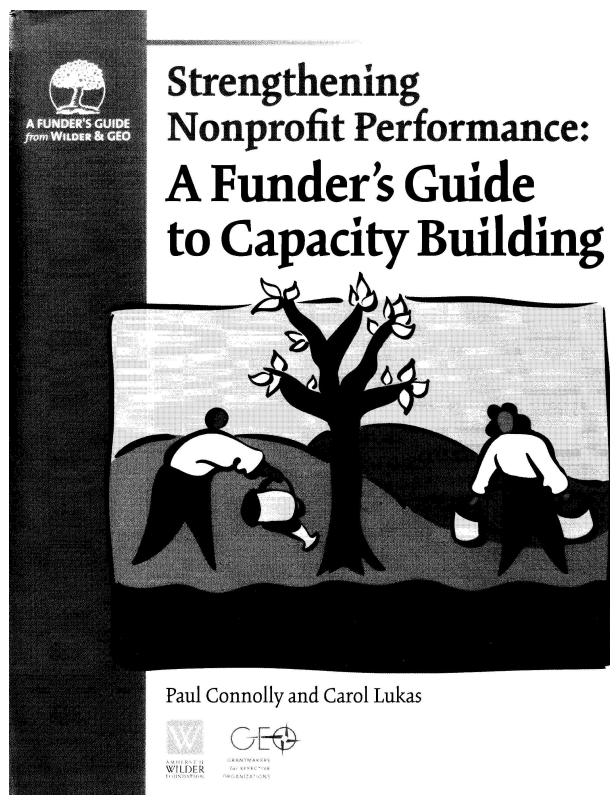


Handout: Strategies for Strengthening the Capacity of Nonprofit Organizations



Nonprofit organizations are central to any comprehensive effort to build healthy communities.

Yet, beyond the need for resources, nonprofits often struggle to be as productive as they could be in community building work because they lack knowledge, abilities or skills in certain important areas, such as proposal development, board governance, fundraising, etc.

Funding organizations have a strong interest in ensuring that their nonprofit organizations have sufficient capacity to take on the demanding work they have chosen to pursue and that communities need them to do well.

This hand out describes several options funders have for investing in nonprofit capacity, based on a groundbreaking book by Paul Connolly and Carol Lukas of the Fieldstone Alliance.

- Direct Technical Assistance
- Invest in Capacity Building Activities
- Investment in Supportive Infrastructure

Strategies for Strengthening the Capacity of Nonprofit Organizations (1)

STREAMS	STRATEGIES	BENEFITS	LIMITATIONS
Direct Support	<p>Strategy One: Direct Management Assistance.</p> <p>Funder staff provide training, consultation, and technical support to non-profits.</p>	<ul style="list-style-type: none"> • With sufficient time investment, skilled assistance, and nurturance of trust, this approach can result in close, mutually helpful relationships and good outcomes. • This approach enables a funder to provide coordinated funding and capacity building assistance during a long term engagement with a grant recipient. 	<ul style="list-style-type: none"> • It is difficult to build genuine trust between a non-profit and a funder who also serves in capacity building. • Without staff who are knowledgeable about capacity building and have trusting relationships with grantees, this approach can be intrusive – even harmful – for the non-profit organizations.
Investing in Nonprofit Capacity Activities	<p>Strategy Two: Program grants that promote organizational effectiveness.</p> <p>Consider capacity issues when making normal program grants, such as a management information system for the program, or, extra evaluation assistance.</p>	<ul style="list-style-type: none"> • Relatively easy, incremental approach if you want to start small and simple. • By integrating capacity building into regular grantmaking, you avoid the possibility of having a 'special initiative' become marginalized. 	<ul style="list-style-type: none"> • If program officers are not knowledgeable about organizational development, they may not be able to effectively integrate capacity building into regular grantmaking. • Although risks are shallow, it does not allow for targeted capacity building.
	<p>Strategy Three: Grants specifically to increase organizational effectiveness.</p> <p>Award grants to improve capacity through activities such as strategic planning, board development, or staff training. These funds complement – not replace – normal program grants</p>	<ul style="list-style-type: none"> • Allows nonprofits to manage their own development process. • Direct grants can be tailored to the unique needs of each organization. • A flexible strategy that allows you to expand or contract your financial commitment as your circumstances change. 	<ul style="list-style-type: none"> • Because nonprofits define and manage their own capacity building, you may need to negotiate the focus of work if your assessment of needs differs from the nonprofit's assessment. • Direct grants may require a different time table than the normal grants cycle of funders.
	<p>Strategy Four: General Operating Grants</p> <p>Award operating grants to invest in much needed infrastructure – administration, technology, operating systems.</p>	<ul style="list-style-type: none"> • Addresses the most pressing capacity need for many nonprofits. • Allows nonprofits to innovate, improve quality, expand partnerships, or expand successful programs. • A vehicle for rewarding and investing in nonprofits that are producing the strongest impacts in priority areas. 	<ul style="list-style-type: none"> • May be challenging to determine the ideal amount of investment to spur performance. • Can be difficult to demonstrate connections between operating support and program outcomes.

Strategies for Strengthening the Capacity of Nonprofit Organizations (2)

STREAMS	STRATEGIES	BENEFITS	LIMITATIONS
Infrastructure for Nonprofit Capacity Building	<p>Strategy Five: Grant Support to Capacity Builders and Intermediaries</p> <p>Invest in organizations that provide supports to nonprofits and subsidize their services (e.g. consulting organizations, training institutes, etc.).</p>	<ul style="list-style-type: none"> • Through direct funding of capacity builders and intermediaries you can increase the likelihood that quality resources and assistance are available to support organizations. • Builds a stronger nonprofit infrastructure available to all nonprofits. • Assists with knowledge capture and transfer between organizations. 	<ul style="list-style-type: none"> • Requires skills in assessing which capacity building organizations to invest in. • This approach is more indirect and is not likely to result in short-term, direct benefits to nonprofit organizations
	<p>Strategy Six: Grants to Convenors, Educators and Researchers</p> <p>Creating, enhancing & disseminating practical research, tools and models to improve non-profit management and governance.</p>	<ul style="list-style-type: none"> • Can help nonprofit leaders gain access to tools, develop skills, and learn from each other about their non-profit governance. • Training and peer exchanges can complement other approaches, such as intensive one-on-one consulting. • This approach helps build the capacity of the entire nonprofit sector. 	<ul style="list-style-type: none"> • This approach is more indirect and is not likely to result in short-term, direct benefits to nonprofit organizations.

Handout: Approaches to Comprehensive Community Change



Most people who come together in order to take a comprehensive approach to building the communities they want would agree that there is a lot of things that have to happen in order for community building to occur.

This attachment describes several options for approaching comprehensive community change, based on a review of over thirty comprehensive community initiatives across Canada.

While not an exhaustive list, it outlines the major choices open to a community, the benefits and limitations of each.

As communities consider these options, they should remember that communities often use different approaches over time as their local work evolves.

Approaches to Comprehensive Change

DESCRIPTION	BENEFITS	LIMITATIONS
<p>Opportunity Driven</p> <p>Communities respond to the ideas of individual leaders and organizations that appear to deliver the best results and/or address an area of most concern.</p>	<ul style="list-style-type: none"> • Politically popular. • Easier to manage in the short term. • Can engage a larger cross section of the community in a relatively short period of time. 	<ul style="list-style-type: none"> • Relies solely on existing ideas and capacities for the community. • Very difficult to manage over time if the community comes up with a lot of good ideas. • A challenge if the community is unable to come up with good, implementable ideas. • May be difficult to determine good opportunities from weak ones without some disagreement. • Group may lose focus.
<p>Comprehensive from the Outset.</p> <p>Communities seek to tackle the many inter-related challenges of the community at the same time.</p>	<ul style="list-style-type: none"> • Offers the possibility of improving many inter-related areas of community concern. • Might be easier to mobilize the community, and funders on a grand vision. 	<ul style="list-style-type: none"> • It is very difficult to manage so many initiatives at the same time, causing some groups to buckle under the weight. • Success at managing many initiatives may mean little progress in a lot of areas. • May be difficult to find sufficient resources.
<p>Strategic Drivers</p> <p>Communities focus on a few areas that hold the most promise of creating change and generating “ripple effects,” building on new pieces of work in other areas over time.</p>	<ul style="list-style-type: none"> • Allows the community to experiment working together over time, and to expand their efforts as they build up capacity and experience. • May allow the group to more quickly achieve successes early, which is important for building momentum. 	<ul style="list-style-type: none"> • Agreeing on the strategic drivers may be time consuming and cause conflict. • The community is reliant on efforts in this area working out, so risks their approach being labeled a failure if it is unsuccessful. • Group may be “branded” with the priority issue they are pursuing, rather than the broader changes they are seeking.
<p>Strategic Drivers and Opportunity Driven</p> <p>Communities select one or two strategic drivers and reserve time and capacity to pursue opportunities as they emerge spontaneously.</p>	<ul style="list-style-type: none"> • Allows the community to experiment working together over time, and to expand their efforts as they build up capacity and experience. • Substantially improves the group’s effort to quickly achieve successes based on existing opportunities. • Avoids the group being branded with one strategic driver. 	<ul style="list-style-type: none"> • May be difficult to manage two different strategies. • Can be difficult to demonstrate connections between operating support and program outcomes.

Handout: Collaborative Funding Strategies



While financial resources are not the only tool for supporting comprehensive community change, it is almost always a central one.

In general, communities look for ways to reduce fragmented approaches to funding community change and, where possible, increasing the total volume of funds.


This attachment describes several collaborative funding strategies based on a review of funding practices from across Canada and the United States.

The attachment outlines four major strategies and the benefits and limitations of each.

Communities can pursue each of the strategies independently, to best suit their local circumstances and relationships with funders. They can also expect to change their strategies over time as their capacity and situation evolves.

Collaborative Funding Strategies

DESCRIPTION	BENEFITS	LIMITATIONS
<p>Information Sharing</p> <p>Funders meet regularly and share information on each other's funding activities and the priorities of the community.</p>	<ul style="list-style-type: none"> • Increases the possibility that funders may spontaneously agree to fund a community priority. • Increases the possibility that funders learn of unnecessary duplications of funding. • Relatively easy strategy to pursue. 	<ul style="list-style-type: none"> • Does not guarantee an increase in funding, nor reduce the work for communities seeking funds or changes in funding practices.
<p>Coordinated Funding</p> <p>Funders agree to work together to fund a certain set of priorities, "braiding" their existing funds in support of one or more local projects or strategies.</p>	<ul style="list-style-type: none"> • Improves the possibility that community priorities and strategies receive sufficient funding. • May reduce the time and energy required by the community to seek out possible funding sources and to prepare their request. 	<ul style="list-style-type: none"> • Relies largely on the good will of funders to approve funding. • Does not reduce the time and energy required by the community to seek out possible funding sources or to administer grants, if funders do not agree to a common intake and/or common administration.
<p>Pooled Funding</p> <p>Funders agree to pool funds under the direction of one funder, to support one or more local projects or strategies.</p>	<ul style="list-style-type: none"> • Substantially improves the possibility that community priorities and strategies receive sufficient funding. • Substantially reduces the time and energy required by the community to seek out possible funding sources and administer proposals and reports. 	<ul style="list-style-type: none"> • May be very difficult for funders to develop common funding criteria and a master contract to guide the use of funds. • Accountability protocols are not always clear for individual funders, particularly determining whether their specific objectives were met within the broader funding and project.
<p>Decategorized Funding</p> <p>Funders agree to reduce or eliminate the criteria for their funding, and fund communities based on well-researched and supported proposals and plans.</p>	<ul style="list-style-type: none"> • Dramatically improves the possibility that community priorities and strategies receive sufficient funding. • Strengthens community, rather than funder direction of the use of funds. • Dramatically reduces the time and energy required by the community to seek out possible funding sources, and administer proposals and reports. 	<ul style="list-style-type: none"> • Can be difficult to demonstrate connections between operating support and program outcomes.


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