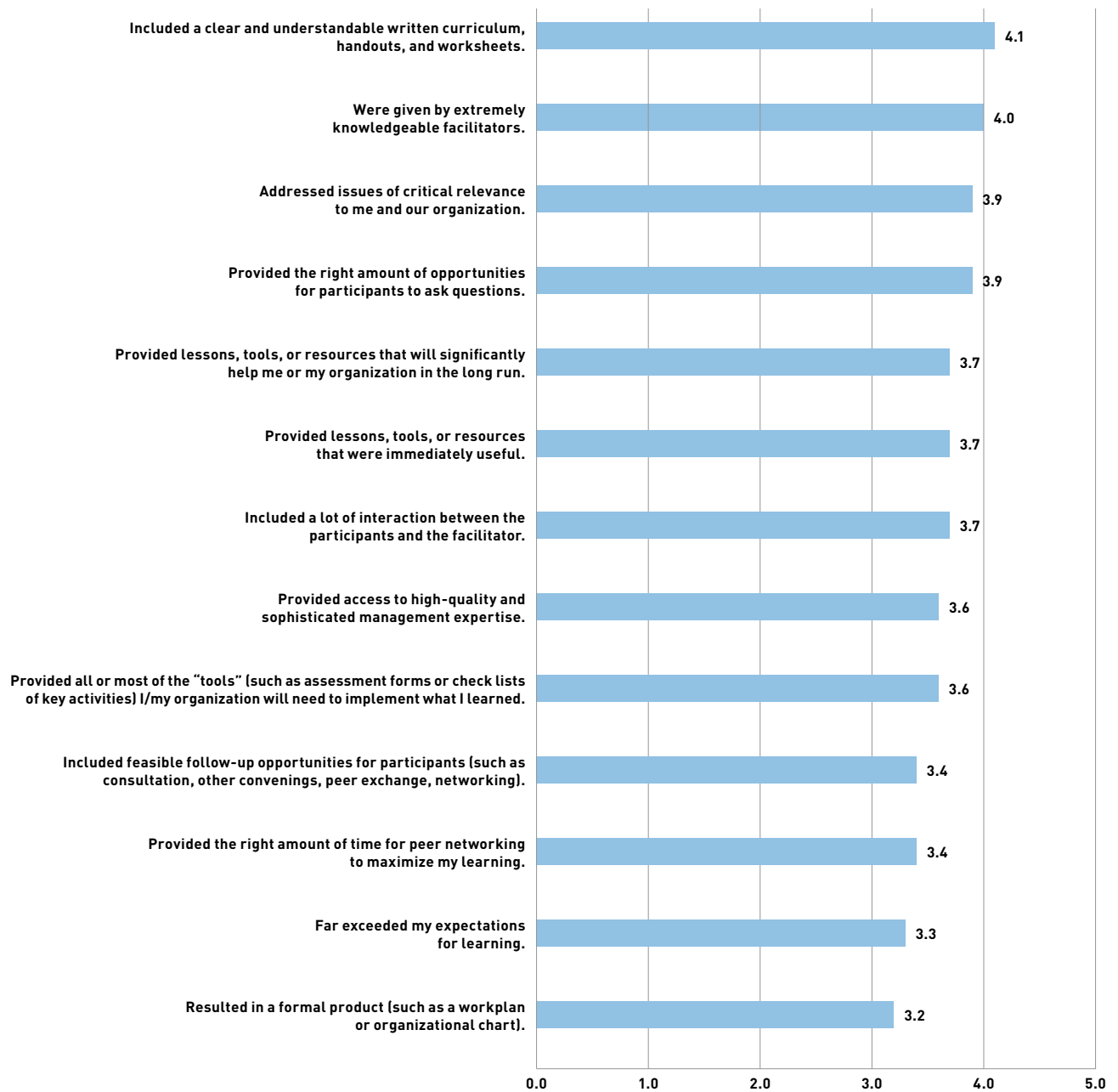
Specifically, 55 percent of all leaders in the survey have participated in facilitated peer exchanges. This number is not exceedingly low, but given the effectiveness of peer exchanges, it would be beneficial

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<sup>31</sup> The data in Exhibit 27 does not reflect attitudes about workshops and trainings in which survey respondents participated over a period of time, but rather the most recent workshop or training in which they had participated. The wording of the survey question was: “Thinking about the most recent workshop, training, or seminar you attended, please indicate how much you agree with the following statements...” [underline in original].

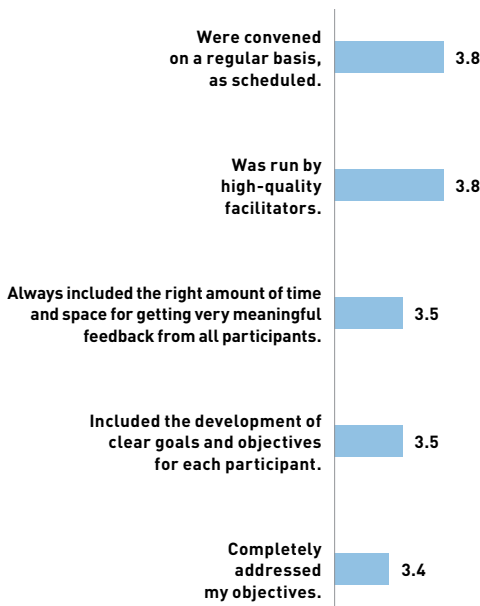
## EXHIBIT 27: Respondents' Reports on Quality of Workshops Attended

(1 = Strongly Disagree; 5 = Strongly Agree)



**EXHIBIT 28: Respondents' Reports on Quality of Peer Exchanges in which They Have Participated**

(1 = Strongly Disagree; 5 = Strongly Agree)



to engage more leaders in them. Furthermore, the peer exchanges that respondents reported participating in do not appear to include a number of salient best practices, including providing participants with the right amount of time and space to receive feedback from peers; developing clear goals and objectives for the peer exchange; and providing the time and space necessary to address those goals and objectives. Lastly, only 20 percent of nonprofit leaders engaging in peer exchange opportunities agreed that all key best practices for conducting peer exchanges were in place, and only 10 percent strongly agreed that they were (see Exhibit 28, to the left). Lastly, only 18 percent of nonprofit leaders participating in peer exchanges strongly agreed that the information and insights they learned were immediately useful.

In conclusion, there is much to be done to improve the quality of capacity-building services in Los Angeles County. When asked about this, interviewed funders expressed concern: one respondent described the quality of capacity-building providers as “very uneven—some need to be deepened and improved upon and some just need to go away.” Another observed that “most of the local MSOs [Management Support Organizations] are pretty thin; whatever effectiveness they may have is not well documented.” Numerous nonprofit leaders interviewed agreed with this assessment, stating that “overall quality is not that high—there’s some very good resources, but many of them aren’t.”

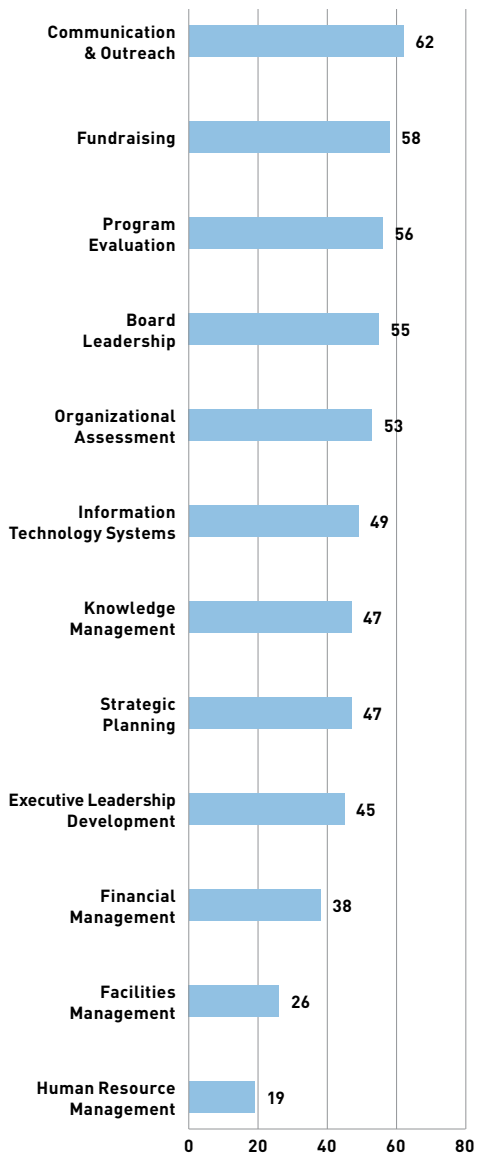
**Self-Reported Capacity-Building Needs and Priorities**

Through the Supplemental Survey, nonprofit leaders were asked to identify and prioritize their capacity-building needs. The top two priorities related to sustainability: specifically fundraising and communications and outreach. The CCAT data found deficits in these areas, and they are crucial to organizational sustainability. In this way, nonprofit leaders are identifying capacities that indeed need to be addressed. However, it should be noted that there are self-identified capacity needs amongst nonprofits in this study that have not risen to as high a priority level as TCC would argue should be the case if sustainability and lifecycle advancement are the goals. Exhibit 29, on the next page, reports the frequency and ranking of organizational functions prioritized by respondents to the Supplemental Survey.

*The majority of respondents identify fundraising as a top capacity-building need.* This is likely both a sign of the challenging economic times during which the Supplemental Survey was administered as well as nonprofits’ ongoing challenges in this critical area. As discussed above, fundraising is an important predictor of organizational sustainability and lifecycle advancement among organizations in Los Angeles County, so it is encouraging that nonprofit leaders seek to continue to build their fundraising capacity. (It is curious that most nonprofit leaders did not identify financial management as an important area of capacity-building need. While CCAT scores showed that nonprofit organizations in this study scored satisfactorily in financial management sub-capacities, one might surmise that the challenges posed by the recession would prompt nonprofit leaders to focus more attention in this area. Based on the greater ranking they gave to fundraising than financial management as an area of capacity-building need, it appears that nonprofit leaders in Los Angeles

Program evaluation, an important predictor of sustainability, is one of the top areas of need reported by nonprofit leaders, which suggests a level of “readiness” on the part of nonprofit leaders in this study to become better learners and adapters.

**EXHIBIT 29:** Self-Reported Capacity-Building Needs, by Percentage of Responses



County are more focused on generating additional revenue than they are on effectively managing the financial resources they have in hand, at least as of the time this survey was conducted in the fall of 2009.)

*Program evaluation, another important predictor of sustainability, is one of the top areas of need reported by nonprofit leaders, which suggests a level of “readiness” on the part of nonprofit leaders in this study to become better learners and adapters.* As discussed on pages 30–31, the CCAT data indicated that nonprofit organizations do not have high levels of Adaptive capacity, particularly in the Programmatic and Organizational Learning sub-capacities. It is encouraging to see that nonprofit leaders identify program evaluation as one of the top needs in their community.

*Nonprofit leaders in Los Angeles County also identify board leadership, yet another predictor of organizational sustainability for those surveyed, as a top capacity-building need.* Given the importance attached to this organizational function, the fact that almost one-third of Supplemental Survey respondents do not undertake any capacity-building activities in this critical area suggests that there may be barriers to accessing services in this area in Los Angeles County. Alternately, it may also reflect challenges in engaging board members in these activities.

*Human resource management is one area in which nonprofit leaders’ priorities match neither the strategic importance of this organizational function nor its relative weaknesses, as reflected by the CCAT scores.* As noted above, effectively managing program staff is an important predictor of organizational sustainability among nonprofits in this study. A majority of nonprofit organizations in this study are either in Stage I of the nonprofit lifecycle (Core Program Development) or Stage II (Infrastructure Development, for the purposes of taking programs to scale). One of the principal challenges of Stage I and particularly Stage II organizations is the ability to manage human resources. Program integrity and quality, and the ability to take programs to scale, depends very heavily on effective human resource management. Since most of the organizations in this study are larger than the typical nonprofit, on average, it is even more important that human resources management be strong. Additionally, Los Angeles-area nonprofit organizations grapple with volunteer management, which is a very important capacity for most nonprofit organizations and one that can make a notable difference in terms of overall effectiveness. As a result, the fact that only one in five organizations in this study identify human resources management as a priority area of need is indicative of a sector that is not “self-aware” and perhaps not “ready” to address this key capacity.

## SUMMARY

Many of the nonprofit, capacity-building and philanthropic leaders interviewed for this study believe that the field of nonprofit capacity building in Los Angeles County is not as strong as it could and should be, and there is much that can be done to improve the current status quo. Many capacity-building providers are themselves not financially sustainable;<sup>32</sup> the capacity-building field in the region is fragmented; poor resource allocation and gaps in service contribute to weak services. Greater coordination and collaboration among capacity-building providers, and between providers and funders, would benefit the nonprofit sector in the county, the funders that support them, and the field of capacity-building itself.

There are significant gaps in services with regard to the organizational functions addressed in programming, modes of service, and geographic coverage. In terms of programming, there is a scarcity of offerings in the areas of program evaluation, communications and outreach, and information technology. There appears to be limited availability of highly effective capacity-building activities such as coaching and peer exchanges. In addition, there are areas of the county, particularly in the north, east, and south, with little ready access to capacity-building providers. In short, based on the findings of the CCAT study and the Supplemental Survey, there is not close alignment between the organizational functions that nonprofits most need assistance with, the modes of service most effective at delivering capacity-building assistance in those areas, and the current offerings of capacity-building providers in the region. Furthermore, there are widespread concerns among those interviewed for this study regarding the quality and effectiveness of the services currently available.

At the same time, nonprofit organizations face barriers in accessing capacity-building services, particularly in managing the financial costs and investment of staff time involved in undertaking capacity-building activities. Perhaps due to these obstacles, many nonprofits in this study are not undertaking capacity-building activities to strengthen key capacities in which they are relatively weak. A number of these capacities, such as the Program Evaluation and Board Leadership sub-capacities, are important predictors of organizational sustainability and lifecycle advancement. There are also many organizations in the study that are pursuing capacity-building activities that are unlikely to result in the kind of organizational change needed to truly strengthen their capacity. This may, again, reflect the lack of connection between organizational needs and capacity-building providers' offerings.

There was wide agreement among the individuals interviewed for this study that the philanthropic sector could play an important role in addressing this state of affairs. The next section examines what funders in Los Angeles County are currently doing to address capacity-building needs in the region and assesses further steps funders might take, both individually and collectively.

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<sup>32</sup> Capacity-building providers' uncertain financial sustainability relates to their business model (an important factor frequently discussed in the literature regarding these organizations), which in turn relates to the type and quality of services they provide and how they are paid for. In other regions around the country, TCC Group has observed that nonprofit management assistance providers that provide high-quality services tend to be able to attract more earned revenues since their customers are willing to pay for excellent services.



As part of the environmental scan of capacity-building services for nonprofit organizations in Los Angeles County, TCC Group interviewed 12 philanthropic leaders, nine capacity-building providers, and 14 nonprofit leaders identified by the Weingart Foundation (please see Appendix E for a list of all interviewees). All interviewees were asked to comment on what they think the role of philanthropy should be in strengthening and sustaining the field of nonprofit capacity building in Los Angeles County. Below are the comments of the leaders interviewed in the philanthropic and nonprofit sectors as well as in the capacity-building field. To lay the groundwork for that discussion, a brief overview of the philanthropic sector in Los Angeles County is first provided.<sup>33</sup>

## OVERVIEW OF THE PHILANTHROPIC SECTOR IN LOS ANGELES COUNTY

Los Angeles County has a robust and diffuse philanthropic sector. As of 2007, the most recent year for which Foundation Center data are available, Los Angeles County had 4,546 foundations with assets totaling \$35.2 billion. Over 700 new foundations were established in the county between 2000 and 2007, a 16 percent rate of growth that matches the national average. However, UCLA's "Creating Opportunities: The State of the Nonprofit Sector in Los Angeles, 2007" reports that "foundation growth has not kept pace with the overall expansion of the local nonprofit sector and the economy as a whole."<sup>34</sup> The same report notes that foundation asset growth lagged well behind the national average between 2006 and 2007: 0.72 percent as compared to 10.55 percent.<sup>35</sup> In addition, in 2007 grantmaking outflows from Los Angeles County-based foundations to nonprofits outside the county exceeded inflows from foundations beyond the county; grants to organizations outside the region from Los Angeles County funders totaled \$612 million while grants from foundations outside the county to nonprofits in the area totaled \$346 million, indicating that "Los Angeles is a net exporter of \$267 million" in grant funds.<sup>36</sup>

Annual grantmaking by Los Angeles County foundations reached \$1.94 billion in 2007, a 40 percent increase over 2002.<sup>37</sup> According to the USC report, the average grant size is \$159,042 and the median grant size is \$43,000. In addition, foundation grantmaking is very concentrated in the region, with just the ten largest foundations accounting for 48 percent of all giving in 2007.<sup>38</sup>

Regarding the sub-sectors in which the Weingart Foundation makes grants, Los Angeles County foundations in the aggregate provide more funding than the national average to organizations in the areas of Health and Education but less in the Arts and Culture and Human Services sub-sectors. From the perspective of average grant size, grants made by foundations in Los Angeles County were larger than the national average in the area of Human Services.<sup>39</sup> More specific to the focus of this report, the share of grant dollars Los Angeles County foundations made for general support lagged behind the national

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<sup>33</sup> A discussion of findings regarding how nonprofit organizations in Los Angeles County finance their capacity-building activities, including the funding they receive for this from foundations, can be found in Section IV, "Nonprofit Capacity-Building Services in Los Angeles County," beginning on page 42.

<sup>34</sup> "Creating Opportunities: The State of the Nonprofit Sector in Los Angeles, 2007," p. 19.

<sup>35</sup> *Ibid.*, p. 10.

<sup>36</sup> "Foundations for Los Angeles, 2007: An Analysis of the Scale, Scope and Reach of Foundation Philanthropy in Los Angeles County," University of Southern California, Center on Philanthropy and Public Policy, 2010, p. 16.

<sup>37</sup> *Ibid.*, p. 3.

<sup>38</sup> *Ibid.*, p. 11.

<sup>39</sup> *Ibid.*, p. 22–23.



average between 2001 and 2005; during that time, the number of general support grants averaged 13.5 percent in the region, as compared to 19.2 percent nationally. Further, those general support grants made by Los Angeles foundations were relatively small in size, according to the UCLA 2007 report, averaging \$96,666 in size between 2001 and 2005.<sup>40</sup>

Foundations in Los Angeles County undertake the following types of activities to support nonprofit capacity building in the region:<sup>41</sup>

**General Operating Support:** This type of funding is unrestricted and allows grant recipients to use funds to finance top organizational priorities, including overhead expenses, infrastructural needs, and program development. Numerous funders interviewed for this study provide general operating support. For instance, the California Wellness Foundation allocates 80 percent of its grantmaking for general operating support; grantees can use these funds for organizational capacity building, and about one-third of the general operating support grants are used for this purpose. Another example is the Dwight Stuart Youth Fund, whose Cornerstone Grants program provides organizations with \$50,000 in general operating support each year for three years. Other funders interviewed for this study that provide this type of funding include the California Community Foundation, the Ralph M. Parsons Foundation, the Atlas Family Foundation, the Liberty Hill Foundation, and the Women’s Foundation of California. The Atlas Family and Unihealth Foundations also provide multi-year unrestricted funding.

**Funding for Capacity Building:** Numerous foundations fund nonprofit organizations specifically to undertake capacity-building activities. For instance, the California Endowment’s “Building Healthy Communities” program provides approximately \$7–8 million in funding annually to support nonprofits in addressing race, class, and gender issues; it also provides \$1 million per year to foster leadership development in minority-led nonprofits as well as \$10 million for the same purpose targeted to African American nonprofit leaders.

The Durfee Foundation has three programs—the Springboard Fund, the Stanton Fellowships, and the Sabbatical Program—targeting executive directors and other organizational leaders. The three programs have a combined annual budget of approximately \$600,000. At the California Community Foundation (CCF), strengthening the nonprofit sector in Los Angeles is one of four strategic goals in the Foundation’s new strategic plan. Capacity building is not a separate program or category at CCF but rather threaded through everything the Foundation does. It allocates approximately \$1 million annually to fund nonprofits to secure capacity-building services as well as to support nonprofit management support organizations.

The Blue Shield of California Foundation is currently providing funding to build the organizational capacity of domestic violence service providers

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<sup>40</sup> “Creating Opportunities,” p. 26. By comparison, the average dollar value among all national foundations was \$111,340 in 2007 and \$119,536 in 2008 (Foundation Center, accessed online on April 29, 2010).

<sup>41</sup> Please note that this discussion is not a comprehensive or definitive survey of what funders in Los Angeles County are doing to support nonprofit capacity building.

in the region. Other foundations interviewed for this study that also fund nonprofits to pursue capacity-building activities include the Keck, Liberty Hill, and Ralph M. Parsons Foundations, as well as the Dwight Stuart Youth Fund and the Women's Foundation of California.

**Funders' Collaboratives:** Foundations in Los Angeles County also have a history in participating in funders' collaboratives to support capacity building in the region. For instance, Los Angeles Urban Funders, launched in 1996 as a response to the 1992 Los Angeles riots, came to involve 33 funders over the course of its history and to raise \$21 million for community renewal in several low-income communities in the region, which was used to strengthen community and organizational capacity. In another example, the Los Angeles Immigrant Funders' Collaborative, concluded in 2008, provided funds to build the capacity of small and emerging nonprofit organizations serving immigrant communities. Participants in the Collaborative included the Riordan and Streisand Foundations and the United Way of Greater Los Angeles. Currently, the California Endowment and the James Irvine Foundation, among others, participate in Hispanics in Philanthropy's Funders' Collaborative for Strong Latino Communities, which supports capacity building among Latino-led nonprofits in communities across the US and Latin America, including Los Angeles.

**Grants to Intermediaries:** Foundations sometimes opt to channel their funding for nonprofit capacity building through an intermediary. This may be done because the intermediary has specific subject-area or community expertise, or because its scale can facilitate managing much smaller grants than the foundation can administer. An example involving foundations interviewed for this study is the California Wellness and Weingart Foundations, which funded the Liberty Hill Foundation to provide capacity building to smaller, grassroots organizations in communities of color.

**Funding for Capacity-Building Providers:** In addition to funding nonprofits to seek capacity-building services, foundations also directly fund capacity-building providers. Philanthropic organizations interviewed for this study that fund capacity-building providers in Los Angeles County include the California Community Foundation, the California Wellness Foundation, the Ralph M. Parsons Foundation, and the Women's Foundation of California.

**Direct Provision of Capacity-Building Programs:** Some foundations choose to provide capacity-building services directly to their grant recipients and, in some cases, the broader nonprofit community. A number of funders interviewed for this study directly operate capacity-building programs. For example, the Annenberg Foundation's Alchemy program—available for free to any nonprofit in Los Angeles County—focuses on leadership development, particularly board-staff alignment. The Liberty Hill Foundation's Leadership Institute, funded in part, as noted above, by the California Wellness and Weingart Foundations, provides training to grassroots nonprofits on such topics as fundraising, community organizing, and board development. Finally, the Women's Foundation of California also offers training programs to its grant recipients on such topics as leadership development, fundraising, and public policy and advocacy.

Public sector agencies, such as First 5 LA and the Los Angeles County Arts Commission, are also important funders of capacity-building services

## One philanthropic leader interviewed observed that “we funders haven’t gotten together to really talk through the question of capacity building and see if it’s possible to collaborate or at least communicate on this issue.”

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in Los Angeles County. In addition, the Bank of America’s Neighborhood Builders program and Deloitte LLP, which manages the Center for Leadership & Community that was interviewed for this study, are examples of capacity-building funders in the corporate sector.

### PERSPECTIVES ON HOW FUNDERS COULD BETTER SUPPORT NONPROFIT CAPACITY BUILDING

*All interviewees agreed that Los Angeles’ philanthropic community can and should play a greater role in continuing to strengthen the field of nonprofit capacity building in the region.* Numerous suggestions, ranging from ideas that could be implemented relatively easily to those that would require greater effort and change, surfaced in the course of the interviews with philanthropic, nonprofit, and capacity-building leaders. For example, several interviewees suggested that foundations are well placed to conduct or commission further research on the effectiveness and impact of specific capacity-building practices on nonprofits in the region. Other suggested research topics included studying in greater depth the needs, opportunities, and strategies for maximizing capacity-building resources in Los Angeles County.

*Many interviewees also expressed a strong need for increased communication and coordination about capacity building in the region and stated that foundations are uniquely positioned to facilitate such an effort.* This call manifested itself in three interrelated suggestions:

1. That foundations use their influence to encourage capacity-building providers in Los Angeles County to undertake greater coordination and collaboration among themselves in order to enhance the delivery of capacity-building services in the region;
2. That funders themselves discuss ways to strengthen the field of capacity building in the county; and
3. That funders and capacity-building providers meet on an on-going basis to share knowledge, discuss trends, and coordinate efforts, also involving and engaging nonprofit organizations in these discussions at the appropriate time.

On the first point, *there was widespread agreement among both capacity-building providers and philanthropic leaders that capacity-building providers in the region need to communicate, coordinate, and collaborate much more fully with each other*—to share resources, synchronize services and regions of operation, and learn together (for example, by sharing evaluation results with peers in the field).

With regard to funders coming together to discuss the field of capacity building in Los Angeles County, one philanthropic leader interviewed observed that “we funders haven’t gotten together to really talk through the question of capacity building and see if it’s possible to collaborate or at least communicate on this issue.” It should be noted that the Annenberg Foundation has already

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**One suggestion was to launch an effort to encourage civic participation in Los Angeles, with the express purpose of developing civic leaders that could increase the pool of potential nonprofit board members.**

taken action to convene funders, through the USC Center on Philanthropy and Public Policy, for a series of ongoing discussions on capacity building in the region. Southern California Grantmakers could also potentially play a role in helping to convene philanthropic, capacity-building, and nonprofit leaders to dialogue on this important issue.

A number of capacity-building providers welcomed the suggestion that they and local funders gather to discuss capacity building in the region, emphasizing that there should be better integration between what they and funders are doing in the area. Several capacity-building providers also felt that local foundations could use their convening role to bring stakeholders together to discuss the state of the nonprofit sector in Los Angeles. One interviewee in particular felt that foundations “need to take a leadership role in launching a dialogue about what happens to the nonprofit sector as government funding dries up. This is a fundamental question.”

*From the perspective of nonprofit leaders, one of the key ways foundations can strengthen capacity building in Los Angeles County is by offering significantly more unrestricted and multi-year funding. A majority of nonprofit leaders emphasized that these types of funding would have a far greater and more profound impact on their organization’s capacity than would funding to attend a conference or a series of workshops. Respondents added that funders should also acknowledge nonprofit organizations’ cost of doing business by incorporating full overhead expenses in every grant. In addition, several nonprofit interviewees asserted that multi-year funding for a non-program staff position, such as development director or accountant, would be of tremendous benefit.*

Regarding general grantmaking practices, nonprofit leaders consistently mentioned two things that they felt would enhance their organizational capacity: 1) streamlined grant application processes; and 2) consistency in funding priorities and strategies. One nonprofit respondent stated that “foundations should undertake their own strategic planning processes and stick to their plan for the foreseeable future, rather than flitting from one issue to the next.”

When it comes to providing funding for capacity-building services, *most nonprofit leaders interviewed expressed a preference for more tailored and in-depth services rather than providing subsidized access to “one-off” workshops at the local management support organizations. Nonprofit leaders also expressed a strong preference for receiving funding directly so they can retain their own capacity-building services, rather than having the funder retain the capacity-building provider itself then directing its grantees to that provider.*

A number of nonprofit leaders also encouraged funders to consider undertaking a number of broader efforts that they said would also help build nonprofit capacity. *One suggestion was to launch an effort to encourage civic participation in Los Angeles, with the express purpose of developing civic leaders that could increase the pool of potential board members. Another idea was to systematically build the leadership capacity and professional development of both staff and board*

*members, an endeavor one interviewee described as “critical to the long-term health of the nonprofit sector in LA.”*

Several capacity-building providers echoed nonprofit leaders’ call for more engaged capacity-building activities, indicating that funders could help them deepen their offerings by providing them with funding to build programmatic capacity and paying for more in-depth engagements with nonprofit organizations, rather than only funding the more typical “one-off” workshops.

*The philanthropic leaders interviewed differed on how the philanthropic sector in Los Angeles could help strengthen the nonprofit capacity building field in the region. A few remarked that it might make sense to create a new county-wide capacity-building provider from the ground up since, in their view, some of the existing resources were “too broken” or had “too much baggage” in the eyes of the community to be turned around and significantly improved. However, others felt that it would be premature to abandon what is already on the ground in Los Angeles and start anew.* One philanthropic leader felt that local foundations should continue to invest heavily in building existing nonprofit capacity-building organizations for another 10–15 years and then assess the situation at that point. *Other interviewees felt that, given the geographic spread of existing capacity-building resources and the fact that they serve different communities and provide different services, it would be best to support the field as a whole in Los Angeles County—to, in the words of one respondent, “fund the ecosystem” of capacity-building providers in the region.* This approach, implemented by funders in other cities, such as Seattle, entails funders supporting a select set of high-performing capacity-building providers to offer different services throughout the region, following their respective grantmaking priorities and strategies. Ideally, this approach would be coordinated at a general level to ensure that high-impact providers and strategies are supported and services made available to communities across Los Angeles County.

As a way to increase funding for capacity building in the region, one philanthropic interviewee suggested that Los Angeles funders could set up a pooled fund to which nonprofits could competitively apply for capacity-building grants. This individual acknowledged that there are “cultural and structural obstacles” to this idea, including the fact that some funders have rarely or never participated in collaborative grantmaking. Another foundation leader observed that “the potential for collaboration among funders is limited.”

*Perhaps the most engaged way foundations can support capacity building is to provide these services directly to nonprofits themselves. While several nonprofit leaders remarked on the positive impact that the Annenberg Foundation’s Alchemy program and the Durfee Foundation’s leadership development programs have had on their own organizations and on the field in Los Angeles County, other capacity-building providers and nonprofit leaders interviewed felt that foundations should not be involved in such a “hands-on” manner.* A number of philanthropic leaders interviewed concurred with this view. As one philanthropic respondent put it, “it’s not working for funders to do their own thing; we need to invest in the resources that already exist rather than continue to duplicate them.”

**“Each funder is figuring things out on their own and then expecting their grantees to participate. This leaves the groups participating in a number of disparate, uncoordinated efforts, most of which remain fairly superficial and don’t really address participating organizations’ deeper structural issues and needs.”**

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Another philanthropic leader noted that “each funder is figuring things out on their own and then expecting their grantees to participate. This leaves the groups participating in a number of disparate, uncoordinated efforts, most of which remain fairly superficial and don’t really address participating organizations’ deeper structural issues and needs.”

#### **SUMMARY**

*There is consensus among the leaders interviewed that the capacity-building field in Los Angeles County is not as strong as it could and should be, and that foundations in the region have an important role to play in addressing the issue.* Suggestions about what that role should be range from conducting additional research in order to identify trends and gaps to convening stakeholders to discuss ways to strengthen the capacity-building field, from raising the profile of available resources among their grant recipients to establishing a funders’ collaborative to provide funding for capacity building. Opinions differ, too, on the most effective way to support the capacity-building field in the region.

Capacity-building providers would like to engage in dialogue with philanthropic leaders in Los Angeles County to discuss needs and coordinate efforts. They also indicate that they need help in building their own financial sustainability, and suggest that foundations could help them deepen the quality and relevance of their program offerings. Nonprofit leaders, in turn, feel that funders in the region could make the greatest difference by providing more dedicated funding for capacity building as well as more unrestricted and multi-year funding.

Numerous questions remain to be resolved. What there is agreement on is that nonprofit organizations in Los Angeles County need a robust capacity-building field, that capacity-building providers need support to address this need, and that the questions pending need to be addressed.



# 101 SOUTH Los Angeles

This study revealed that there is much that can be done to strengthen the organizational capacity and effectiveness of nonprofit organizations in Los Angeles County. The capacity of capacity-building providers in the region, in turn, also needs to be developed and fortified. There are steps that nonprofit organizations, capacity-building service providers, and funders in the region can each take to make improvements.<sup>42</sup> These recommendations are distilled from the extensive data gathered for this study through surveys, interviews, focus groups, and objective assessments that together reached 1,613 nonprofit leaders, 14 foundations, and nine capacity-building service providers.



## Nonprofit Organizations

Nonprofit organizations in Los Angeles County can do much on their own to strengthen their capacity. They should strive to build on their numerous existing strengths—their self-awareness, deep knowledge of community needs, empowering organizational cultures, and visionary leaders—to develop their organizational effectiveness, enhance their sustainability, and advance to the next organizational lifecycle stage. In particular, they should:

- Build their capacity in programmatic and operational evaluation in order to better understand what works with regard to program delivery and what resources are needed operationally to take programs to scale. Nonprofits can become more effective “learning” organizations by engaging in trainings, coaching, organizational assessments, and consulting related to evaluation and learning;
- Regularly assess their organizations to determine their effectiveness with respect to acquiring, managing, adapting, and using the resources they need to operate their institutions to ensure mission advancement;
- Help their boards become more effective leaders, especially in the areas of program and organizational learning, organizational assessment, succession planning, and resource acquisition, and to understand the need for their roles and responsibilities to evolve as their organization becomes more sophisticated by taking part in board assessments, leadership development, training, coaching, and peer exchanges for board members;

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<sup>42</sup> The findings of the study also suggest some possible areas for further research. Firstly, this study considered a limited number of capacity-building funders and providers. A more thorough understanding of the field of capacity building in Los Angeles County depends on a full quantitative and geographic analysis of nonprofit organizations’ capacity-building needs as well as a cataloguing and mapping of capacity-building resources and funding available throughout the region. In addition, it would be important to assess the level of need and resources available regionally throughout the county.

Further, a thorough study remains to be done to get a complete picture of which organizations are securing capacity-building services, what organizational functions the services address, and how nonprofits are paying for it. In particular, the nonprofits in this study represent the Arts and Culture, Education, Health, and Human Service sub-sectors; research on the capacity-building needs and usage patterns of groups in sub-sectors not represented in this study, such as Religion, Environment, and International, remains to be conducted.

Additional research could also be done regarding the organizational capacity and business models of nonprofit capacity-building service providers in the county. Furthermore, given the important role of independent consultants in meeting capacity-building needs in the region, a deeper understanding of the services they provide as well as the issues they work on and the fields they work in would greatly enhance the picture of the capacity-building field in Los Angeles County.

## The large number of organizations in this study that are not engaging in any activities to plan for a leadership transition should consider working with a consultant, participating in a peer exchange, or working with a coach to do so.

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- Gain a greater understanding of the importance of human resource management as well as strengthen their capacity to manage staff, assess staffing needs and make staffing decisions, and effectively resolve human resource problems by taking part in coaching, peer exchanges, consulting, and specialized trainings;
- Develop their skills and expertise in the areas of evaluation, fundraising, outreach, marketing, financial management, and technology. These can be strengthened by providing training to current staff. On issues that require more in-depth training—such as accounting, evaluation, more complex fundraising activities, and program service delivery—it may be best to hire new staff with the necessary skills or outsource the function to accountants, fundraising consultants, evaluation consultants, and other contractors.

In addition, organizations with annual operating budgets over \$1 million should consider continuing to sustain their investments in human resource management, keeping pace with program growth to ensure that staff and resources don't increase beyond the ability of the organization to effectively manage them.

The large number of organizations in this study that are not engaging in any activities to plan for a leadership transition should consider working with a consultant, participating in a peer exchange, or working with a coach to do so. They should also consider supplementing workshops with coaching and peer exchanges as ways to help their staff members to develop professionally.

Furthermore, the low levels of satisfaction that nonprofits in this study reported with the consultants that they worked with and the workshops and peer exchanges in which they participated suggests that nonprofits should endeavor to become more knowledgeable and exacting consumers of capacity-building services. When nonprofit leaders know what to ask for, they can hold capacity-building providers accountable for delivering it; at the same time, they will also likely be more willing to pay more for high-quality services, thereby indirectly helping the best capacity-building providers to succeed. At the same time, nonprofit leaders should consider the importance of investing funds not earmarked for programs in capacity building and organizational infrastructure development. Nonprofit leaders should also engage in discussions with philanthropic and capacity-building leaders to discuss ways to strengthen the field of capacity building—and the nonprofit sector—in the region.

Because there are so many nonprofit organizations in the County and they are so diffuse, some of them could benefit from forming strategic alliances for the explicit purpose of strengthening infrastructure to better take programs to scale. Specifically, those nonprofits that work in the same community or sub-sector could consider developing joint infrastructure

projects in human resource management, fundraising, administrative support, volunteer engagement and management, and technology. This will address nonprofit organizations' infrastructure need to leverage their non-programmatic resources to invest them in overhead, thus responding proactively to the relative lack of funding support for overhead expenses.

Finally, numerous interviewees commented on the absence of a strong regional association of nonprofits as well as venues for the nonprofit, philanthropic, and capacity-building fields in the region to “talk to themselves about themselves,” as one respondent put it. Nonprofit and philanthropic leaders should consider if there are ways to address these important gaps in order to strengthen the nonprofit sector in the region as a whole. One possibility may be to strengthen the struggling California Association of Nonprofits (CAN).

### Capacity-Building Service Providers

Based on the findings from the interviews with leaders in the nonprofit, capacity-building, and philanthropic fields, capacity-building providers in Los Angeles County should consider bringing their program offerings into closer alignment with those organizational functions with which nonprofits most need assistance, based on the findings of the CCAT study and the Supplemental Survey. Specifically, they should explore ways to increase the availability of offerings in several organizational functions identified in this study as being of critical importance to building the capacity of nonprofits in the region, particularly in program evaluation, strategic learning, human resource management, communications and outreach, and information technology. They should also increase the number of coaching and peer exchange opportunities, highly effective capacity-building activities that appear to be in short supply in the region. Peer exchanges focused on board development and succession planning, in particular, would be positive additions to the spectrum of resources available in the county now; peer exchanges could also be subsector-specific, such as, for example, one targeted only for deputy directors at arts organizations. The amount of culturally competent consulting services available to nonprofit organizations in the region also needs to be increased by training more consultants in this area.

Beyond quantity, they ought to closely examine the quality of their offerings and bring them into alignment with well-established best practices in the field of nonprofit capacity building. For example, workshops could be more targeted and tailored to ensure that nonprofits' particular training needs are met. This would mean a greater number of workshops aimed at different levels of proficiency, rather than fewer, general workshops. Developing and participating in forums, trainings, and networking opportunities will help capacity-building providers to further develop their skills, knowledge, and expertise. In addition, capacity-building providers need to strengthen their ability to provide nonprofit organizations with implementation support—such as ongoing technical assistance, coaching, and check-ins—to help them implement and act on what they have learned in the workshops, peer exchanges, and other services in which they have participated. Increased collaboration among nonprofit providers can significantly help in this area, as one provider could “pass off” a nonprofit client to another for specialized follow-up services.

One concrete way in which providers (and funders) could collaborate and focus their efforts is to provide services through a focused capacity-building

**In order to address geographic gaps in service, capacity-building providers should explore ways that they can extend place-based services to under-served areas of Los Angeles County. Some possibilities include offering a greater number of webinars and establishing joint satellite offices out of which multiple providers could offer services that require in-person meetings, such as trainings and peer exchanges.**

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initiative. Such an initiative could work in-depth with participating organizations by concentrating either on an organizational area of need, such as board development or human resources management, or by sub-sector, such as Health Service organizations in the county. The initiative could bring together a team of capacity-building providers with expertise in the chosen focus area. Such an approach could be piloted and evaluated to identify the best practices in delivering services on the given issue; if successful, possible expansion to other locales could then be explored. As noted below, funders may select to initiate and/or support such a focused and coordinated effort.

In order to address geographic gaps in service, capacity-building providers should explore ways that they can extend place-based services to under-served areas of Los Angeles County. Some possibilities include offering a greater number of webinars and establishing joint satellite offices out of which multiple providers could offer services that require in-person meetings, such as trainings and peer exchanges.

The interviews with nonprofit, philanthropic, and capacity-building leaders strongly suggest that capacity-building providers also need to build their own capacity. They should consider undertaking organizational assessments, evaluating their programs and operations, and developing their own boards of directors. In particular, they need to closely examine the feasibility of their current business models and develop strategies to become more financially sustainable.

Finally, but no less important, there was a clear call among philanthropic and capacity-building leaders for capacity-building providers in the region to network, coordinate, and collaborate more. At minimum, providers should set up quarterly meetings—perhaps through Southern California Grantmakers, for example—to share resources, synchronize services, and learn together; with more resources, a formal network could provide a greater number and depth of activities. There may also be opportunities to consolidate current providers in a way that maximizes resources and leverages organizational strengths.

#### **Funders**

Foundations and other capacity-building funders in Los Angeles County should consider ways in which they can encourage and help their grant recipients to build capacity in the areas of organizational function in which

this study found deficits, especially in program evaluation and strategic learning, board development, human resources management, succession planning, and fundraising. This could include providing funding to support capacity building in these areas. Funders should also consider increasing funding that builds nonprofits' overall capacity, including providing more general operating support, multi-year funding, funding for non-program staff positions and to implement capacity-building strategies, as well as take into account nonprofits' actual costs of providing programs and services by building more funding for overhead expenses into grants. When funding organizations do secure capacity-building services, funders should weigh the staff time involved in participating in capacity-building activities and build that into the grant budget. In addition, funders in the region should consider ways to help nonprofit organizations working in the same communities and/or the same fields to form strategic alliances for the explicit purpose of strengthening infrastructure to better take programs to scale.

Foundations in the region would do well to help nonprofits to better understand the value of capacity building and to become better-informed consumers of capacity-building services by providing grant recipients and the nonprofit sector at large with information regarding capacity building best practices and effective ways to work with a consultant. In addition, they could help nonprofits become more aware of available capacity-building resources in the region by providing links to these resources on their websites and funding the development and distribution of resource guides.

Funders in the county could focus their limited resources by providing general operating support to key nonprofit organizations in the community, with in-depth organizational assessment and the development of a clear capacity-building plan as a prerequisite to ensure "readiness" to use the dollars. Under this approach, grantmakers could support much more in-depth and hands-on capacity-building investments in strategic nonprofit partners that are cornerstone and anchor organizations, using larger grants and a "venture philanthropy" model whereby the grantmaker, usually in partnership with a consulting team, gets deeply involved in the "what," "when," and "how" of capacity-building strategies.

Furthermore, funders could pool some capacity-building resources to support initiatives (as described above, in the recommendations section for "capacity-building service providers") to "go deep" and address very specific needs. For example, a multi-year initiative could:

- Provide ongoing peer exchanges on succession planning for staff leaders of human service agencies;
- Create an Evaluation Institute that offers advisory services to staff and board leaders, as well as training to independent consultants; or
- Support mature nonprofit organizations and help them to build their policy advocacy capacity.

Likewise, grantmakers could work together to help nonprofits in Los Angeles County by spearheading and supporting an effort to increase the pool of potential board members, develop civic leaders, and augment civic participation in the region.

## Funders may want to consider establishing a central forum and clearinghouse that would connect those seeking capacity-building services with relevant providers.

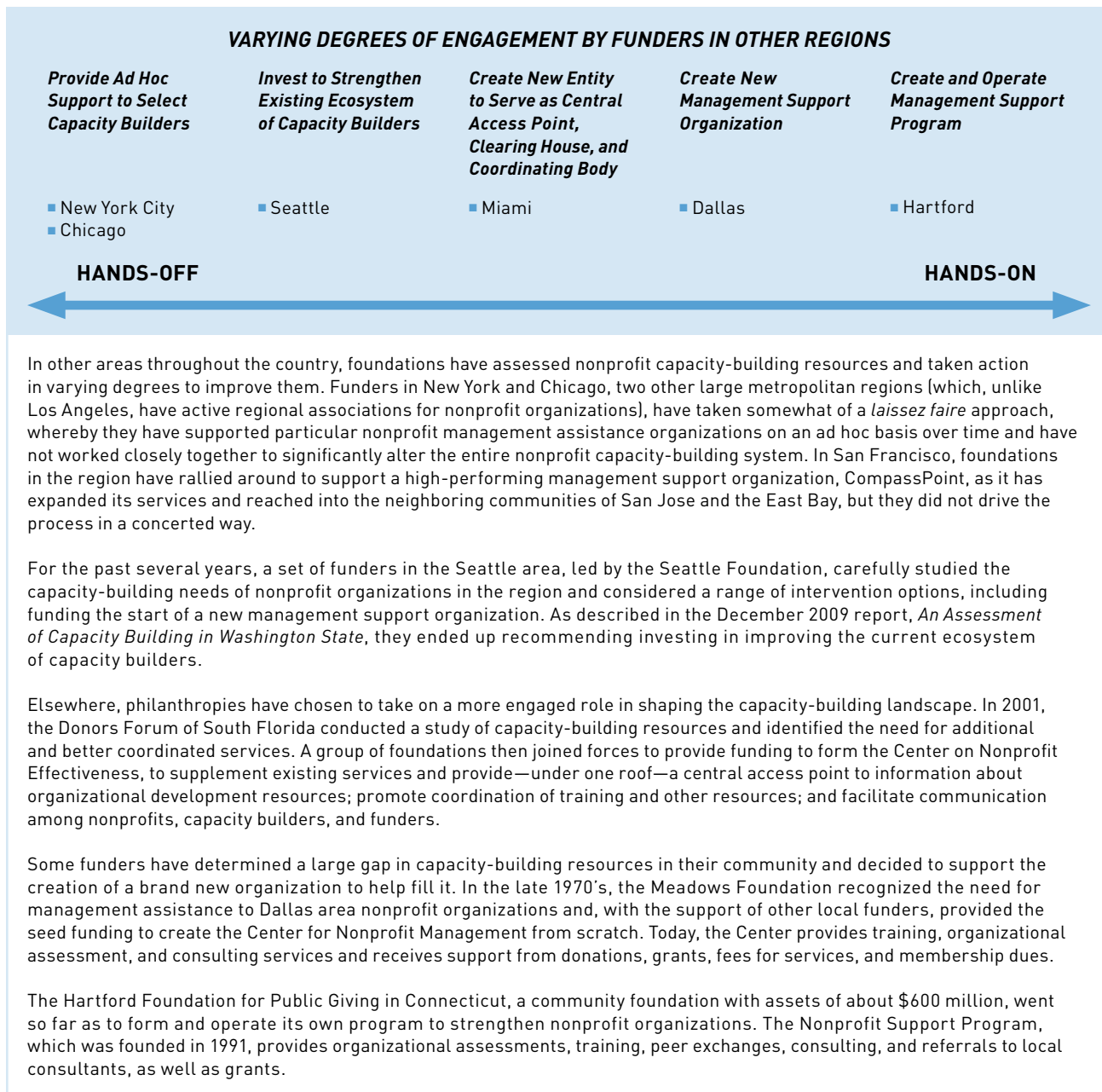
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Capacity-building providers in the region also need support and assistance from foundations, particularly with regard to increasing the quantity and quality of services they provide (including the funding of efforts such as coaching and ongoing technical assistance to help nonprofits implement and act on what they have learned in the workshops, peer exchanges, and other services in which they have participated), extending services to under-served regions of the county, and building their own organizational capacity. Funders need to decide how “hands-off” or “hands-on” they want to be in shaping the landscape of nonprofit management support organizations in the county. (See Exhibit 30, on the next page, for a brief description of the varying degrees of engagement by funders in some other regions of the country.) Funders may choose to invest strategically in existing nonprofit capacity-building providers, possibly matched with a higher level of involvement with regard to directing the resources and setting expectations for the management support organizations. They may also consider providing long-term general operating support grants to nonprofit capacity-building providers that demonstrate success in achieving individual and organizational outcomes. With regard to the quality question, funders should consider ways to help capacity-building providers strengthen their offerings by supporting forums, trainings, and networking opportunities to further develop their skills, knowledge, and expertise. They can also hold capacity-building providers accountable not just in terms of the number of people or organization served but also with regard to the effectiveness and impact of their offerings. Funders may want to go further and explore the feasibility of forming a new management support organization that can complement existing providers, help fill in gaps, and provide “one-stop shopping” for a range of high-quality capacity-building services to nonprofits.

Alternatively, funders may want to consider establishing a central forum and clearinghouse that would connect those seeking capacity-building services with relevant providers. Such an entity could provide “intake” services to nonprofits seeking capacity building, conduct an assessment of needs and current organizational capacities, and make referrals to appropriate capacity-building providers. It could also sponsor or offer professional training for independent consultants, train nonprofit organizations on how to work with consultants and be better consumers of capacity-building services in general, and sponsor training institutes on such needed topics as program evaluation and culturally competent consulting. This entity could be autonomous or it could be operated under an existing nonprofit capacity-building provider.

Important gaps in the capacity-building services currently offered in the county could maybe be addressed by existing national organizations. The feasibility of bringing well-established national providers such as the Foundation Center, BoardSource, the Innovation Network (Innonet), and TechSoup, should be explored.

**EXHIBIT 30: What Have Funders Done to Support Nonprofit Capacity Building in Other Regions?**





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Since capacity building is a means to an end, funders need to ask, “Capacity building for what?” and, based on their response, concentrate their limited resources on the nonprofits that are best aligned with their theories of change.

There is also an important leadership role for foundations to play in strengthening the field of capacity building in Los Angeles County. Funders should consider ways to encourage capacity-building providers in Los Angeles County to undertake greater coordination and collaboration among themselves in order to enhance the delivery of capacity-building services in the region. Funders should also meet together in the near future to discuss the state of the capacity-building field in the region and specific collaborative and individual strategies that might be taken to address it. The discussion should be ongoing and cross-sectoral—corporate and public sector partners should be at the table. At appropriate times, funders and capacity-building providers should meet and discuss strategies to strengthen the capacity-building field. Corporate funders could tap corporate volunteers to further support nonprofit capacity building (for example, the entertainment industry could lend considerable support to strengthen the sector’s marketing and communications capacity). Consideration should also be given to how nonprofit organizations in the region can best be included in these important discussions.

As noted above, the Annenberg Foundation has already taken action to convene funders, through the USC Center on Philanthropy and Public Policy, for a series of ongoing discussions on capacity building in the region. Southern California Grantmakers could also potentially play a role in helping to convene philanthropic, capacity-building, and nonprofit leaders to dialogue on this important issue.

Finally, funders will want to address the question of how to allocate what are ultimately limited capacity-building resources. Should all nonprofits have ready access to capacity-building resources, regardless of their organizational stability, programmatic impact, and organizational effectiveness? Should capacity-building resources instead be rationed and offered to those nonprofits deemed to be providing critical services in the community, or those that are strongest and most likely to benefit from capacity building? Since capacity building is a means to an end, funders need to ask, “Capacity building for *what?*” and, based on their response, concentrate their limited resources on the nonprofits that are best aligned with their theories of change. Another question for funders will concern the balance between funding nonprofit organizations directly for capacity building and supporting the capacity-building providers themselves. These questions can certainly be informed by data, but the answers to them are ultimately policy decisions and judgments. Each foundation will find its own path and its own answers to these questions. However, a dialogue on these questions would benefit all parties involved and the field as a whole.

# APPENDICES

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## APPENDIX A: DETAILS ABOUT STUDY METHODOLOGY

Following is additional information on each of the data-gathering strategies undertaken as part of the study:

**Core Capacity Assessment Tool (CCAT) Study** (Please refer to Appendix B for more detailed information about the CCAT.) Weingart Foundation compiled a database of all nonprofit organizations that had applied for or received funding from the Foundation between 2004 and 2009. This database, totaling 725 organizations, was provided to TCC Group. Each organization's executive director received electronic communications both from Weingart and TCC Group explaining the study, inviting them to participate, and providing an electronic link to the online CCAT assessment tool.

The Foundation emphasized in all its communications with the organizations that participation in the study was entirely voluntary; participation would not be tracked, the Foundation would never know which organizations had or had not participated and, consequently, participation in the study would have no bearing in future Foundation decisions relating to funding.

The CCAT Study began on September 15, 2009 and closed on March 12, 2010. In the intervening time, 260 organizations (over 35 percent) ultimately completed the CCAT in its entirety.

The Core Capacity Assessment Tool and Supplemental Survey data are representative of the Weingart grantees in the service areas of 1) Human Services; 2) Health; 3) Arts and Culture; and 4) Education. The Weingart Foundation believed that its breadth and depth of grantmaking in these four sub-sectors is such that it is closely representative of Los Angeles County for these sub-sectors.

### Supplemental Survey

In order to complement the information gathered through the CCAT and with a particular focus on capacity building, TCC Group developed a survey inquiring about nonprofit organizations' capacity-building needs as well as their access to and experiences with capacity-building services in Los Angeles County. The "Supplemental Survey," as it came to be called, was administered online, using the SurveyMonkey application. Links to the survey were sent in cover electronic messages to the same database of 725 organizations that were invited to participate in the CCAT Study. The Supplemental Survey was available online during the same time period as the CCAT Study, September 15, 2009 to March 15, 2010. 263 organizations completed the Supplemental Survey. The survey instrument used can be found at Appendix D.

### Key Informant Interviews

In-depth interviews were conducted with 12 philanthropic leaders, nine capacity-building providers, and 14 nonprofit leaders. All interviewees were selected by the Weingart Foundation. The list of people interviewed can be found at Appendix E; the interview guides that were used are at Appendix F.

### Focus Groups

Two focus groups were held to supplement the information gathered through the CCAT Study and the Supplemental Survey. They were attended by 25 nonprofit leaders. The focus group protocol can be found at Appendix F.

## APPENDIX B: DESCRIPTION OF CORE CAPACITY ASSESSMENT TOOL (CCAT)

The Core Capacity Assessment Tool (CCAT) is a 146-question online survey that measures a nonprofit organization's effectiveness in relation to four core capacities—leadership, adaptability, management, and technical capacities—as well as organizational culture. The tool also helps organizations identify their lifecycle stage and provides a real-time findings report, a prioritized capacity-building plan, and the technology to generate self-selected benchmark reports from a national database of nonprofits. The CCAT is one of the most comprehensive, valid, and reliable tool of its kind, and has been used by funders and nonprofits to:

- Assess the organizational effectiveness of nonprofits
- Build capacity-building plans
- Develop capacity-building initiatives
- Frame strategic planning efforts
- Evaluate capacity-building efforts

The national CCAT database consists of over 1,500 nonprofit organizations that have previously taken the CCAT. These organizations are located across the country (40 states are represented in the database); they serve urban, rural, and suburban communities. They work across the full spectrum of nonprofit sub-sectors and range from small, grassroots organizations to institutions with multi-million dollar budgets. The database is not intentionally randomized, meaning that most organizations in the database have taken the CCAT either as part of a study or a capacity-building initiative. There are, however, a sizable number of organizations that have taken the self-assessment tool on their own initiative.

### Development of the CCAT

The Core Capacity Assessment Tool was originally developed through TCC consulting engagements with funders that wanted to evaluate their investments in nonprofit capacity building. When the tool was developed, a theoretically grounded<sup>43</sup> and statistically “valid and reliable” survey instrument to assess nonprofit effectiveness did not exist. There were plenty (and remain many) organizational assessment tools and processes. The impetus for developing the CCAT was to minimize the typical skewing that occurs with these organizational assessment tools. Most of the skewing, or bias, is due to leaders (and in some cases consultants) being able to self-determine their final score and rating. The CCAT allows leaders to independently and anonymously rate their organizations on very specific organizational behaviors, but the final scales/measures, scores, and identification of strengths and challenges are determined through statistical analyses and aggregation of data that ensure that each taker first “gets an independent vote” before making a theory-based and statistically driven conclusion about what is working and what is not. This is a very typical, sound, and rigorous survey design and approach to measuring abstract concepts and behaviors (e.g., leadership) and is much more valid and reliable than the more typical and biased approach of allowing the “strongest voice in the room” to make the final decision.

Over many evaluation projects, TCC continued to refine the survey to improve the reliability and validity of the scales/measures of organizational capacity it seeks to measure. In 2007, TCC made the CCAT publicly available through “real-time” and web-based administration and scoring of the tool, including providing a downloadable report. Up until the CCAT tool was made accessible via the Web, TCC had collected data from approximately 400–500 organizations. Since that time, the online version has collected data from approximately another 1,000 organizations, and the database continues to grow. This data also represent an average of 4–6 leaders per organization, including board members, and therefore reflects over 10,000 voices of individual nonprofit leaders throughout the country.

### Process for Completing the CCAT

The CCAT is completed individually by all key senior leaders (including one to three board members) of an organization. It takes approximately 40 minutes for each person to complete the online self-assessment. One person from the organization is designated as an Organizational Lead and is responsible for entering the names and emails of those who will be completing the survey, sending email invitations through the website, and retrieving the report with

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<sup>43</sup> i.e., a tool measuring the components of a field-accepted model, framework, or definition of organizational effectiveness, as well as the relationships between the model's components (e.g., between leadership and management or organizational learning and sustainability).

the aggregated results once all respondents have completed the survey. Additionally, each organization is asked to fill out information on its financial and historical backgrounds. This information allows it to compare results to others in the CCAT database along three criteria: budget size, service sector, and type of programming.

### Components of the CCAT Model and Results Report

Once all of an organization's respondents have completed the survey, they are able to access their CCAT results report. The lifecycle continuum and organizational core capacities and sub-capacities are the basis of the CCAT model. Further information appears below on these two frameworks and how they are displayed in an organization's CCAT results report. A prioritized capacity-building plan is derived from an organization's lifecycle stage placement and capacity scores. The plan appears in the CCAT results report and is described below.

### Lifecycle Continuum

An organization's lifecycle stage affects the way in which capacity should be developed and assessed. Organizations taking the CCAT are placed along the lifecycle continuum and given capacity-building recommendations necessary to move to the next stage of development. The lifecycle score is based on the idea that much like people go through the lifecycle stages of childhood, adolescence, and adulthood, nonprofits also experience a lifecycle. Unlike human development, though, organizations do not go through an orderly sequence of stages that builds on the mastery of specific skills and behaviors; nonprofit organizational development is much more cyclical. For the purposes of the CCAT, TCC describes three nonprofit lifecycle stages:

- **Core Program Development:** Development of a set of programs that are central to mission success and have begun achieving a consistent level of desired results for those being served.
- **Infrastructure Development:** Development of an organizational infrastructure necessary for supporting core programs and increasing the number of clients or service recipients.
- **Impact Expansion:** Achieving impact expansion through activities bringing together an organization's programs and leadership with other community resources. This often involves engaging in activities like collaboration, strategic alliances, partnerships, and joint policy and advocacy efforts, in order to create a greater change.

TCC Group chose these labels because they allow the flexibility to draw an established, or "mature," organization's attention to improving its core programs. Although an established organization might have a large operating budget, it may have lost touch with core program development. Labeling this organization as mature would overlook the established nonprofit's need to increase its organizational effectiveness. Also, some nonprofit organizations may not aim to grow to later stages of development. Labeling small, successful, and established organizations as "start-up" when they are efficiently and effectively delivering their core programs on a smaller scale would also miss the mark. For all of these reasons, TCC uses these labels to more appropriately encompass the capacity stage of different organizations. It is also important to note that this is an aspirational model: no matter how well a nonprofit organization is functioning, the assumption is that it can always do better.

Based on TCC Group's experience with using the CCAT as an assessment tool, TCC has found that the first and most critical finding in the report is the placement along the lifecycle continuum. The lifecycle placement provides the "starting place" for putting all other findings in context: all organizational planning and/or capacity building efforts must necessarily begin where an organization is developmentally.

### Organizational Core Capacities and Sub-Capacities

The Four Core Capacity Model is a means for looking at organizational effectiveness for a nonprofit, including its strengths and challenges. The four capacities included in the model are: Leadership, Adaptive, Management, and Technical. Each of these four capacity areas works together, both as separate and interconnecting areas, to maximize the effectiveness and efficiency of an organization. These capacities have the ability to mold to every type of nonprofit organization. The core capacities are as follows:

- **Adaptive Capacity:** The ability of a nonprofit organization to monitor, assess and respond to, and create internal and external changes.
- **Leadership Capacity:** The ability of all organizational leaders to create and sustain the vision, inspire, model, prioritize, make decisions, provide direction, and innovate, all in an effort to achieve the organizational mission.

- **Management Capacity:** The ability of a nonprofit organization to ensure the effective and efficient use of organizational resources.
- **Technical Capacity:** The ability of a nonprofit organization to implement all of the key organizational and programmatic functions.

While all four capacities are necessary for any organization, the Leadership and Adaptive capacities are the most critical—that is, Leadership and Adaptability are the two capacities that separate effective organizations from those which are less so. The four core capacities give us a holistic model of organizational effectiveness. The capacities work together as a team: a deficiency in any one of these will be a detriment to the others. By the same token, a strength in any one of these can facilitate changes in the others. Additionally, the Organizational Culture—the history, structure, beliefs, and values individuals hold as a group in their organization—affects and is affected by all of these capacities.

It is important to note that the core capacities also do not exist in a vacuum. The resources the organization can access from the community, and the resources it provides to the community, significantly affect how an organization must look (and act) if it is to be effective. At a macro level, there are other environmental forces at play in determining an organization’s effectiveness. These social, political, economic, and/or technological forces impact the ways in which the core capacities can function because they determine the quality, quantity, and accessibility of the resources an organization can draw upon as well as provide to the community. Organizations must be aware of and address environmental realities, but the primary focus of work should always be anchored on how well the organization is doing with respect to getting the resources needed, and leading, managing, and learning about its primary mission vehicle.

The core capacities are the foundational elements on which the CCAT tool is based. That is, it is this model that provides organizations with a framework so that they are not just thinking about one part of organizational effectiveness—it puts capacity-building actions within both a systems and community context. The CCAT also includes a measure of organizational culture since it has a significant impact on each of the above core capacities. Each organization has a unique history, language, organizational structure, and set of values and beliefs. These cultural elements foster staff unity and provide opportunities to re-energize staff.

Based on the survey respondents’ answers, the CCAT generates scores for an organization in each of the core and sub-capacities. Scores are based on a 300-point scale:

- 230 and greater.....“Strong”
- 190–229.....“Satisfactory”
- Less than 190.....“Challenging”

A score lower than 190 is seen as an area that needs to be strengthened. If an organization scores below 190, it does not mean that it is in distress. However, it does mean that working on strengthening those capacities is crucial for the organization’s growth and/or improvement. Please note that CCAT respondents are not required to answer every question. This ensures that when a question is answered, it has been answered by members of an organization who felt they could speak to that issue.

Below is a list that describes the sub-capacities measured by the CCAT:

#### Adaptive Capacity

- **Decision-Making Tools:** Using important tools, resources, and inputs to make decisions (i.e., outside technical assistance, in-house data, staff input, client input, a written strategic plan).
- **Environmental Learning:** Using collaboration and networking with community leaders and funders to learn about what’s going on in the community and stay current with what is going on in the field.
- **Organizational Learning:** Self-assessing, using assessment data/findings to conduct strategic planning, and following through on strategic plans.
- **Organizational Resource Sustainability:** Maintaining financial stability in order to adapt to changing environments.

- **Program Resource Adaptability:** Easily adapting to changes in program resources, including funding and staff (Please note that this sub-capacity score may report as zero if no recent staff or money loss has occurred. A score of zero does not affect any other capacity or sub-capacity scores.)
- **Programmatic Learning:** Assessing the needs of clients and using program evaluation as a learning tool.

### Leadership Capacity

- **Board Leadership:** Board functioning with respect to:
  - **Empowering** through connecting people with the mission and vision of the organization;
  - **Holding** organizational leaders accountable for progress toward achieving the mission and vision;
  - **Conducting** community outreach to educate and garner resources; and
  - **Meeting** regularly and providing fiscal oversight.
- **Internal Leadership:** Organizational leaders apply a mission-centered, focused, and inclusive approach to making decisions, as well as inspiring and motivating people to act upon them.
- **Leader Influence:** Ability of organizational leaders to persuade their board, staff, and community leaders/decision-makers to take action.
- **Leader Vision:** Organizational leaders formulate and motivate others to pursue a clear vision.
- **Leadership Sustainability:** Cultivating organizational leaders, avoiding an over-reliance on one leader, and planning for leadership transition (including having a succession plan).

### Management Capacity

- **Assessing Staff Performance:** Detailing clear roles and responsibilities and assessing staff performance against those roles and responsibilities.
- **Conveying Unique Value of Staff:** Providing positive feedback, rewards, and time for reflection.
- **Financial Management:** Managing organizational finances, including staff compensation.
- **Manager-to-Staff Communication:** Open channels of communication between managers and staff, including how open managers are to constructive feedback.
- **Managing Performance Expectations:** Facilitating clear and realistic expectations among staff.
- **Managing Program Staff:** Managing to ensure that program staff have the knowledge, skills, and cultural sensitivity to effectively deliver services.
- **Problem Solving:** Organizational managers effectively, judiciously, and consistently resolve human resource problems and interpersonal conflicts, including how well they engage staff in the problem-solving process.
- **Program Staffing:** Staffing changes as needed to increase and/or improve programs and service delivery. Please note that this sub-capacity score may report as zero if no recent staff changes have occurred. A score of zero does not affect any other capacity or sub-capacity scores.
- **Staff Development:** Coaching, mentoring, training, and empowering staff to improve their skills and innovate.
- **Supporting Staff Resource needs:** Providing the technical resources, tools, systems, and people needed to carry out the work.
- **Volunteer Management:** Recruiting, retaining, providing role clarity and direction, developing, valuing, and rewarding volunteers.

### Technical Capacity

- **Facilities:** The proper facilities (space, equipment, amenities, etc.) to run efficient operations.
- **Facility Management Skills:** Ability to operate an efficient facility.
- **Financial Management Skills:** Ability to ensure efficient financial operations.
- **Fundraising Skills:** Ability to develop necessary resources for efficient operations, including management of donor relations.
- **Legal Skills:** Ability to engage proper legal engagement and coverage.
- **Marketing Skills:** Ability to communicate effectively with stakeholders, internal and external.
- **Outreach Skills:** Ability to do outreach, organizing and advocacy.
- **Program Evaluation Skills:** Ability to design and implement an effective evaluation.
- **Service Delivery Skills:** Ability to ensure efficient and quality services.
- **Technology:** Resources (equipment, systems, software, etc.) to run efficient operations.
- **Technology Skills:** Ability to run efficient operations.



Organizational Culture is separate from the four core capacities; it is a context in which the core capacities operate. Each organization has a unique history, language, organizational structure, and set of values and beliefs that affect staff unity and engagement.

#### Organizational Culture

- **Empowering:** Promoting proactivity, learning, and a belief in the value and ability of staff and clients.
- **Re-energizing:** Supporting time for staff to reflect on their work, socialize, and reconnect with why they are doing the work.
- **Unifying:** Engendering open and honest communication across all levels in the organization, leading to a sense of a cohesive “group identity.”

#### Prioritized Capacity-Building Plan

The prioritized capacity-building plan section of the CCAT highlights the top priorities for improving an organization’s effectiveness. An organization’s plan is based on its scores in the four core capacities and organizational culture, and its lifecycle stage. The capacity-building plan features a prioritized set of recommendations that is based on what is important for advancing an organization’s effectiveness. The report presents these recommendations in order of importance in relation to items the research revealed are “critical” to advancing along the development continuum. Some capacities are critically important to the successful advancement of a lifecycle, while others are somewhat less important. If an organization needs improvement in the “critical” capacities, the recommendations and capacity-building strategies associated with these weaker capacities will be listed first. The plan is prioritized based on what will help the most and should be done first.

This list of recommendations serves as a priority guide for all planning and capacity-building efforts an organization engages in moving forward. It is important, though, not to read this set of priority recommendations literally, but rather look at the whole list and deliberate with organizational leaders to determine the top two to three priority “areas” that must be addressed if the organization is to become more effective. Then, the remainder of the report should be reviewed through the lenses of the organization’s current developmental stage and top two or three priority areas in order to better ensure that detailed findings get filtered through the context of developmental advancement, which in turn is anchored in mission advancement and vision achievement.

### **APPENDIX C: CCAT AGGREGATE REPORTS OF LOS ANGELES NONPROFITS BY SUB-SECTOR**

The complete CCAT Aggregate Reports of Los Angeles nonprofits by sub-sector (human services, arts and culture, health, and education) can be found on the Weingart Foundation website, [www.weingartfnd.org](http://www.weingartfnd.org).

## APPENDIX D: THE SUPPLEMENTAL SURVEY ON CAPACITY-BUILDING SERVICES

The Capacity Building Survey (a.k.a. the Supplemental Survey) was administered to the Weingart Foundation grantees at the same time as the CCAT. This survey asked the grantees about the capacity-building services their organization used in the past, their current and anticipated capacity-building needs, and their experiences in accessing capacity-building services in Los Angeles County. 263 organizations completed this survey online through SurveyMonkey.

### WEINGART FOUNDATION: CAPACITY BUILDING SUPPLEMENTAL SURVEY

#### A. CAPACITY-BUILDING ACTIVITIES

1. Name of Organization: \_\_\_\_\_

Please note: the name of your organization is being requested for identification purposes only. Your individual responses will be kept confidential by TCC Group and will not be shared with the Weingart Foundation.

2. Has your organization *performed the following capacity-building activities* in the past two years? If so, did you *use outside help*? (In each row, check No or check all that apply in the columns beginning with Yes.)

<i>In the past two years, we have formally made efforts to ...</i>	No, did not specifically address this	Yes, using only internal staff (no outside help)	Yes, with an external consultant	Yes, through workshops or training	Yes, through facilitated peer exchange	Yes, through one-to-one coaching
Assess organizational strengths and weaknesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More effectively recruit or retain appropriate board members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Create a more effective and engaged board (involvement in governance, fundraising and stewardship)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Develop new board committee structures, advisory groups, or merge two boards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Develop our executive leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plan for transition/success of our executive leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Develop and implement a strategic plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Develop or improve systems to monitor and manage financial performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<i>In the past two years, we have formally made efforts to ...</i> (Continued)	No, did not specifically address this	Yes, using only internal staff (no outside help)	Yes, with an external consultant	Yes, through workshops or training	Yes, through facilitated peer exchange	Yes, through one-to-one coaching
<b>Develop or improve systems for financial planning</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Better assess necessary staff functions, assign functions to staff members, or create new positions</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Be more effective at staff recruitment or termination</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Help staff develop professionally</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Develop or improve systems to manage knowledge for quality assurance or quality improvement</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Develop or improve ability to solicit grants from foundations, government, or corporations</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Develop or improve ability to raise major gifts from individuals</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Develop or improve ability to raise smaller gifts from individuals</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Develop or improve ability for earned income strategies</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Enhance communications and outreach strategies</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Enhance our evaluation capacity</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Improve management of our physical facilities</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Improve information technology systems</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. If you answered *yes to any of the above activities*, did any of them require a substantial investment of time, money, or other resources?

Yes  No (Selecting "No" would skip respondent to question 5)

4. Now think about the *activity that required the most time, money, or other resources*. Please indicate how much each party was involved in that activity. (Check one box per row.)

	1 (Not at all Involved)	2	3	4	5 (Very Involved)
Executive and Director-Level Staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Board of Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Program Staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Administrative Staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
External Consultant(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## B. QUALITY OF CAPACITY-BUILDING SERVICES

### Consultants

5. Other than for information technology (IT) purposes, has your organization *worked with an outside consultant* or consulting firm at least once in the past two years?

Yes  No (Selecting “No” would skip respondent to question 8)

6. Now think about the *consulting engagement that required the greatest amount of effort (resources like time and money) and the highest expectations with respect to achieving significant effect/impact, in the last two years*. What type of consultant did you work with? (Check one box.)

Independent consultant

For-profit consulting firm/group

Nonprofit consulting firm/group

Consulting firm/group, but don't know if for-profit or nonprofit

Nonprofit resource center, management support organization, or other nonprofit provider of management support, technical assistance, and/or training services

Faculty from a local college or university

Student from a local college or university

Other; please specify \_\_\_\_\_

7. Please indicate how much you agree with the following statements. (Check one box per row.)

<i>Services Provided by (Non-Technology) Consultants</i>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
The contract/agreement for the consulting engagement defined everyone's responsibilities, the scope of work, budget, and timeline.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants fully understood our goals for the engagement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants made sure we fully agreed with proposed strategies before enacting them.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants demonstrated a deep and sophisticated level of expertise in organizational capacity building.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants solicited everyone's feedback about how assignments were going.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants communicated clearly about confidentiality issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants helped staff fully develop skills to sustain progress after the engagement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants involved all senior staff when pursuing organization-wide goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants always customized services appropriately (neither reinventing the wheel unnecessarily nor recycling previous assignments).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants willingly provided constructive criticism to our organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants helped us identify unmet needs for organizational capacity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants clearly communicated all information, next steps and ideas.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The consultants closely monitored our progress toward goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization got what it hoped for out of the consulting engagement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would recommend this consultant to my peers who need similar help.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If asked, we could clearly articulate how our organization is better as a result of the consulting we received.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Has your organization worked with an *outside consultant or consulting firm for information technology (IT) purposes* at least once in the past two years?

Yes  No (Selecting "No" would skip respondent to question 10)

9. Thinking about the *most important IT consulting engagement* in the past two years, please indicate how much you agree with the following statements. (Check one box per row.)

<i>The Technology Consultants:</i>	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
Demonstrated expertise in technology issues relevant to nonprofits.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fully understood our goals for the engagement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Made sure we fully agreed with proposed strategies before enacting them.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Solicited everyone's feedback about how assignments were going.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Helped staff develop skills to sustain progress after the engagement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Helped us think about what technology was right and not right to better achieve our mission.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customized services appropriately.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Now we have better IT systems to meet changing environments and program needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Now we use technology to support operations, management, and programming more effectively and efficiently.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. Have you attended a *capacity-related workshop, training session, or seminar* at least once in the past year

Yes  No (Selecting "No" would skip respondent to question 12)

11. Thinking about the *most recent workshop, training or seminar* you attended, please indicate how much you agree with the following statements. (Check one box per row.)

<i>Overall, the workshop ...</i>	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
Included a clear and understandable written curriculum, handouts, and worksheets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resulted in a formal product (such as a workplan or organizational chart).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided all or most of the "tools" (such as assessment forms or check lists of key activities) I/my organization will need to implement what I learned.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided the right amount of time for peer networking to maximize my learning.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



<b>Overall, the workshop ...</b> (Continued)	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
<b>Provided access to high-quality and sophisticated management expertise.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Included feasible follow-up opportunities for participants (such as consultation, other convenings, peer exchanges, networking).</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Were given by extremely knowledgeable facilitators.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Addressed issues of critical relevance to me and our organization.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Included a lot of interaction between the participants and the facilitator.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Provided the right amount of opportunities for participants to ask questions.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Far exceeded my expectations for learning.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Provided lessons, tools, or resources that were immediately useful.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Provided lessons, tools, or resources that will significantly help me or my organization in the long run.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Have you attended a *formal peer learning session* at least once in the past year, in which your nonprofit sector peers shared advice or resources with a facilitator’s assistance?

Yes  No (Selecting “No” would skip respondent to question 14)

13. Thinking about the *most recent peer learning session* you attended, please rate your agreement with the following statements. (Check one box per row.)

<b>The peer learning opportunity ...</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither Agree nor Disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
<b>Included the development of clear goals and objectives for each participant.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Completely addressed my objectives.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Was run by high-quality facilitators.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Were convened on a regular basis, as scheduled.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Always included the right amount of time and space for getting very meaningful feedback from all participants.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Gave me information and insights that were immediately usable at work.</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### C. CAPACITY-BUILDING NEEDS AND SUPPLY

14. Thinking about the next 12 months, how much *will your organization need* the following capacity-building activities?  
(Check one box per row.)

	1 (Not Needed)	2	3	4	5 (Greatly Needed)
Assessing organizational strengths and weaknesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More effectively recruiting or retaining board members and involve them in governance, fundraising, and stewardship	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing new board committee structures or advisory groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing our executive leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Planning for transition/success of our executive leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strategic planning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing or improving systems to monitor and manage financial performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing or improving systems for financial planning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Better assessing necessary staff functions, assign functions to staff members, or create new positions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Being more effective at staff recruitment or termination	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Promoting staff professional development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing or improving systems to manage knowledge for quality assurance or quality improvement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing or improving ability to solicit grants from foundations, government, or corporations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing or improving ability to raise major gifts from individuals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing or improving ability to raise smaller gifts from individuals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing or improving earned income strategies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enhancing communications and outreach strategies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enhancing our evaluation capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Managing our physical facilities more effectively	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving information technology systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. How much of a *barrier to capacity building* at your organization is each of the following items? (Check one box per row.)

	1 (Not a barrier)	2	3	4	5 (Very much a barrier)
Interest in capacity building	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knowledge of capacity building	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Staff time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Board time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monetary cost	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Identifying appropriate issues to work on	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

16. If your organization were to seek capacity-building assistance from outside your organization (e.g., consulting, training/workshop, coaching, peer networking, etc.), is there enough high quality assistance from the following sources in your community? (Check one box per row.)

	Yes	No	Don't know
Culturally competent consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Group meeting/process facilitators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nonprofit consulting firms/groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For-profit consulting firms/groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nonprofit resource center, management support organization, or other nonprofit provider of management support, technical assistance, and/or training services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Faculty from colleges/universities who can provide consulting services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
College-/university-based education and training for the public/community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. For each capacity-building activity please indicate if you believe there is a *sufficient supply of capacity-building services* that are accessible, affordable, and high-quality for your organization? (Check one box per row.)

	Yes	No	Don't know
Organizational Assessment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Board Development/Engagement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Board Structure/Working Arrangement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Executive Leadership Development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Executive Leader Succession/Transition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strategic Planning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial Planning and Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assessing Human Resource Needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Continued)	Yes	No	Don't know
<b>Staff Recruitment or Termination</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Staff Professional Development</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Fund Development through Foundations, Government, or Corporations</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Fund Development through Major Individual Donations</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Fund Development through Smaller Individual Donations</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Fund Development through Earned Income</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Communications and Outreach</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Evaluation</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Facilities Management</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Information Technology Systems</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Knowledge Management for Quality Assurance or Improvement</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For each category, please list up to 3 names of “high quality” capacity builders that you would refer to a colleague for each category below (i.e. capacity builders with whom you have worked or are aware of who do good work).

	Name 1	Name 2	Name 3
<b>18. Culturally competent consultants</b>			
<b>19. Group meeting/process facilitators</b>			
<b>20. Nonprofit consulting firms/groups</b>			
<b>21. For-profit consulting firms/groups</b>			
<b>22. Community-based nonprofits providing an array of management support, technical assistance, or training</b>			
<b>23. Faculty from colleges/universities who can provide consulting services</b>			
<b>24. College-/university-based education and training for the public/community</b>			

#### D. PAYING FOR CAPACITY-BUILDING SUPPORT

25. Has your organization received any grants specifically for *capacity-building* activities in the *past two years*?

Yes  No (Selecting “No” would skip respondent to question 37)

**Please tell us about the most recent capacity-building grant.**

26. Who did it come from? (Check one.)

Foundation  Corporation  Government  Individual

27. What was the value of the grant? (Check one.)

<\$5,000  \$5,000–\$24,999  \$25,000–\$49,999  
 \$50,000–\$99,999  \$100,000–\$249,999  ≥\$250,000

28. How long was the grant period?

< 1 Year  1 Year  > 1 Year

29. Has your organization received another capacity-building grant in the past two years?

Yes  No (Selecting “No” would skip respondent to question 37)

**Please tell us about the next-most recent capacity-building grant.**

30. Who did it come from? (Check one.)

Foundation  Corporation  Government  Individual

31. What was the value of the grant? (Check one.)

<\$5,000  \$5,000–\$24,999  \$25,000–\$49,999  
 \$50,000–\$99,999  \$100,000–\$249,999  ≥\$250,000

32. How long was the grant period?

< 1 Year  1 Year  > 1 Year

33. Has your organization received another capacity-building grant in the past two years?

Yes  No (Selecting “No” would skip respondent to question 37)

**Please tell us about the next-most recent capacity-building grant.**

34. Who did it come from? (Check one.)

Foundation  Corporation  Government  Individual

35. What was the value of the grant? (Check one.)

<\$5,000  \$5,000–\$24,999  \$25,000–\$49,999  
 \$50,000–\$99,999  \$100,000–\$249,999  ≥\$250,000

36. How long was the grant period?

< 1 Year  1 Year  > 1 Year

37. In the last two years, has your organization paid for (with budgeted dollars and/or a grant/subsidy from a funder) any of the following types of capacity builders? (Check all that apply.)

- Independent consultant
- For-profit consulting firm/group
- Nonprofit consulting firm/group
- Nonprofit resource organization or management support organization
- Faculty from a local college or university
- Student from a local college or university
- Other; please specify \_\_\_\_\_

38. Aside from grants, about how much money has your organization spent on capacity-building activities in the past two years *using unrestricted, internal funds*?

- \$0
- \$1–\$4,999
- \$5,000–\$24,999
- \$25,000–\$49,999
- \$50,000–\$99,999
- \$100,000–\$249,999
- ≥\$250,000

39. Please indicate how much your organization spent on the following types of capacity-building services in the *most recently completed fiscal year*. (Please give your answer in dollars)

Workshops, trainings, and conferences for staff professional development: \$ \_\_\_\_\_  
 Consulting services: \$ \_\_\_\_\_  
 One-to-one coaching or mentoring: \$ \_\_\_\_\_

40. How much does your organization *expect to spend* on capacity-building services in the *current fiscal year*? (Check one box per row.)

	More than the Year Before	Less than the Year Before	About the Same as the Year Before
Workshops, trainings, and conferences	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consulting services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
One-to-one coaching or mentoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## APPENDIX E: PEOPLE INTERVIEWED FOR THIS REPORT

### CAPACITY-BUILDING FUNDERS

Funder	Interviewee(s)
Annenberg Foundation	Sylia Obagi, Director of Operations
Atlas Family Foundation	Janis Minton, Executive Director
California Community Foundation	Alvertha Penny, Senior Vice President of Programs
The California Endowment	Beatriz Solis, Director, Healthy Communities (South Region)
California Wellness Foundation	Gary Yates, President and CEO
Durfee Foundation	Claire Peeps, Executive Director
Keck Foundation	Dorothy Fleisher, Program Director Anneli Stone, Senior Program Officer
Liberty Hill Foundation	Kafi Blumenfield, President and CEO Shane Goldsmith, Director of Programs
Ralph M. Parsons Foundation	Wendy Garen, President and CEO
Dwight Stuart Youth Fund <sup>44</sup>	Wendy Chang, Director
Unihealth Foundation	Mary Odell, President
Women's Foundation of California	Surina Khan, Vice President of Programs Maya Thornell-Sandifor, Senior Program Officer

### CAPACITY-BUILDING PROVIDERS

Organization	Interviewee(s)
Center for Nonprofit Management	Regina Birdsell, President and CEO Maura Harrington, Director of Consulting/COO
Community Partners	Paul Vandeventer, President and CEO
CompassPoint Nonprofit Services	Steve Lew, Senior Project Director
Deloitte Center for Leadership & Community	David Porges, Senior Manager and Regional Community Leader
Executive Service Corps of Southern California	Sharon Spira-Cushnir, Chief Executive Officer
Flintridge Foundation	Lisa Wilson, Director of Community Service
Long Beach Nonprofit Partnership	Judy Ross, Executive Director
Taproot Foundation	Joel Bashevkin, Executive Director, West Coast
Valley Nonprofit Resources	Tom Backer, Executive Director

<sup>44</sup> The Dwight Stuart Youth Foundation merged with the San Francisco-based Stuart Foundation on April 1, 2010.



## NONPROFIT ORGANIZATIONS

Organization	Interviewee(s)
A Noise Within	Julia Rodriguez-Elliott, Co-Founder and Co-Artistic Director
Abode Communities	Robin Hughes, President and CEO
Children's Bureau of Southern California	Alex Morales, President and CEO
Community Clinic Association of Los Angeles County (CCALAC)	Gloria Rodriguez, President and CEO
Community Coalition for Substance Abuse Prevention and Treatment	Marqueece Harris-Dawson, President and CEO
Corporation for Supportive Housing	Jonathan Hunter, Managing Director, Western Region
East Los Angeles Community Corporation	Maria Cabildo, President
MEND (Meet Each Need with Dignity)	Marianne Haver Hill, President and CEO
Mothers' Club Family Learning Center	Susan Kujawa, Executive Director
Ocean Park Community Center	John Maceri, Executive Director
Puente Learning Center	Sister Jennie Lechtenberg, SNJM, Founder and Executive Director Luis Marquez, Administration
Union Station Foundation	Rabbi Marvin Gross, CEO
Volunteers of America Greater Los Angeles	Bob Pratt, President
Consultant	Dottie Nelson, former CEO of Villa Esperanza Services

## APPENDIX F: INTERVIEW GUIDES AND FOCUS GROUP PROTOCOLS

### Interview Guide for Nonprofit Leaders

#### Background

1. Please briefly *describe your organization, where it works, and what you do.*
2. In what ways have you *interacted with the Weingart Foundation* over the last several years?
3. For this project, capacity building means efforts to enhance organizational effectiveness through better management, planning, and decision making. Weingart wants to understand how local nonprofits pursue capacity-building goals and whether they use outside resources to do so. Please briefly tell me *whether and how your organization has tried to enhance its operational capacity* in the last two years.
  - Did the project(s) go as well as you had hoped? Why or why not?

#### The Local Nonprofit Sector

4. Please give me a sense of the important *strengths and weaknesses of the nonprofit sector* in Los Angeles County, in your opinion. [Interviewer: Note whether respondent is limiting his/her remarks to a subsector, such as health and human services or arts and culture organizations, or to an area of Los Angeles County.]
5. How has the *current economic downturn* impacted nonprofit organizations, foundations, and organizations that help nonprofits build their organizational capacity? Have any important ones joined or left the field, changed their grantmaking practices, and/or changed the way they carry out their work?

#### Capacity-Building Needs and Services

6. Given the state of the nonprofit sector as you have just described it, what aspects of organizational effectiveness show the greatest *need for improvement overall*?

Probe on:

- **Adaptability:** Ability to monitor, assess, and respond to changes. (Strategic planning, program evaluation, collaboration and partnerships, organizational assessment, program development)
- **Leadership:** Ability of the organization's leaders to sustain the vision, make decisions and innovate, provide direction. (Board governance/development, leadership development, succession planning)
- **Management:** Ability to use resources efficiently and effectively. (Financial management, human resources development/management, equity and diversity)
- **Technical:** Ability to implement key organizational and programming functions. (Fund raising, communications and outreach, facilities planning, information technology, legal services)

We have preliminary survey data from Los Angeles County nonprofits suggesting that their greatest needs in the coming year will be for improved ability to raise funds from individual donors and for developing and engaging their boards of directors. How does that finding compare with your experience or observation of the sector?

7. If the nonprofit organizations you know best were to seek outside help with some aspect of capacity building, how would you characterize the *amount or quantity of capacity-building resources* in Los Angeles County [or the part of the county you know best]?

Probe, if needed:

- In other words, is the county well-resourced or thinly-resourced in terms of consulting firms, independent consultants, nonprofit resource centers, management support organizations, etc.? What makes you say that?
- How important to the vitality of the nonprofit sector in LA do you feel the resources you mentioned are?

Our early survey data suggest that colleges and universities are not well known as capacity builders in LA County; nonprofit resource centers and MSOs are quite well known, and private consulting firms fall somewhere in the middle. How well does that finding match your own perception of the supply of capacity-building services in the county?

8. Now I'll ask the same question with regard to quality. If the nonprofit organizations you know best were to seek outside help with some aspect of capacity building, how would you characterize the quality of capacity-building resources in Los Angeles County?

Probe, if needed:

- Have you been impressed with the quality of any capacity-building services you or your organization has used in the past few years? What makes you say that? Have you heard positive or negative reports from your peers?
- What could these resources be doing better?

9. Thinking about the nonprofits you know best, what **types of capacity-building services** do they use most, generally speaking? I'm thinking of services such as consulting engagements, one-to-one coaching, peer exchange, and workshops and trainings. What makes you say that?

10. What are the biggest **obstacles** nonprofit organizations face when they seek capacity-building services?

Probe, if needed:

- Lack of interest in capacity building
- Lack of knowledge about importance of capacity building
- Staff or board time
- Board support
- Funding or affordability
- Finding high-quality assistance
- Finding culturally competent assistance
- Deciding what to focus on
- No awareness of available services

11. Could you comment on the **affordability** of capacity-building services in the county? Are there affordable services for nonprofit organizations of various operating budgets?

Our survey respondents said money is a substantial barrier to capacity building. Forty-six percent spent less than \$5,000 of their own funds on capacity building in the last two years; then again, nearly that proportion had received grants for capacity-building activities. How much do nonprofits value capacity building grants, in your opinion, compared to program grants and general operating support?

12. What role would you like to see the **philanthropic sector** play in helping nonprofit organizations build operational capacity? Is that different from philanthropy's current role? How?

Finally, in our survey data we see a gap between what the nonprofit sector says it needs—help with fund development—and what it says the capacity-building sector provides—not *enough* help with fund development. Is there a role for philanthropists in bridging that gap?

13. You have answered all my questions. Is there **anything you'd like to add** that I haven't asked about?

Thank you very much for your time today.

## Focus Group Protocol for Nonprofit Organizations

### Introduction (4 minutes)

Introduce self and TCC Group.

The Weingart Foundation has asked TCC Group to help it assess the supply and quality of capacity-building services for nonprofit organizations in Los Angeles County.

As part of the project, we are speaking with people like you who represent a broad range of nonprofit organizations in the county. By having these discussions and collecting survey and assessment data, we are helping the foundation understand how local nonprofits pursue capacity-building goals and what obstacles or challenges may exist to their doing so. Weingart also wants to understand how capacity-building services could be improved to be more useful to nonprofits. I'll define capacity building in a moment.

First, I want to thank you for arranging your schedule so you could be here today. Here are the ground rules:

- Positive and negative comments are welcome; no right or wrong answers
- Please print your first name on your tent card so we can talk to each more easily today
- We will not use names in our report to Weingart; interested in “what got said” not “who said what”
- Want to hear from all
- Interactive, open discussion; but speak one at a time and avoid side conversations

### Participant Introductions (8 to 10 minutes)

1. Please briefly **describe your organization, where it works, and what you do.**
2. In what ways have you **interacted with the Weingart Foundation** over the last several years?

### Capacity-Building Activities (20 minutes)

3. For this project, capacity building means efforts to enhance organizational capacity to enhance program capacity to achieve mission. I'm going to give you each a list of capacity-building activities.

Please look at the list and talk briefly about **whether and how your organization has undertaken any of them in a deliberate way** in the last two years. If your organization has done a lot of the activities, tell us about the most important one or two.

- Did you use outside help, such as consultants, coaches, workshops, or trainings?
- Did the project(s) go as well as you had hoped? Why or why not?

### Capacity-Building Needs (20 minutes)

4. When you reflect on your organization's ability to achieve its mission in the community, what do you see as the areas where it needs the most strengthening or improvement?

Probe on each area:

- **Adaptability:** Ability to monitor, assess, and respond to changes. (Strategic planning, program evaluation, collaboration and partnerships, organizational assessment, program development)
- **Leadership:** Ability of the organization's leaders to sustain the vision; make decisions and innovate; provide direction. (Board governance/development, leadership development, succession planning)
- **Management:** Ability to use resources efficiently and effectively. (Financial management, human resources development/management, equity and diversity)
- **Technical:** Ability to implement key organizational and programming functions. (Fund raising, communications and outreach, facilities planning, information technology, legal services)

We have preliminary survey data from Los Angeles County nonprofits suggesting that their greatest needs in the coming year will be for improved ability to raise funds from individual donors and for developing and engaging their boards of directors. How does that finding compare with your experience?

#### Available Services (20 minutes)

5. If your organization were to seek outside help with some aspect of capacity building, how would you characterize the **amount or quantity of capacity-building resources** in Los Angeles County [or the part of the county where you work]?

Probe if needed:

- In other words, is your area well-resourced or thinly-resourced in terms of consulting firms, independent consultants, nonprofit resource centers, management support organizations, etc.? What makes you say that?
- Our early survey data suggest that colleges and universities are not well known as capacity builders in LA County; nonprofit resource centers and MSOs are quite well known, and private consulting firms fall somewhere in the middle. How well does that finding match your own perception of the supply of capacity-building services in the county?

6. Now I'll ask the same question with regard to quality. If your organization were to seek outside help with some aspect of capacity building, how would you characterize the **quality of capacity-building resources** in Los Angeles County?

Probe if needed:

- Have you been impressed with the quality of any capacity-building services you or your organization has used in the past few years? What makes you say that? Have you heard positive or negative reports from your peers?

7. Thinking about your organization and other nonprofits you know well, what **types of capacity-building services** do organizations use most, generally speaking? I'm thinking of services such as consulting engagements, one-to-one coaching, peer exchange, and workshops and trainings. What makes you say that?

#### Obstacles and Affordability (20 minutes)

8. What are the biggest **obstacles** your organization faces when it seeks capacity-building services?

Probe if needed:

- Lack of interest in capacity building
- Lack of knowledge about importance of capacity building
- Staff or board time
- Board support
- Funding or affordability
- Finding high-quality assistance
- Finding culturally competent assistance
- Deciding what to focus on
- No awareness of available services

9. Now please tell me about the **affordability** of capacity-building services in the county. Are there affordable services for nonprofit organizations of various operating budgets?

Our survey respondents said money is a substantial barrier to capacity building. Forty-six percent spent less than \$5,000 of their own funds on capacity building in the last two years; then again, nearly that proportion had received grants for capacity-building activities. How much do nonprofits value capacity-building grants, in your opinion, compared to program grants and general operating support?

10. What role would you like to see the **philanthropic sector** play in helping nonprofit organizations build operational capacity? Is that different from philanthropy's current role? How?

Finally, in our initial survey data we see a gap between what the nonprofit sector says it needs—help with fund development—and what it says the capacity-building sector provides—not *enough* help with fund development. Is there a role for philanthropists in bridging that gap?

*The Local Nonprofit Sector (10 minutes)*

11. Only a couple more questions. Please give me a sense of the important *strengths and weaknesses of the nonprofit sector* in Los Angeles County, in your opinion.

12. How has the sector changed during the *current economic downturn*?

Probe on:

- Have important nonprofit organizations joined or left the field, or merged? How about nonprofit associations?
- Have important philanthropic organizations joined or left the field, or changed their grantmaking practices?
- Have management support organizations or nonprofit resource centers joined or left the field, or changed substantially?

You have answered all my questions. Is there *anything you'd like to say* that I haven't asked about?

Thank you very much for your time today.

## Interview Guide for Capacity-Building Providers

### *Your Organization*

1. When was your organization established? How long have you been providing capacity-building services to nonprofit organizations in Los Angeles County?
2. About how many organizations do you serve annually?
3. What is the rough breakdown of your revenue sources in terms of fees-for-service paid by recipient organizations, foundation grants, other earned income, etc.?
4. What is the percentage breakdown between the restricted and unrestricted funding you receive (both contributed and earned)?

### *Your Capacity-Building Services*

5. What kind of capacity-building services do you provide?
6. What types of nonprofit organizations do you work with?
7. What theory of change informs the capacity-building services you provide? What are the intended outcomes of your work?
8. Based on this, how do you translate this into the work that you do? What strategies do you pursue to achieve these outcomes?
9. Do you assess the needs of the organizations with which you work? If so, how do you do this? Also, do you assess the sector-wide needs in your catchment area for the purposes of targeting your programming?

### *About the Nonprofit Sector in Los Angeles County*

10. What types of capacity-building services do nonprofit organizations typically request? [Probe for issue areas (i.e., fundraising, board development) as well as modes of delivery (i.e., one-on-one consultations, workshops, coaching, etc.)]
11. What do you think are the strengths and challenges of the overall nonprofit sector in Los Angeles County? What areas of capacity-building work do you think they need the most support in?
12. How do you think the **current economic downturn** has impacted nonprofit organizations in Los Angeles County? Are there unique circumstances about the region that have shaped this impact in some way?
13. What do you think are the biggest obstacles that nonprofit organizations face when they seek capacity-building services?  
  
Probe, if needed:
  - Lack of interest in capacity building
  - Lack of knowledge about importance of capacity building
  - Staff or board time
  - Board support
  - Funding or affordability
  - Finding high-quality assistance
  - Finding culturally competent assistance
  - Deciding what to focus on
  - No awareness of available services
14. What do you think can be done to help nonprofit organizations overcome these obstacles? What players [i.e., capacity-building providers, funders, executive directors, etc.] should be involved in these efforts?



### *The Role of Philanthropy*

15. Do you receive sufficient funding from foundations to ensure your organization's financial viability?
16. Other than providing more funding, what role do you think funders in Los Angeles County can/should play in developing/supporting the field of capacity building in the region?
17. Is there a role for government in this? Is local government playing such a role?
18. What would you like to see happen in the capacity-building field in Los Angeles County?
19. You have answered all my questions. Is there *anything you'd like to add* that I haven't asked about?

Thank you very much for your time today.

## Interview Guide for Capacity-Building Funders

### *About your Foundation's Activities*

1. What are your goals in pursuing capacity building for nonprofit organizations in Los Angeles County? What strategies do you pursue to accomplish these goals?
2. Roughly how much money does your foundation put into this work? In terms of your foundation's programmatic priorities, would you say that capacity building falls in the top tier of priorities, a middle tier, or a lower tier?
3. What would you say your foundation has learned and been able to accomplish as a result of its work in nonprofit capacity building?
4. If your foundation provides capacity-building services, do you do so directly or through an intermediary? What is the rationale for your approach? If through an intermediary, what organization(s) do you work with?

### *Thoughts on Capacity Building and the Nonprofit Sector in Los Angeles*

5. Please give me a sense of the important **strengths and weaknesses of the nonprofit sector** in Los Angeles County, in your opinion.
6. Given the state of the nonprofit sector in Los Angeles County as you have just described it, what aspects of organizational effectiveness do you think show the **greatest need** for improvement overall?
7. What do you feel is the level of need for capacity-building services in Los Angeles County? Do you think there are areas of particularly acute need, either geographically or by issue area?
8. How would you characterize the **amount or quantity of capacity-building resources** (i.e., consulting firms, independent consultants, nonprofit resource centers, management support organizations, etc.) in Los Angeles County [or the part of the county you know best]?
9. How would you characterize the **quality and effectiveness of capacity-building resources** in Los Angeles County?

### *The Role of Philanthropy*

10. Do you think that there is a **role for funders** in Los Angeles County to play in developing/supporting the field of capacity building in the region, other than providing funding? If so, what would that role be?
11. Could you see your foundation playing a role in developing/supporting the region's capacity-building field? If so, what role might that be?
12. What would need to occur for your stakeholders, and particularly your Board members/Trustees, to feel like investing in nonprofit capacity building is an important or meaningful undertaking?
13. What do you think about what other local and regional foundations are doing in the area of capacity building?
14. Is there a **role for government** in developing/supporting the field of capacity building in Los Angeles County? Is local government playing such a role?
15. You have answered all my questions. Is there **anything you'd like to add** that I haven't asked about?

Thank you very much for your time today.





#### ABOUT TCC GROUP

For more than 30 years, TCC Group has provided management consulting and evaluation services to foundations, nonprofit organizations, corporate community involvement programs, and government agencies. In this time, the firm has developed substantive knowledge and expertise in fields as diverse as education, arts and culture, community and economic development, human services, health care, children and family issues, and the environment. From offices in New York City, Philadelphia, Chicago, and San Francisco, the firm works with clients nationally and, increasingly, internationally. Services to our clients include business planning, organizational assessment and development, research, feasibility studies, program and organizational evaluation, board development, restructuring and repositioning, as well as grant program design, evaluation, and management. TCC Group has extensive experience working with funders to plan, design, manage, and evaluate initiatives to strengthen the capacity of nonprofit organizations.

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