

Point the Way

Chicago-area Capacity Building Landscape Study Final Report

March 2017

Prepared by:



LEARNING *for* ACTION

About Point the Way

Point the Way is a project of the Capacity Building Funders Group, a group of 14 foundations that invest in capacity building resources for nonprofit organizations in the Chicago area. The first phase of Point the Way is this capacity building landscape analysis, which has been guided by the Point the Way Steering Committee, comprised of approximately 15 leaders from foundations, corporations, nonprofits, and capacity building service providers. Forefront serves as the fiscal sponsor for Point the Way.

This project is funded by Advocate Bethany Community Health Fund, Community Memorial Foundation, Robert R. McCormick Foundation, Michael Reese Health Trust, Pierce Family Foundation, Polk Bros. Foundation, and The Retirement Research Foundation.

About Learning for Action

Established in 2001, Learning for Action (LFA) is headquartered in San Francisco's Mission District and has an office in Seattle, Washington. LFA's mission is to enhance the impact and sustainability of social sector organizations through highly customized research, strategy development, evaluation, and capacity-building services. LFA's approach is based on rigorous data collection while grounded in a community perspective to catalyze social change. We aim to support structural change that addresses the underlying root causes of inequities so that all members of our communities have access to the opportunities they deserve for productive, healthy, and meaningful lives.

Why should we care about capacity building? Beyond the distinct terms, approaches and strategies, capacity building is ultimately about supporting a nonprofit's ability to deliver on its mission and to effectively serve its community. Nonprofits need to be strong, resilient and nimble, especially in challenging and uncertain times.

A few years ago, a group of funders gathered to better understand the availability of quality capacity building services for the nonprofit sector in the Chicago area. Many of the funders could reference data from their own grantees or share anecdotes about a grant or two. But it was clear that, in order to respond effectively to capacity building needs in our community, there was need for current, comprehensive information from local nonprofits and capacity building providers, and about lessons learned through innovative efforts in other regions.

A group of funders, nonprofit leaders and capacity building providers volunteered to serve as a steering committee for a research project that would conduct a landscape analysis and provide recommendations to improve access to, the use of, and investment in high-quality capacity building resources. After a rigorous RFP process, we selected Learning for Action as our research and strategy partner.

Through a survey of 341 nonprofits, 48 capacity building providers and 45 funders, six focus groups, case studies of three regional capacity building models, and a field scan of current trends and best practices, Learning for Action went deep and wide to explore both established and new territories. The collective recommendations call for prioritizing under-resourced communities, comprehensive, sequential support and identifying new ways to connect nonprofits to resources and each other. These recommendations resonate with the steering committee

and *point the way* to a revitalized, robust capacity-building sector in the Chicago area.

Thank you to Learning for Action for their meaningful partnership, diligence and commitment to excellence throughout Point the Way. Thank you also to the funders who provide capacity building grants and programs in the Chicago area – and particularly to the funders who supported this project. Thank you to the capacity building providers who bring their considerable expertise and understanding to serve nonprofits. And our deepest thanks to the local nonprofits and their dedicated staff. Your diligence and determination in the service of your communities inspires us all.

This report is just the first step on the road to strengthening capacity building resources for Chicagoland nonprofits. We hope you all will join us for the work ahead.

The Point the Way Steering Committee

Frank Baiocchi, Polk Bros. Foundation
Caroline Goldstein, Local Initiatives Support Corporation
Tom Fuechtmann, Community Memorial Foundation
Jalisa Hinkle, Advocate Bethany Community Health Fund
Nima Krodel, Nonprofit Finance Fund
Rebekah Levin, Robert R. McCormick Foundation
Mary O'Donnell, Retirement Research Foundation
Heather Parish, Pierce Family Foundation
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Dimitra Tasiouras and Josh McGowan, Circle of Service Foundation
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Report Overview

The Point the Way Capacity Building Landscape Study report is organized into the following sections:

1. Purpose and Methods

A description of the purpose of the Chicago Capacity Building Landscape Analysis, research questions that guided the work, and methods used to gather data.

2. A Common Definition of Capacity Building

A definition of capacity building used in this study and a proposed framework for understanding capacity building.

3. What's Happening in the Field?

A look at current trends and best practices in the field of capacity building. This national scan provides context for understanding how to situate the findings about capacity building in Chicago.

4. Research Findings

A summary of findings from a survey of Chicago-area nonprofits, funders, and capacity builders; and six focus groups with nonprofits and capacity building providers.

5. Learning from Other Capacity Building Models

Lessons learned from three well-regarded capacity building models outside of Chicago and implications for Chicago-area capacity building.

6. Recommendations

Suggestions for nonprofits, funders, capacity building providers, and how the Chicago nonprofit sector can build on these findings and move towards action.

Purpose and Methods

Landscape Analysis Purpose and Overview

Research Questions

Overview of Secondary and Primary Data Sources

Methods

Landscape Analysis Purpose and Overview

This report is the culmination of an eight-month process led by the Point the Way Steering Committee to gain a deeper understanding of the array of nonprofit capacity building needs and services in the greater Chicago area and the experiences of those that use, deliver, and invest in them. The long-term goal of the Point the Way Steering Committee is to unite and coordinate efforts to improve capacity building in Chicago. This study—which provides a clear picture of the current landscape and needs—is an early step in that process.

The Point the Way Steering Committee engaged Learning for Action (LFA) to conduct a landscape analysis of capacity building resources. This study held the following goals:

- Identify what nonprofits, funders, and capacity building providers think nonprofits need to become stronger organizations
- Identify the “frustration points” for nonprofits in accessing services
- Identify how existing capacity building resources can be best allocated for maximum impact
- Identify how capacity building providers can best serve nonprofits
- Elevate ideas and recommendations that have a high potential for improving capacity building resources in Chicago

Over the course of the study, over 1,200 nonprofits, funders, and capacity building providers were invited to provide input on the capacity building supports needed by individual nonprofits and share their perspective on the ecosystem of capacity building in Chicago. The study incorporates a review of the latest literature on capacity building best practices and trends, and explores three model capacity building programs to understand why they’re successful and what lessons learned they can offer to consumers and providers of, and investors in, capacity building in the greater Chicago area.

This report culminates with recommendations on how Chicago-area nonprofits, funders, and capacity building providers can work together to strengthen the supports for nonprofits.

Research Questions

The following research questions were identified to guide the Chicago Capacity Building Landscape Study. These questions served as a touchstone during the development of the survey, interview, and focus group protocols. The findings in this report are organized around these categories, although not all the research questions yielded meaningful findings.

Need and Readiness for Capacity Building

1. What do nonprofits need to become stronger, more effective organizations?
2. How do nonprofits assess their needs?
3. What challenges do nonprofits face in assessing their need for services?
4. How do nonprofits assess their readiness to engage in capacity building?
5. What challenges do nonprofits face in assessing their readiness to engage in capacity building?

Investing in Capacity Building

6. Is engaging in capacity building a priority for nonprofits?
7. How do nonprofits pay for capacity building services?
8. Do foundations support capacity building? In what ways? To what extent is capacity building a priority for foundations?
9. How is capacity building support evaluated?

Access to and Use of Capacity Building

10. How do nonprofits identify capacity building services? How do they assess the quality of those services?
11. What challenges do nonprofits face in accessing capacity building services? What would help to mitigate those challenges?
12. What types of capacity building services are nonprofits using?
13. What are nonprofits' experiences with the quality of capacity building services?
14. What are the barriers (besides money) for nonprofits with respect to effectively implementing and maintaining capacity building efforts?

Impact of Capacity Building

15. What changes in nonprofits do foundations and capacity building providers hope to see as a result of capacity building?
16. What has been the impact of capacity building services on nonprofits?

Overview of primary and secondary data sources

The data for this landscape study were obtained using four methodologies. Each method is described in more detail on the following pages.

Online Survey: The Chicagoland Experience with Capacity Building

An online survey of nonprofits, funders, and capacity building providers, completed by 434 respondents

Focus Groups: Delving Deeper into the Experience of Local Nonprofits and Capacity Building Providers

Six focus groups with a diverse sample of nonprofit and capacity provider participants

Field Scan: A Look at Capacity Building Trends and Best Practices

A comprehensive literature review of the current trends and state of capacity building

Capacity Building Model Interviews: Harvesting the Wisdom of Experienced Practitioners

Three interviews with experienced capacity building organizations

Survey of nonprofits, funders, and capacity building providers

In July 2016, the Point the Way Steering Committee launched the Point the Way survey to learn more about capacity building services and needs in the greater Chicago region. LFA created three similar versions of the survey, each designed to best fit the perspective and areas of expertise of nonprofits, funders, and capacity building providers.

Over 1,200 nonprofits, foundations, and capacity building providers in the Chicago area were identified by the Point the Way Steering Committee and invited to complete the survey. Over 400 respondents completed the survey (33%) – representing a similar response rate from nonprofits, funders, and capacity building providers.

Select survey results are incorporated throughout this report. A full set of tabled survey responses is included in Appendix A.

Capacity Building Landscape Survey Response Rates by Stakeholder Group

	All Respondents	Nonprofits	Funders	Capacity Building Providers
Number of Responses	434	341	45	48
Response Rate	33%	34%	29%	34%

Focus groups with nonprofits and capacity building providers

After the survey, LFA conducted six focus groups in Chicago, five with nonprofits and one with capacity building providers, to explore themes and findings revealed by survey data. A total of 28 nonprofits and eight capacity building providers participated in these focus groups. Focus group participants were recruited from the pool of survey respondents. Focus groups were organized into the following groups:

1. Nonprofits that participated in three or more capacity building engagements
2. Nonprofits predominantly serving communities of color
3. Nonprofits that had experienced a low impact capacity building engagement
4. Nonprofits that had experienced a high impact capacity building engagement
5. Nonprofits with small budgets (under \$1.5 million)
6. Capacity building providers

Field scan of capacity building trends and best practices

In the initial stages of the Point the Way Capacity Building Landscape study, LFA conducted a field scan consisting of a review of other capacity building programs and models and a literature review. LFA gathered information on trends, best practices, and lessons learned from other funders, capacity building providers, and nonprofits.

Capacity building model interviews

LFA identified three capacity building programs from other parts of the country to examine further. These programs were chosen based on their experience, comprehensiveness of services, and reputation for providing high quality services. LFA conducted an interview with the chief executive of each entity to learn about their program design as well as lessons learned in delivering capacity building services, and supplemented this data with online research.

The three models included are:

- 1. Third Sector New England**, based in Boston, MA
- 2. 501 Commons**, based in Seattle, WA
- 3. Hartford Foundation for Public Giving—Nonprofit Support Program**, based in Hartford, CT

A Common Definition of Capacity Building

Defining Capacity Building


What is Nonprofit Capacity?

Focused vs. Developmental Capacity Building

Who Does It?

How is Capacity Building Delivered?

How is Capacity Building Funded?



As our organization grows and becomes more sophisticated in our work, **there are always new areas** for capacity building to continue **to build sustainability and [the] effectiveness of our work.**

— Nonprofit leader

Defining Capacity Building

In 2014, **77%** of staffed grantmakers funded nonprofit capacity building.

Grantmakers for Effective Organizations

This section of the report describes the **what, who, and how** of capacity building to establish a common framework through which to interpret the report's findings and recommendations. Further, to the extent that nonprofits, funders, and capacity building providers in the greater Chicago area can establish and advance a common framework and definition of capacity building, it will be easier to align resources in service of its advancement.

A simple definition of capacity building is:

Any intentional and sustained effort to improve an organization's functioning.

Throughout the Capacity Building Landscape Study, LFA and the Capacity Building Funders Group used **a more comprehensive definition** - derived from a definition offered by Grantmakers for Effective Organizations - as it engaged stakeholders throughout the research process to ground their responses to survey, interview, and focus group questions:

Capacity building is an investment in the effectiveness and future sustainability of nonprofit organizations. Distinct capacity building projects, such as improving fundraising strategies, developing a leadership succession plan, building financial adaptability, facilitating collaborations, or improving the use of technology, all build the capacity of nonprofits to effectively execute their mission in the future. When capacity building is successful, it strengthens nonprofits' ability to fulfill their mission over time and to have a positive impact on lives and communities.

What Is Nonprofit Capacity?

Any nonprofit organization needs these seven **capacities**, to varying degrees depending on its context, in order to function effectively:



Vision and impact model

A clear and detailed description of the impact the organization is trying to create, mapped to the set of organizational activities that help produce that impact (e.g., Theory of Change)

Governance and leadership

A board and staff leadership that have the skills needed to work effectively together in service of the organization's mission

Program delivery

Staff, technology, facilities, and other capabilities needed to deliver programs effectively and in fidelity to the impact model

Resource generation

A strong funding model to guide resource generation, and the capabilities to secure resources over time

Internal operations and management

Includes technical functions such as IT, financial management, and internal/external communications, plus human resources management and strategic planning

Evaluation and learning

Tools, processes, infrastructure, and culture that support continuous program and organizational improvement

Strategic relationships

The ability to nurture and maintain the external relationships necessary for success, including program delivery partners, funding relationships, and political support

Focused vs. Developmental Capacity Building

If an organization needs to be strong in all seven areas of nonprofit capacity in order to perform well, there are two fundamental types of capacity building interventions it can pursue.

A **focused intervention** addresses a problem or pain point, which does not require a holistic understanding of the organization's performance across the seven capacities.

A **developmental intervention** seeks to a) understand a potential problem in the context of the organization's performance in relation to the full range of capacities, and tailor the intervention accordingly, b) strengthen the organization as a whole (across the seven capacities) in the context of its stage of development, or c) both.

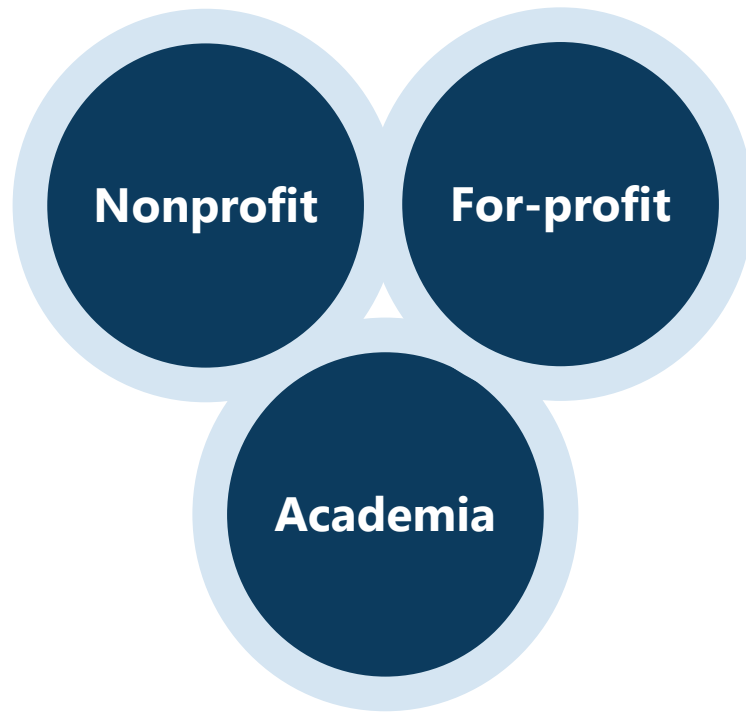
Developmental interventions typically involve a greater time and organizational commitment than focused interventions. While the reasons for adopting one or the other approach vary, an underlying cause for the frequency with which the focused intervention approach is adopted is limited bandwidth and resources for organizational improvement, both on the part of the nonprofit itself and the social sector as a whole. This dynamic can create a negative cycle, where performance challenges put nonprofits deeper into survival mode, which in turn renders them unable to engage in the very improvements needed to thrive.

Maintenance of the human body can be used as a metaphor, where organizational capacities are analogous to the various bodily systems (e.g. circulation, nervous system) that need to function well – and in synchronicity – in order for the body to be healthy. An organization – like a person – can seek treatment only after a problem with a system is experienced, and then choose a treatment that will merely reduce the severity of the problem and/or the pain associated with it. Alternatively, a person can (in response to a problem or absent one) seek medical counsel towards the development of a “wellness plan” that identifies what activities or behaviors will best both a) address any existing health problems and b) prevent future ones.

Whatever the reason for choosing, the choice of approach can have significant implications for the likelihood of the intervention to result in positive, lasting change.

Who Does It?

Capacity building services are delivered by a range of provider types, which can be grouped into three major categories: nonprofit, for-profit, and academia. There is the greatest amount of variation within the nonprofit category in terms of types of providers, with many specialized nonprofits delivering services that are highly customized to a particular sector (e.g. leadership development for environmental nonprofits). Also, nonprofit providers tend to provide more comprehensive capacity building supports (such as information and referral, leadership development, and workshops) that typically require subsidization.



Nonprofit

- Intermediaries (often field-specific)
- Nonprofit associations
- Management support organizations
- Consulting firms
- Foundations (when they offer services directly)

For-profit

- Independent consultants
- Consulting firms

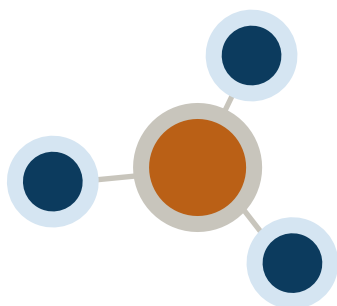
Academia

- Academic centers/programs that focus on nonprofit management, many of which offer services to the community

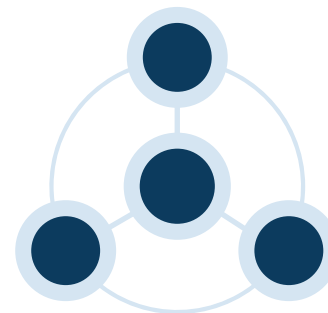
How Is Capacity Building Delivered?

Capacity building services are delivered through a range of mechanisms, some aimed at direct transfer of knowledge or skills (connecting organizations to information, education, and training), others aimed at the skilled external facilitation of organizational change processes (consulting/coaching), and still others aimed at transferring, often sector-specific, knowledge from peer to peer while also promoting opportunities for collaboration within a field (peer learning/convening).

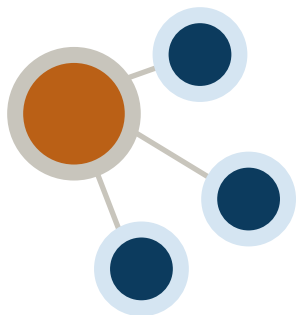
Capacity building interventions sometimes involve the combination of multiple mechanisms in order to target multiple organizational systems and/or personnel levels within those systems.



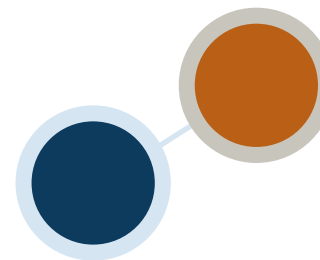
Connecting organizations to information
(research, how-to guides, “info exchange”)



Peer learning/convening



Education & training
(e.g. workshops, webinars)



Consulting/coaching

How Is Capacity Building Funded?

The participation of foundations, other nonprofits, donors, and public entities in supporting capacity building is vital, yet contributes to a very complex array of options for funding capacity building. In addition, some capacity building investors or providers have a very specific approach to capacity building which may or may not match a particular organization's need, creating a complicated market dynamic that can result in services being procured which are not a good match for a given need. The three broad categories of capacity building funding models are:

1

Built into ongoing organizational budget

In this model, a nonprofit pays for its own capacity building by building it into its organizational budget on a regular basis in the form of professional services, IT improvements, professional development, etc. It may do this by soliciting unrestricted funds, or by including these expenses as general operating expenses for program-specific grants or contributions. This only occurs in rare situations and usually only in the case of very large nonprofits (over \$10 million).

2

Nonprofit raises money for a capacity building initiative

If an organization identifies a capacity building need, and there are no existing organizational resources available, it may choose to solicit funds from funders (private or public) and/or major donors for a specific initiative. An extremely common way of paying for capacity building, an inherent challenge is that it is difficult to make the case to funders for capacity building, so funding is often less than what an intervention requires, reducing the chance it will have lasting impact.

3

Funder or nonprofit provider sponsorship

Funders or nonprofit intermediaries that are deeply committed to capacity building may allocate resources to design and deliver specific capacity building programs, often to assist in the development of a sector or set of players whose performance is vital to its own mission. Some programs are highly flexible and allow nonprofits to apply for dollars that they can choose to use toward a variety of capacity building ends, while others are highly prescriptive, effectively dictating what services will be provided, to what end, and what participation looks like.

What is Happening in the Field?

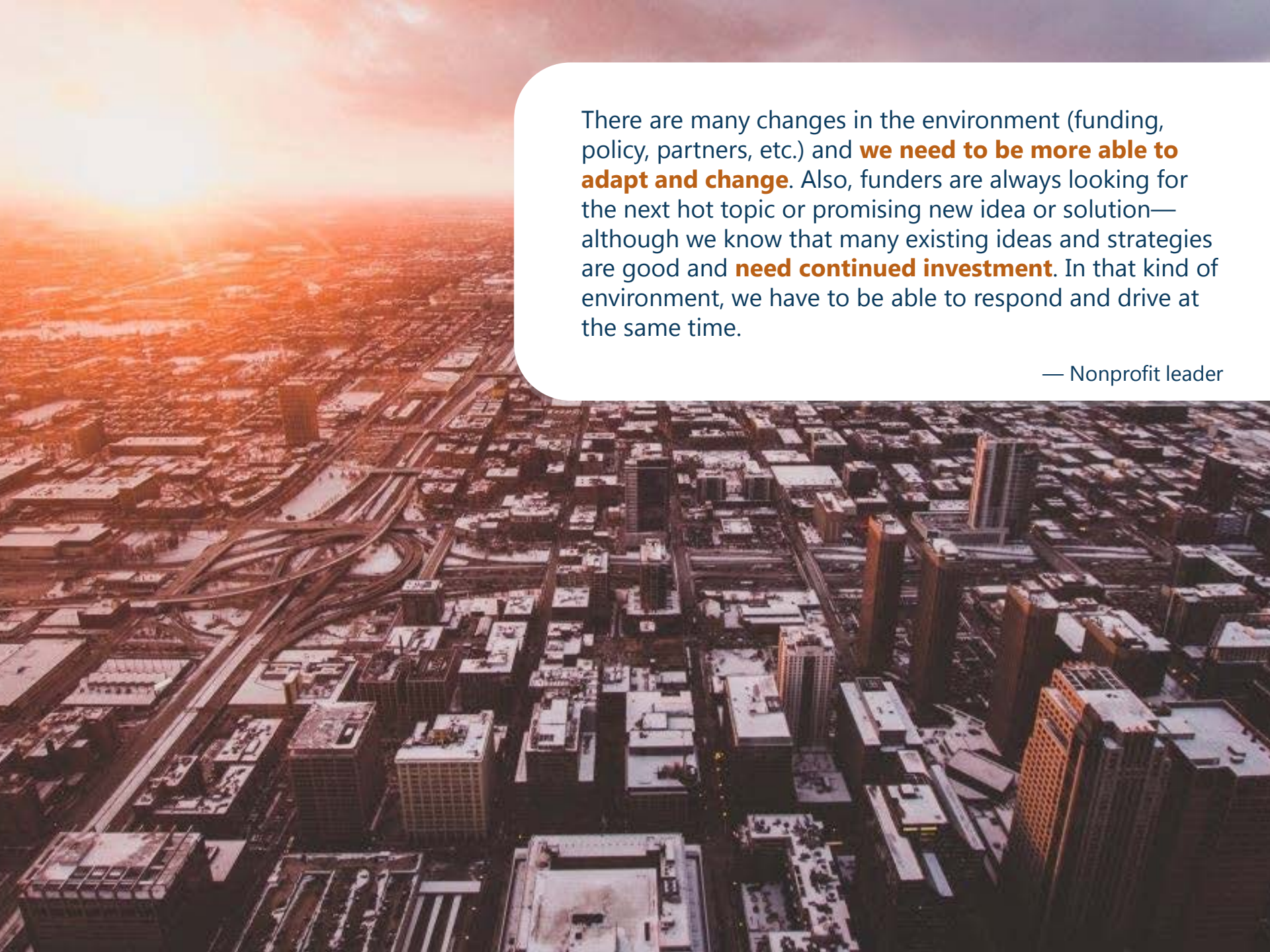
Overview of Trends in Capacity Building

Nonprofit Financial Growth

Coaching and Cohort Models

Building Collective Sector-Wide Capacity

Importance of Impact Measurement

An aerial photograph of a city at sunset. The sun is low on the horizon, casting a warm, golden glow over the urban landscape. The city is densely packed with buildings, and a complex highway interchange is visible on the left side. The sky is filled with soft, orange and pink clouds.

There are many changes in the environment (funding, policy, partners, etc.) and **we need to be more able to adapt and change**. Also, funders are always looking for the next hot topic or promising new idea or solution—although we know that many existing ideas and strategies are good and **need continued investment**. In that kind of environment, we have to be able to respond and drive at the same time.

— Nonprofit leader

Overview of Trends in Capacity Building

LFA conducted a field scan of current trends and best practices in the field of nonprofit capacity building by reviewing literature and other capacity building models and programs. The goal of this review was to understand what is happening on a national level and to situate Chicago nonprofits' current needs and challenges within that context.

LFA's research highlighted the following trends:

1. Capacity building support is associated with financial growth for nonprofits.
2. Coaching and cohort-based capacity building services are increasingly popular.
3. There is an increasing focus on building collective and sector-wide capacity among nonprofits, including through mergers.
4. Evaluation has become an important tool for funders and nonprofits. Specifically, impact measurement is increasingly seen as a critical nonprofit organizational capacity by funders and nonprofits.

Nonprofit Financial Growth

“Receiving any capacity grant was associated with financial growth for a nonprofit. But receiving a financial capacity grant did not boost financial growth more than receiving any other kind of capacity grant.

- Amanda Stewart, Professor
Public Administration, NC State
University

Capacity building support is associated with financial growth for nonprofits.

There has been little research examining the long-term impact of capacity building support on the nonprofit sector. American University and North Carolina State University partnered on and recently published results from a study¹ to explore how nonprofits fared three years after receiving a capacity building grant. The study included 184 nonprofits who received capacity building support over a 12-year period. Each nonprofit's financial trends were assessed for three years following their grant, and compared to the financial trends of similar nonprofits that did not receive capacity building grants.

Organizations that received any type of capacity grant grew by about 10% in the three years following their grant, indicating that capacity building support is positively associated with nonprofit financial growth.

Interestingly, grants that specifically targeted financial capacity (such as hiring a grant writer or developing an in-depth fundraising plan) did not lead to additional financial growth as compared to other types of capacity building support. This suggests that the specific type of capacity building support is less of a factor in achieving financial growth than the fact that a nonprofit received capacity building support at all.

¹Faulk, L., & Stewart, M. J. (2016). As You Sow, So Shall You Reap? Nonprofit Management and Leadership.

Coaching and Cohort Models

Coaching and cohort models are increasingly prevalent components of capacity building services, especially those sponsored by foundations.

Coaching

Foundations and capacity building providers use coaching models to build leadership or specific technical skills within individuals, typically Executive Directors, or other senior leaders. Emphasis is usually placed on ensuring a cultural and experiential match between the coach and coachee to ensure maximum relevancy for the coachee. Coaching can happen in a variety of ways, including cohort coaching, one-on-one sessions, and mentorship.¹

Cohort Models

Foundations and capacity building providers are increasingly convening and supporting cohorts of grantees to build individual and collective capacity. Cohorts are typically organized around a particular sector, issue, or field of practice of interest to the funder or capacity building provider. There is often an efficiency to providing services to a group of grantees all at once, in that it combines the expertise and resources of consultants and nonprofit peers. Also, peer groups tend to reinforce learning and accountability, both of which are key to successful capacity building.²

There can be a wide range in the locus of control in cohort-based capacity building, from a foundation-driven agenda to a participant-driven agenda.



I know from experience that the executive director position is a lonely job, and coaching provides a crucial sounding board.

- Rick Moyers, Eugene and Agnes E. Meyer Foundation

¹ Curran, C. (2008). Coaching Strengthens Nonprofit Leaders and Their Organizations. *Journal for Nonprofit Management*.

² Grantmakers for Effective Organizations. (2016). *Strengthening Nonprofit Capacity: Core Concepts in Capacity Building*.

Building Collective and Sector-Wide Capacity

It has become increasingly clear that all actors within a social ecosystem can profit from capacity building. This view sees capacity building as relational, and it expands the scope of organizations that are in need of capacity building.

- *Capacity Building 3.0, TCC Group, 2014*

Capacity building is now understood to be vital to the health of the nonprofit sector collectively, not just to individuals or organizations.

Capacity building was once understood to be a support that foundations offered to individual organizations or leaders. The field now understands that many stakeholders within the nonprofit sector can benefit from capacity building services, and providing services on a collective basis can be very powerful for the health of the sector as a whole, particularly when it comes to solving complex social problems.¹

Collective action can be a powerful way for nonprofits to maximize their impact, but they may lack the skills for effective collaboration, or their partners in other sectors may require technical assistance.² The scope of who can benefit from capacity building services has thus expanded from primarily nonprofit organizations and their leaders to include networks, collaboratives, funders, businesses, government agencies, and management support organizations.

An increased focus on mergers is another way in which increased interest in collective capacity building is manifested. Organizations and the funders that support them recognize that in times of limited resources, joining together can benefit both the health of individual organizations and the sector as a whole. A recent study on mergers in the greater Chicago area found that in 88 percent of mergers studied, both the acquired and the acquiring nonprofits felt that the organization was better off after the merger in terms of achieving organizational goals and increasing impact.³

¹ Raynor, J. (n.d.). Capacity Building 3.0: How to Strengthen the Social Ecosystem. TCC Group.

² Grantmakers for Effective Organizations. (2016). Strengthening Nonprofit Capacity: Core Concepts in Capacity Building.

³ Haider, D., Cooper, K., & Maktoufi, R. (2016). Mergers as a Strategy for Success.

Use of Evaluation and the Prevalence of Impact Measurement

“The majority of foundation CEOs believes that nonprofits should be held to higher standards of evidence to demonstrate the effectiveness of their work.

- *Room for Improvement: Foundation's Support of Nonprofit Performance Assessment, Center for Effective Philanthropy, 2014*

The use of evaluation has grown. Specifically, impact measurement is increasingly seen as a critical nonprofit organizational capacity by funders and nonprofits.

The ability to define, measure, and demonstrate outcomes and impact is vital to a nonprofit's ability to receive and sustain funding. There are many types of evaluation employed in the nonprofit sector. Process evaluation, which involves collecting information on how well a program or initiative is implemented, enables a nonprofit to ensure that programs are being delivered with fidelity to their design. Other types of evaluation focus on measuring the extent to which programs are achieving concrete outcomes among target populations and/or issues. The goal of this type of evaluation can be simply to provide evidence of outcomes or impact (for accountability purposes), or to enable an organization to examine why impact does or does not happen, so that it can improve either program design or implementation capability so that impact can be increased.¹

In recent years, foundations have placed increased emphasis on impact evaluation so they can demonstrate return on investment to their boards and adjust their giving strategies accordingly. Nonprofits, too, recognize the need to demonstrate impact: 81% of nonprofits surveyed by the Center for Effective Philanthropy in 2014 say that nonprofits should use performance measures to show the effectiveness of their work.²

However, capacity to conduct impact measurement is limited across the nonprofit sector, leading funders to focus capacity building resources on assisting nonprofits to develop this capacity, both within individual nonprofit organizations and increasingly across nonprofits that work in a similar issue area. These are typically provided through consulting engagements but are sometimes part of capacity building services a cohort receives.

¹ Learning for Action. (2010) Evaluation for Organizational Learning: Basic Concepts and Practical Tools.

² Brock, A., Buteau, E., PhD, & Herring, A. (2012, September). Room for Improvement: Foundation's Support of Nonprofit Performance Assessment.

Research Findings



Need for Capacity Building Services



Investing in Capacity Building Services



Access to Capacity Building Services



Use of Capacity Building Services



Impact of Capacity Building Services

In order to expand its presence in the community and its funding base, our organization **needs to have a long-range plan**, but **has difficulty finding the time and funds** to make it a priority.

— Nonprofit leader



Organization of Research Findings

In this report, the findings of the Chicago Capacity Building Landscape Study have been organized and summarized into these categories, as outlined by the research questions:

Need



What capacity building supports do nonprofits need, and how do those needs differ across nonprofits?

Investment



To what extent is investing in capacity building a priority for nonprofits and foundations?

Access



What factors influence whether or not nonprofits can access the capacity building supports they need?

Use



What factors influence how nonprofits use capacity building?

Impact



What supports or gets in the way of capacity building impact?



Key Findings

Need for Capacity Building Services



Chicago-area nonprofits have a great need for capacity building services. This section explores the specific services and supports nonprofits need most and why.

1. There is deep need everywhere: nonprofits across the sector are under-resourced and have a very hard time securing and allocating resources to carry out basic organizational functions
2. Nonprofits serving communities of color face greater challenges to accessing resources and as a consequence have greater capacity needs
3. Nonprofits have specific capacity building needs for board development, fundraising, strategy and planning, and leadership development



The Overall Need for Capacity Building is Great

There is deep need everywhere: nonprofits across the sector are under-resourced and have a very hard time securing and allocating resources to carry out basic organizational functions.

Chicago-area nonprofits, like those across the country, put a great deal of time and energy into simply keeping their organizations in operation. Above all, nonprofits need financial and technical support to successfully execute basic operational functions, such as bookkeeping, human resources management, and marketing. With foundations and government grants often structured for short-term support, it is very difficult for nonprofits to secure sustainable funding, and therefore they have to continuously spend valuable time seeking out new funding sources.

Because so many nonprofits are busy handling the daily work of keeping their organizations running, they are chronically plagued by a lack of time and resources to attend to organizational performance. In addition to limiting their organization's impact overall, this inability to focus on performance results in an underdeveloped understanding of capacity, including how to prioritize and address needs. For example, 79% of survey respondents indicated that "lack of time or resources to assess and reflect upon need" is a challenge that nonprofits face in accessing capacity building services, selecting it almost twice as frequently as any other challenge. This combination of significant capacity needs and a lack of time or resources to understand need limits nonprofits' ability to engage effectively – if at all – in capacity building efforts.

“What our communities need is anything administrative outside of the program – who's doing the finances, the fundraising, writing the proposals? That's what you do after your meetings that end at 9pm.

- Nonprofit leader

In 2015, **53%** of nonprofits nationally reported having three months or less of cash on hand, and 12% reported zero.¹

¹State of the Sector Surveys. (2015). Nonprofit Finance Fund



Communities of Color

Nonprofits serving communities of color face greater challenges to accessing resources, and as a consequence have greater capacity needs.

Nonprofits serving communities of color have an especially difficult time accessing needed resources. Nonprofits serving communities of color often operate in under-resourced communities, which lack many of the basic infrastructural elements – like meeting space – that support effective functioning. Furthermore, the donor constituencies of nonprofits serving communities of color are often less well-resourced, making it more difficult to raise money. This is exacerbated by limited infrastructure (e.g. marketing and communications) to raise funds, as well as to carry out other functions that tend to attract funding, such as evaluation. Even when nonprofits serving communities of color have the capacity and relationships to pursue funding from foundations, they report regularly experiencing unconscious bias on the part of funders who may not see them as a credible organization based on their external attributes. Finally, many nonprofits serving communities of color report being regularly overlooked by funders who do not prioritize social justice and equity – or who do not fund social justice initiatives at a meaningful level to meet the need.

“

I get this small grant, and this arts program downtown got a half million dollars. So, art is more important than the lives of African American males that are on the news every night? [The funders] can say in their conscience that they did a little bit, but they're not addressing the full issue.

- Nonprofit leader

Where are there differences in needs?

Technology

- Nonprofits serving **Latino** and **Asian/Pacific Islander** communities reported a higher need for **technology** support services than nonprofits not serving these groups.

Communications and Marketing

- Nonprofits serving **Latino** and **black** communities reported a higher need for **communications and marketing** support services than nonprofits not serving these groups.

See Exhibit 12 in Appendix A for corresponding survey findings.



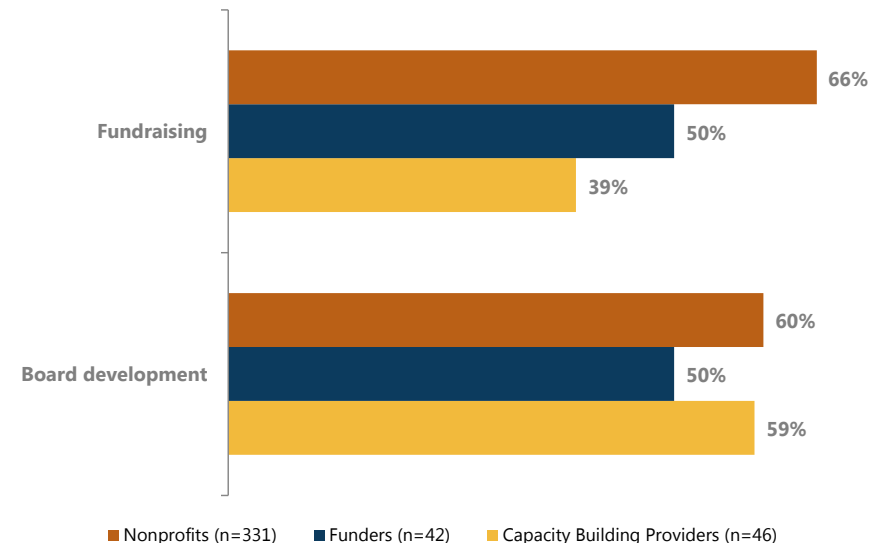
Specific Capacity Building Needs

Nonprofits have specific capacity building needs for board development, fundraising, strategy and planning, and leadership development.

Among survey respondents as a whole – and especially as reported by nonprofits – fundraising emerged as the most-frequently cited capacity building need for nonprofits. Fundraising was also the most frequently cited need in a 2015 survey of the sector conducted by Bridgespan.¹

Survey responses indicate that at least half of nonprofits, funders, and capacity building providers rated board development as a capacity building service that nonprofits need. During the focus groups, several nonprofit participants spoke about the struggles that they face to work effectively with and to leverage the skills and assets of their boards. Rather than gaining insight and value from their boards’ skill and expertise, these nonprofit leaders are regularly challenged and taxed by the energy required to manage boards and their members who often don’t understand how to govern effectively.

Fundraising and board development are nonprofits’ most important capacity building needs*



¹Camper, N. (2016, March 25). JPMorgan Chase Voice: Why Is A Strong Nonprofit Sector Key To Thriving Communities?

*See Exhibit 11 in Appendix A for a complete breakdown of respondents’ selection of nonprofits’ capacity building needs.



Specific Capacity Building Needs (continued)

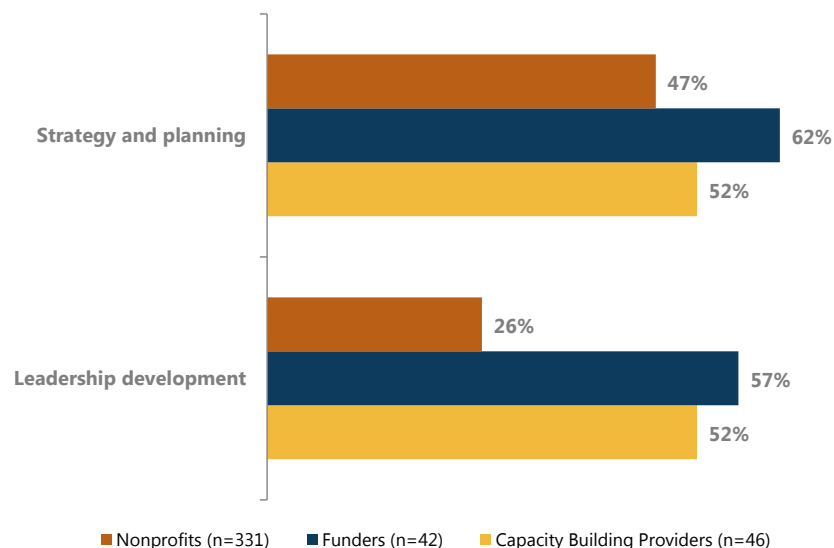
Nonprofits have specific capacity building needs for board development, fundraising, strategy and planning, and leadership development.

Survey respondents also believe that nonprofits need capacity building support for strategy and planning. Among funders, strategy and planning was cited more frequently (62%) than any other need. Strategy and planning was also identified as a need by approximately half of capacity building providers (52%) and nonprofits (47%).

Leadership development emerged as the second most frequently cited need among funders (57%) and capacity building providers (52%). Only 26% of nonprofits identified leadership development as a need, which aligns with an overall trend: nonprofit respondents tend to prioritize short-term, operational needs (e.g., fundraising, communications and marketing) while funders and capacity building providers are more likely to emphasize long-term, strategic needs (e.g., strategy and planning, leadership development).

However, during the focus groups, nonprofits demonstrated that they are not blind to their need for support for strategic functions like planning – rather, they often feel that they do not have the resources (including funding and staff time and energy) to address this need *and* to attend to their basic operational needs.

Funders think strategy and planning and leadership development are more pressing needs than nonprofits do*



*See Exhibit 11 in Appendix A for a complete breakdown of respondents' selection of nonprofits' capacity building needs.



Key Findings

Investing in Capacity Building Services



In order to address nonprofits' great need for capacity building services, funders play a critical role through their investment strategies. While their resources are more limited, nonprofits also have the ability to direct funds to capacity building. This section describes how funders are currently investing in capacity building and their plans for the future, as well as how nonprofits access funding for capacity building.

1. The majority of funders are not planning to change the amount they invest in capacity building
2. Funders are more focused on supporting organizations they already invest in than the overall system of Chicago-area nonprofits
3. Nonprofits see capacity building as important and are going to lengths to engage in it

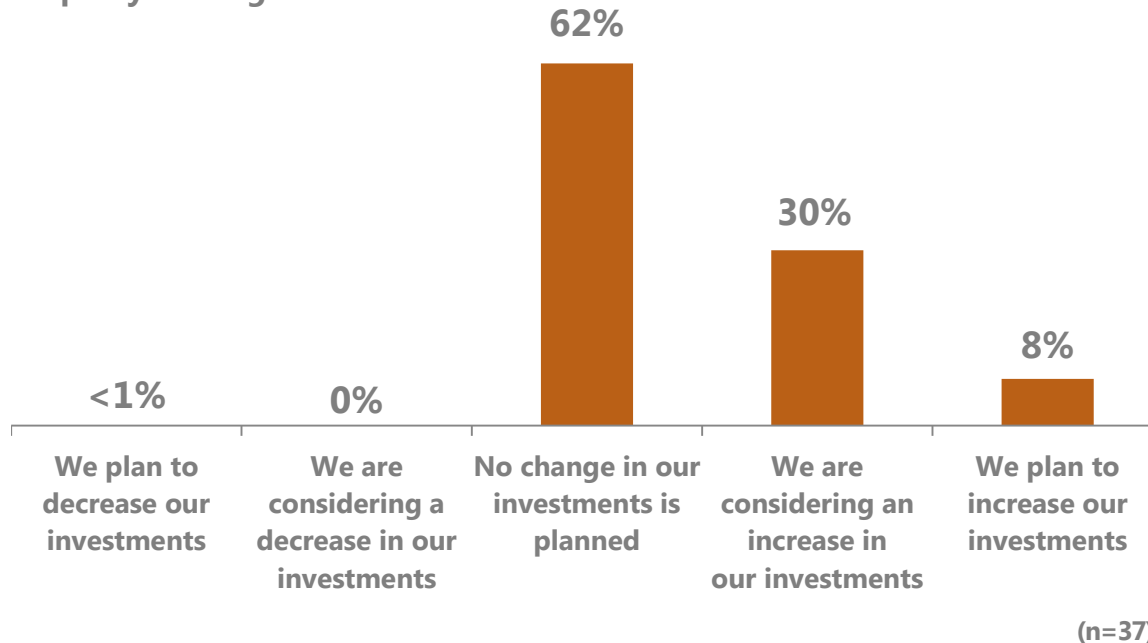


Funders' Investment in Capacity Building

The majority of funders are not planning to change the amount they invest in capacity building.

According to funders' survey responses, the level of investment in capacity building in the region is likely to remain relatively stable. 62% of funders reported no planned changes in their investments. Less than 1% of funders are planning to decrease their investments, and 38% are planning or considering an increase in investments.

The majority of funders are not planning to change the level they invest in capacity building*



*See Exhibit 46 in Appendix A for corresponding survey findings.

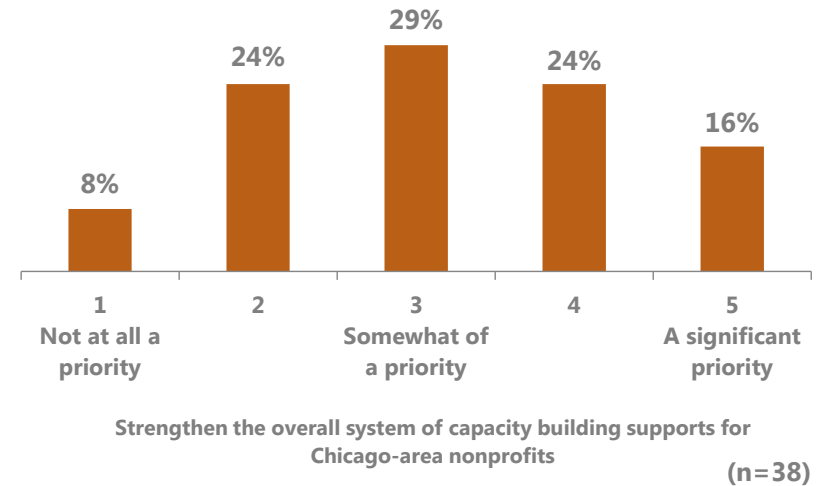
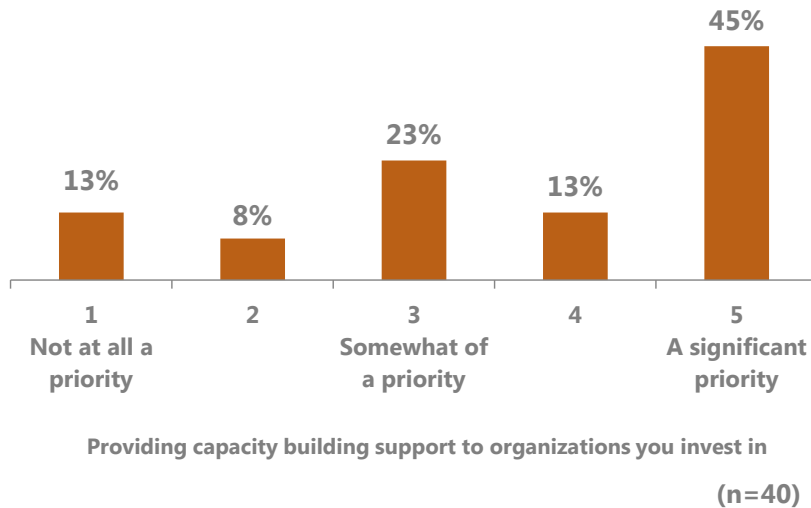


Funding Organizations vs. Sector-Wide

Funders are more focused on supporting organizations they already invest in than the overall system of Chicago-area nonprofits.

80% of Chicago-area funders responding to the survey indicated they provide funding, or otherwise invest in, capacity building for nonprofits. 45% of funders indicated that providing capacity building support to organizations they invest in is a significant priority. However, just 16% of funders indicated that strengthening the overall system of capacity building supports for Chicago-area nonprofits was a significant priority.

Funders prioritize providing capacity building support to organizations they invest in more than the investing in the overall system of capacity building in Chicago*



*See Exhibits 44 and 45 in Appendix A for corresponding survey findings.

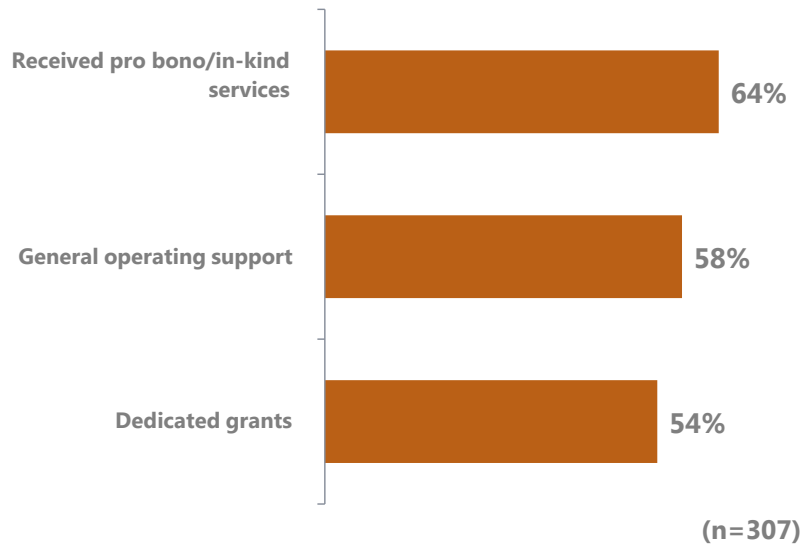


Nonprofits See Capacity Building As Important

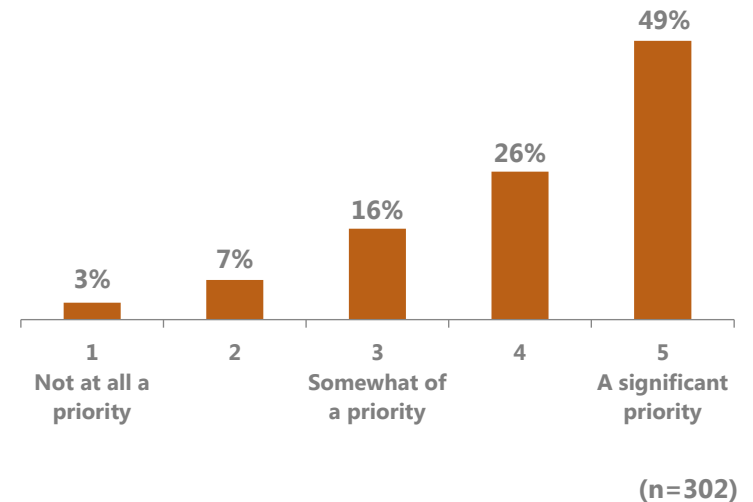
Nonprofits believe capacity building is important and are going to lengths to engage in it.

75% of nonprofits rated engaging in capacity building as a priority or a significant priority. In order to access capacity building services, nonprofits are cobbling together pro-bono services, general operating support, and dedicated grants. Because resources are limited, nonprofits often use pro bono services, which has a potential negative impact on the quality of the engagements (especially when the pro bono services are informal arrangements).

Pro-bono services are the most common way nonprofits afford capacity building*



Nonprofits prioritize engaging in capacity building*



*See Exhibits 42 and 40 in Appendix A for corresponding survey findings.



Key Findings

Access to Capacity Building Services



The first step to receiving capacity building services is knowing where to look for them and how to access them. This section of the findings discusses how nonprofits in Chicago find services and the challenges they face in accessing them.

1. Lack of resources for capacity building services limits access
2. Lack of tools or guidance to assess capacity building need limits access
3. Misalignment between nonprofit need and available capacity building resources limits access
4. Capacity building system disconnection limits access
5. Inability to find the right service provider fit, in regards to both expertise and quality, limits access
6. Smaller organizations – especially those serving communities of color – struggle to access capacity building supports

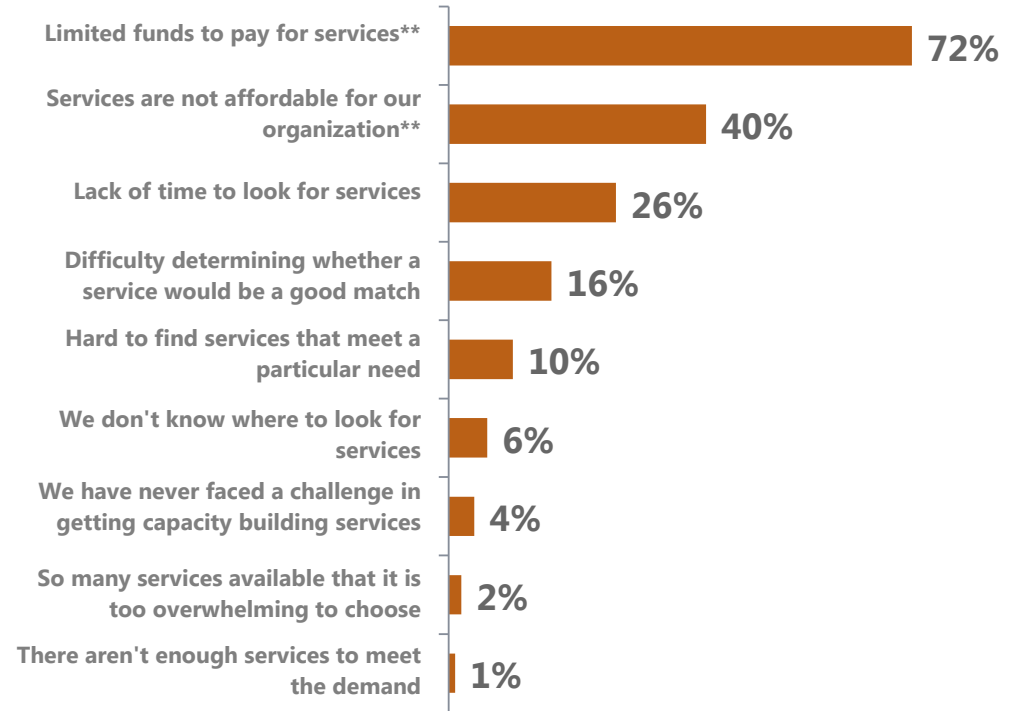


Lack of Resources

The lack of specific resources for capacity building limits access to services.

Nonprofits overwhelmingly reported that limited funding restricts their ability to get capacity building services. Three-quarters of nonprofit survey respondents noted it was a key challenge for them, far ahead of all other response options.

Lack of funding is the greatest challenge faced by nonprofits in getting capacity building services*



“Most of the funding out there is directed toward a specific program model. How do we change that paradigm when [the capacity building] you're doing is a lot bigger?
- Nonprofit leader

*Survey question: What two challenges does your organization face most often in getting capacity building services? See Exhibit 18 for corresponding survey findings.

**The first response option applies to organizations that have been unable to allocate sufficient resources to capacity building services. The second applies to those that would be unable to afford services, regardless of how they allocate funds at a given time.

(n=302)



Lack of Tools or Guidance

Nonprofits are often not sure how to assess their need for services, which limits their access to services.

A critical step for an organization in gaining access to capacity building services is knowing what its capacity needs are. Without this knowledge, a nonprofit doesn't know what types of services to look for, or how to judge the fit of a service even if they know something about which area(s) of capacity they need help with. Nearly half of nonprofit survey respondents stated they did not have the tools or guidance to assess their needs. Smaller numbers of nonprofits don't know how to assess need or what to focus on. Without tools or guidance to assess need, or the understanding of what capacity needs they should focus on, nonprofits are unable to access the service(s) that would meet those needs.

When asked about what challenges they face in assessing their need for capacity building...*

42% of nonprofits say they lack effective tools or guidance to assess their need.

5% of nonprofits say they don't know how to assess their need.

5% of nonprofits say they don't know what to focus on.

(n=329)

*See Exhibit 13 in Appendix A for corresponding survey findings.



Misalignment Between Need and Resources

Misalignment between nonprofit need and available capacity building resources limits access to services.

Even when nonprofits have a good sense of their needs, there is often not funding to support those identified needs. Nonprofits report a lack of flexibility to use funding for the capacity building supports they need the most. When there is funding for capacity building, nonprofits sometimes feel the grants available do not match the specific services they are seeking, and funders rarely offer flexible resources. For instance, there may be funding available for a marketing workshop, but a nonprofit thinks they need more substantial support in developing a comprehensive communications and marketing plan. Due to available funding, this organization would forgo developing a marketing plan, instead participating in the marketing workshop, which may not allow them to meet all their goals related to marketing and communications.

This is an issue that is common nationwide - the 2016 Grantmakers for Effective Organization report, Strengthening Nonprofit Capacity, found that "some grantmakers have embraced capacity building, but have done so in ways that doesn't necessarily help grantees."¹



[Capacity building resources] are extremely prescriptive. You can't really have a conversation anymore about whether this is the right thing, is it really what you need.

- Nonprofit leader



When you know the funders are program people, you start designing your [capacity building] proposal just to meet the criteria rather than for your organization needs. You do it just to raise the money.

- Nonprofit leader

¹Strengthening Nonprofit Capacity. (2016, September 15). Grantmakers for Effective Organizations



Disconnection Within the Capacity Building System

Capacity building system disconnection limits access to capacity building services.

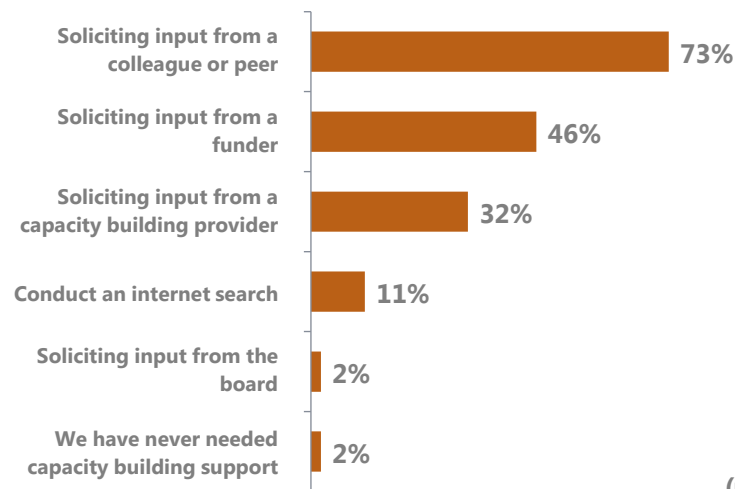
Many different capacity building services and providers exist in the Chicago area, but there is currently no “one-stop” place for an organization looking for capacity building services to learn about various options. In order to sort through the available options and determine which provider might be good fit for them and provide high quality services, nonprofits ask others who have used services. They report soliciting recommendations from their peers, their funders, and capacity building providers when looking for a particular type of service. In an open-ended survey question, nonprofits and funders most often called out, by a factor of two to one, the need for a directory of capacity building providers as a tool that would most help them get better access to capacity building services.

Capacity building providers realize that many nonprofits are not aware of them and their services. To mitigate this, they engage in strategies to ensure nonprofits are aware of their services—they do marketing and try to spend time at events with community organizations who may need their services.

“In Chicago, there are pieces of a system, but they’re also disconnected and the connectivity is a big issue.”

- Capacity building provider

Nonprofits solicit input from a colleague or peer to identify capacity building services*



(n=335)

*Survey question: What two strategies does your organization use most often to identify existing capacity building services that they need? See Exhibit 17 in Appendix A for corresponding survey findings.



Inability to Find the Right Fit

Inability to find the right service provider fit, in regards to both expertise and quality, limits access. This is especially true for nonprofits serving communities of color.

Nonprofits and capacity building providers both noted the importance of ensuring a good fit between consultants and clients. 16% of nonprofits said determining whether a service would be a good match for them was a key barrier to them accessing capacity building services.

Nonprofits report difficulties finding consultants who are culturally competent. While having a consultant who is a person of color may not ensure cultural competency, organizations serving communities of color reported difficulties in finding consultants who are persons of color or who understand the cultural context of their organization.

The quality of capacity building providers is also a concern for Chicago-area nonprofits. Organizations note it is difficult for them to know the quality of a provider's work, even with reference checks. Nonprofits suggest that a checklist of questions to ask consultants would be helpful, so they can know what to focus on when trying to ascertain capacity building provider quality.

I want to say, "Consultants, we need people who understand our culture and our language." We need someone who comes from a sense of what people need.

- Nonprofit leader



The Experience of Nonprofits Serving Communities of Color

Organizations serving communities of color struggle to access capacity building supports

Nonprofits serving communities of color feel they are at a disadvantage in seeking support to access capacity building resources. Some of these nonprofits feel that there are particular organizations that are preferred or promoted by funders, and it can be difficult to receive consideration for capacity building support when they are competing against a preferred nonprofit.

Nonprofits led by people of color report racial dynamics and unconscious biases at work in how nonprofits serving communities of color are regarded and considered. They feel they may be scrutinized to a higher degree than other organizations, or that funders seem surprised when programs achieve good outcomes or otherwise exhibit high performance.

Nonprofits note that while foundations are taking an initiative to address racial bias in specific issues, it does not seem like enough to address structural, systemic issues. They see predominantly white funders at meetings with nonprofits represented by people of color. This imbalance in roles is seen by some as a reflection of colonialism, where the thinkers and strategists are white while the doers are people of color.



[There is] an unconscious bias and perception of how people of color work. Sometimes this comes from funders or from other coalitions.

- Nonprofit leader



I applaud the funders because they are taking an initiative, but the fundamental issue is that they themselves haven't gotten there yet in terms of racial equity.

- Nonprofit leader



Key Findings

Use of Capacity Building Services



Effectively using capacity building services is a challenge for many nonprofits, including those in Chicago. Even after identifying the most appropriate capacity building services, nonprofits face challenges in structuring the engagements, sequencing multiple engagements, and dedicating staff resources to the effort. This section describes those challenges in more detail.

1. Nonprofits struggle to figure out how to structure and use capacity building
2. Organizational capacity limitations typically constrain a nonprofit's ability to use capacity building services
3. Multiple capacity engagements are common among Chicago-area nonprofits
4. Larger organizations are able to engage in more costly services than smaller organizations
5. Funders have a significant impact - based on their funding priorities or requirements - on which capacity building services are used



Structuring and Using Capacity Building

Nonprofits struggle to figure out how to structure and use capacity building services.

Because there are so many capacity building services available, nonprofits struggle with knowing where to start. Nonprofit leaders call out the need to help organizations assess and understand where they are at in order to most effectively utilize capacity building. By understanding their stage of development and which capacity building services are most appropriate for that stage, nonprofits can improve their ability to utilize capacity building.

Capacity building providers report receiving regular feedback that there is too much jargon in conversations about capacity building services. This jargon makes it difficult for nonprofits to understand the issues as well as to access the most appropriate services.



It does seem like helping people understand how to work together precedes increasing the skills of the work itself.

- Nonprofit leader



It can be difficult to figure out what is the low-level building block. When there are lots of things you know you can be better at, which is the one you start with?

- Nonprofit leader



Lack of Organizational Capacity

Organizational capacity typically constrains a nonprofit's ability to use capacity building services. This is especially true for small nonprofits with limited staff resources.

Adequate organizational capacity and sufficient staff bandwidth to participate in capacity building are important components of successful capacity building engagements. In order for a nonprofit to participate in coaching, attend workshops, or engage with a consultant over many months, the staff need to make time in their day to dedicate to these activities. Many nonprofits report carving out the time is not possible, and, as a result, they may refrain from engaging in capacity building activities.

In addition, nonprofits report that funders are reluctant to fund staff salaries for the time to engage in capacity building. Even if nonprofits are able to find grants that pay for the consulting or workshop series, those same funders are often hesitant to pay for the portion of staff time needed to engage with capacity building activities.



There was a push from the funding community to fund capacity building. But they removed paying staff salaries from that. It makes no sense to fund capacity building if there are no staff to carry it out.

- Nonprofit leader



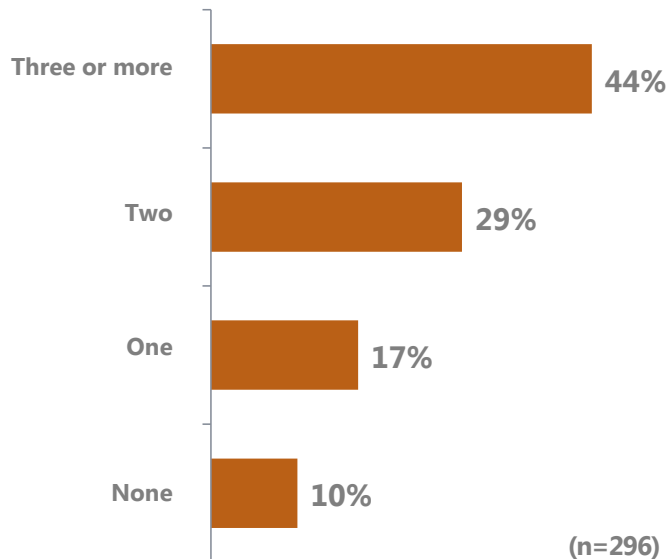
Multiple Engagements are Common

Nonprofits use a range of capacity building service types, and frequently engage in multiple engagements.

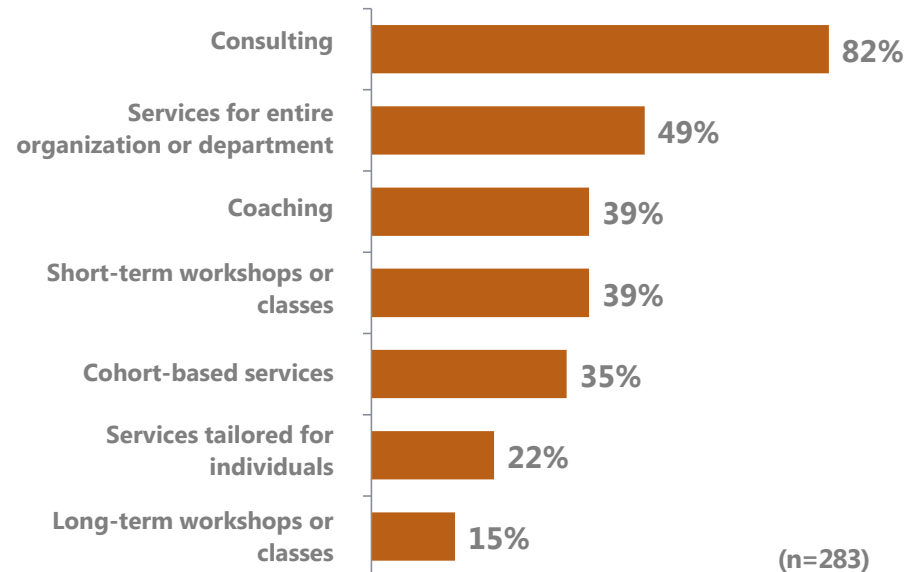
Of the nonprofits responding to the survey, almost 75% had engaged in two or more capacity building engagements in the past five years. Only 10% had not engaged in any capacity building. Nonprofits also report utilizing a range of capacity building service types to meet their needs. Consulting and coaching engagements are the most common types.

Engaging in multiple engagements, likely of differing types, highlights the need for nonprofits to most appropriately sequence these engagement and manage consultants, so they can derive maximum value from their capacity building services.

Nonprofits have multiple capacity building engagements*



Nonprofits most commonly receive services through consulting engagements*



*See Exhibits 23 and 20 in Appendix A for corresponding survey findings.

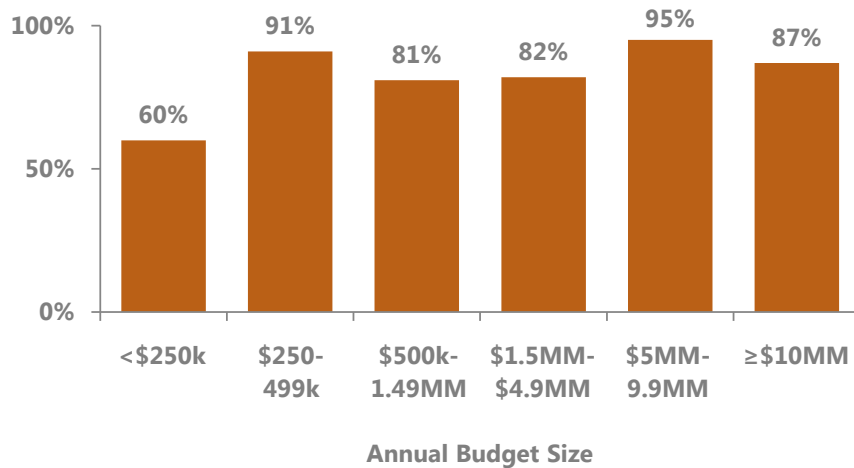


Larger Organizations Can Engage More Costly Services

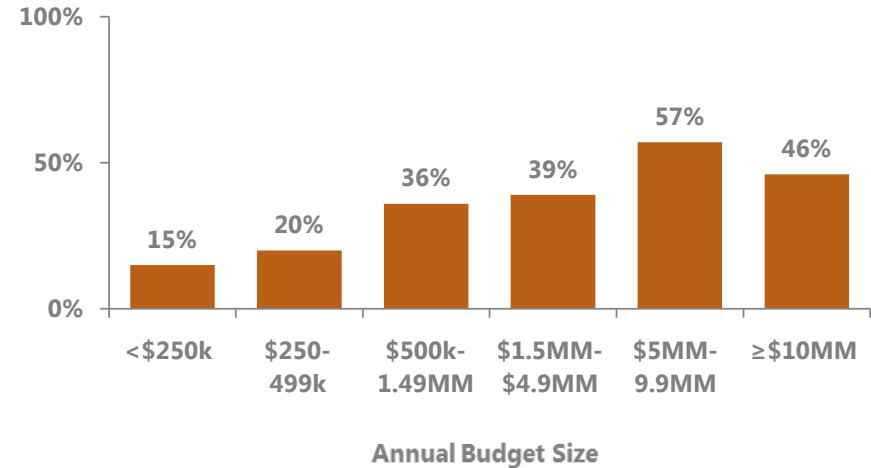
Far fewer small organizations - those with budgets under \$250,000 per year - are engaging in costly types of capacity building services.

The very smallest nonprofits are at a disadvantage compared to their larger budget peers in regards to what services they can afford. Small organizations are less likely to use services of all types than are larger organizations. This difference is especially stark for consulting services and capacity building services tailored to entire organizations.

Organizations using consulting capacity building services*



Organizations using services for their entire organization*



*See Exhibit 21 in Appendix A for corresponding survey findings.



Funders Largely Determine Which Capacity Building Services Get Used

Funders have a significant impact—based on their funding priorities and requirements—on which capacity building services are utilized.

Nonprofits and capacity building providers both observed that the capacity building services used by nonprofits may be more a reflection of what funders are currently supporting, rather than actual nonprofit need. Often, funders' priorities are driven by their own programming interests or political factors (e.g. the Mayor's focus areas). For example, one nonprofit leader has noticed that funders seem to have lost interest in funding workforce development in recent years. Another reported that funders are favoring collaborative efforts over proposals from individual nonprofits. Nonprofits admit to writing grant proposals that will help them secure whatever funding is out there, rather than truly considering what services their organization needs to become stronger. Others simply miss out on needed funding opportunities.

Capacity building providers note there are sometimes strict requirements from funders in order for nonprofits to receive funding for capacity building. Some funders may require nonprofits to solicit proposals from three different capacity building providers before they can receive funding for services. If the nonprofit already has a provider they like, but has a difficult time finding three providers to respond to the RFP, the funding and the capacity building services will be delayed.

”
RFP requirements and deadlines can slow down the process [of getting capacity building services], making the nonprofit's original need obsolete by the time they get funded.

- Capacity Building Provider



Key Findings

Impact of Capacity Building Services



Nonprofits and funders want to understand the payoff of the resources they invest in capacity building services, as well as the factors associated with engagements that have the highest impact. Capacity building providers can also use this information to tailor and target their services most effectively. This section offers insight that all three groups can draw from.

1. Nonprofits generally rate the quality and impact of their capacity building engagements as high, giving strong marks to their providers
2. Funders have higher expectations for capacity building engagements than the capacity building providers that deliver them.
3. Five key factors that support impact are: a) good consultants, b) fit of the engagement, c) the nonprofit's capacity and skills to engage, d) organizational buy-in, and e) resources to support implementation.
4. Peer learning can be an effective vehicle for capacity building.



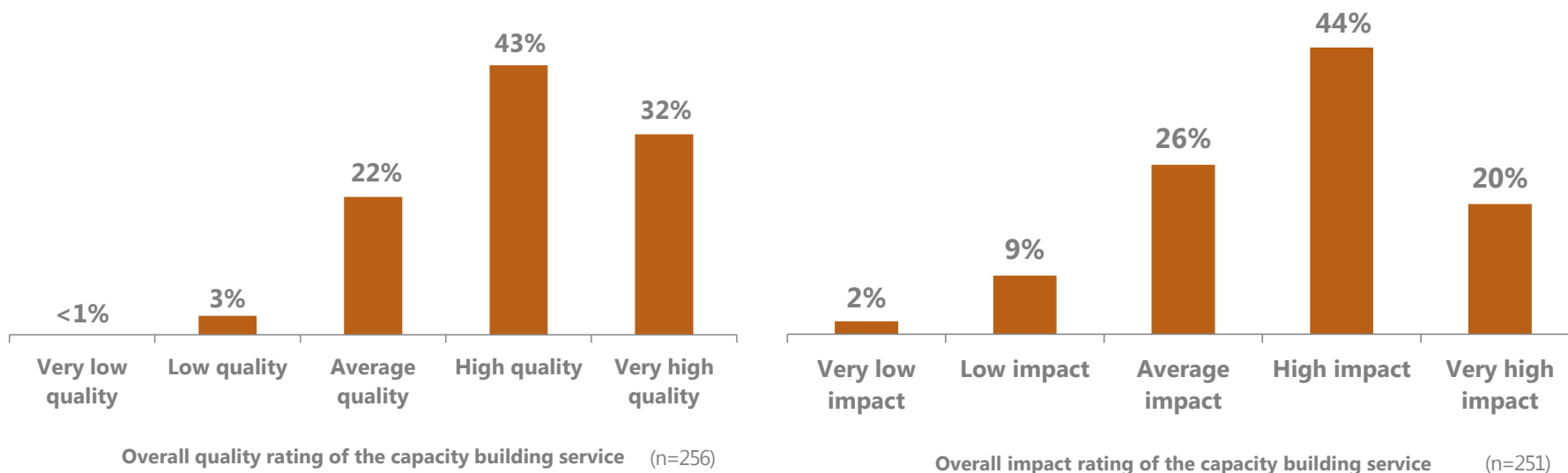
Nonprofits Rated Engagements Highly

Nonprofits generally rate the quality and impact of their capacity building engagements as high, giving strong marks to their providers.

In general, nonprofits gain great value from the capacity building support that they receive. 75% of nonprofit survey respondents rated the overall quality of a single engagement they had received as high or very high, while 64% rated the overall impact of the engagement as high or very high.

It is noteworthy that there was no relationship between survey respondents' rating of the impact of capacity building engagements and the type of capacity building support (strategic planning, board development, financial management, etc.) they received, with the single exception of leadership development, which received an average impact rating of 3.9 out of 5 compared to 3.6 out of 5 for all other types of capacity building supports. These data suggest that, with the possible exception of leadership development, there is not a specific type of capacity building support that is more likely than others to achieve impact.

Nonprofits rate the quality and impact of their capacity building services highly*



*See Exhibits 29 and 35 in Appendix A for corresponding survey findings.

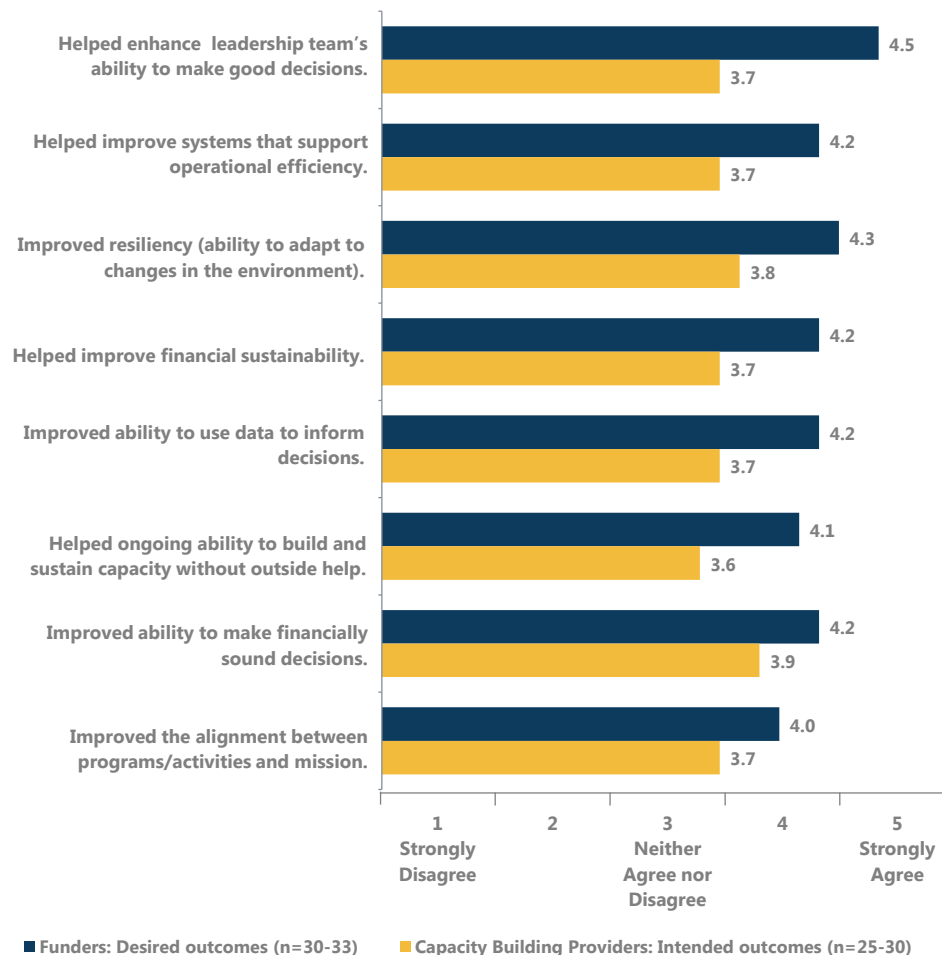


Funders Have High Expectations for Outcomes

Funders have higher expectations for capacity building engagements than the outcomes capacity building providers say are intended.

When rating the outcomes of capacity building engagements according to eight different measures, funders selected a higher rating for their **desired outcomes** than capacity building providers' **intended outcomes** for every measure. Funders considered their desired outcomes for efforts they fund. Capacity building providers considered to what extent the services they provide are designed to achieve the listed outcomes.

Funders' expectations for grantee capacity building do not match those of capacity building providers'*



*Survey question for capacity building providers: To what extent are the capacity building efforts you provide designed to achieve the following outcomes?

*Survey question for funders: To what extent do the following statements reflect your desired outcomes from the capacity building efforts you fund or invest in?

*See Exhibit 33 in Appendix A for corresponding survey findings

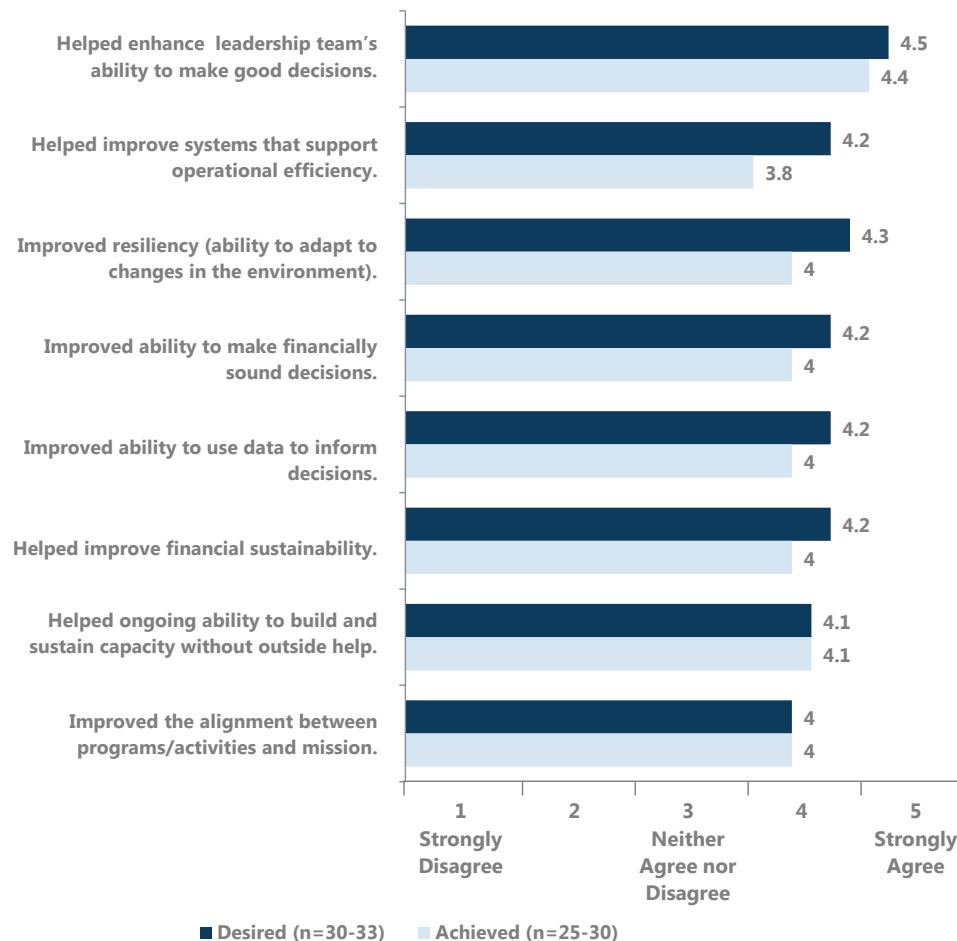


Funders Have High Expectations for Outcomes (continued)

Funders' expectations for capacity building engagements are slightly higher than what they believe is actually achieved.

On six out of eight measures of the outcomes of capacity building services, funders selected a higher rating for their **desired outcomes** than for their assessment of what is **achieved**. The largest difference is seen in their rating of the extent to which capacity building services help improve systems that support operational efficiency.

Funders' expectations for grantee capacity building are slightly higher than their perception of what is achieved*



*"Desired" survey question: To what extent do the following statements reflect your desired outcomes from the capacity building efforts you fund or invest in?

*"Achieved" survey question: What is your assessment of the extent to which the capacity building services your organization funds or invests in have achieved the following outcomes?

*See Exhibit 34 in Appendix A for corresponding survey findings.



Key Factors Supporting Impact

Five key factors that support impact are: 1) good consultants, 2) the nonprofit's capacity and skills to engage, 3) organizational buy-in, 4) resources to support implementation, and 5) sufficiently long engagements.

Focus group conversations with nonprofits who had experienced capacity building engagements with varying levels of impact brought to light these five key factors:

- 1. Good consultants:** Nonprofits involved in particularly high impact engagements spoke highly of their consultants. Their stories suggest that a “good” consultant takes time to learn about the organization, works collaboratively with staff, is culturally responsive to the organization's profile and needs, and contributes valuable knowledge, expertise, and perspective that nonprofit leaders do not possess themselves.
- 2. Nonprofit capacity and skills to engage:** Capacity building is only effective if the organization has the resources – including staff with appropriate skills and experience – to perform the necessary functions over time. Nonprofit focus group participants pointed out that funders rarely will fund administrative costs, or compensate nonprofit staff for the time they spend engaging in or implementing capacity building. This prevents nonprofits from building and sustaining the infrastructure needed to integrate new systems and functions into their organizations.

“What was most impactful about our capacity building was that it was multi-year.

- Nonprofit leader

”There was that push from the funding community to fund capacity building. What they removed from that is paying staff salaries. It makes no sense to fund capacity building if there are no staff to carry it out.

- Nonprofit leader

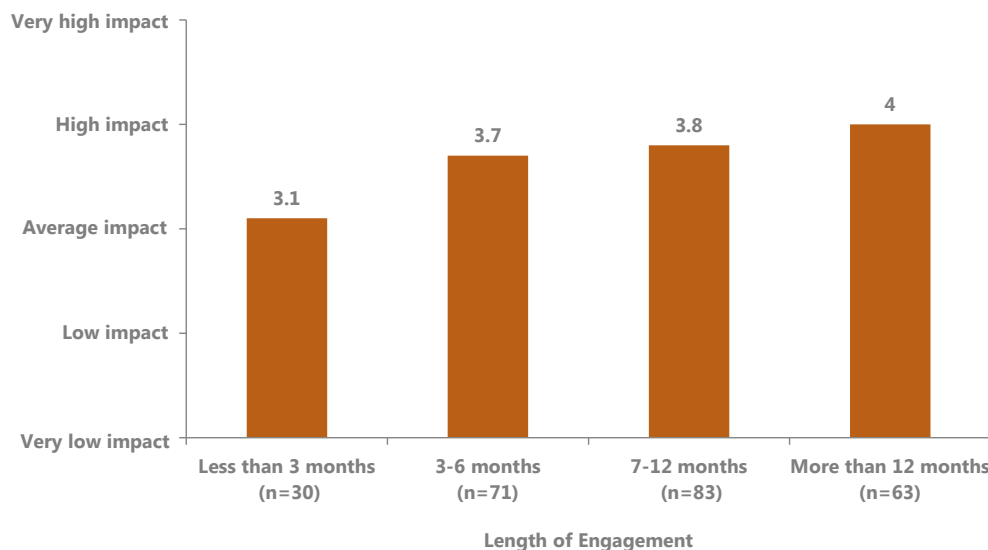


Key Factors Supporting Impact *(continued)*

Five key factors that support impact are: 1) good consultants, 2) the nonprofit’s capacity and skills to engage, 3) organizational buy-in, 4) resources to support implementation, and 5) sufficiently long engagements.

3. **Organizational buy-in:** For capacity building to have impact long-term, it must be, in the words of one nonprofit leader, “woven into the fabric” of the organization. When executive staff and board members understand the importance of capacity building and work to integrate it into their organizational culture, engagements have greater and more sustained impact.
4. **Resources to support implementation:** Capacity building engagements are most impactful when there are resources available to effectively implement practices and procedures that can be sustained once the engagement has ended. Nonprofits need resources to support staff to play the critical role of translating the lessons learned from capacity building engagements into organizational practices that they can help to foster and develop over time.
5. **Sufficiently long engagements:** The most impactful capacity building engagements supply nonprofits with a steady stream of information and support over a period of time. Survey data support this finding: nonprofits whose capacity building engagement lasted three months or longer rated the engagement as more impactful than those whose capacity building engagement lasted less than three months.

Nonprofits gave higher overall impact ratings for longer engagements*



*See Exhibit 38 in Appendix A for corresponding survey findings.



Value of Peer Learning

Peer learning can be an effective vehicle for capacity building.

During focus groups, nonprofits repeatedly expressed a strong desire for more opportunities to engage in peer learning. They find immense value in activities that involve direct interaction and collaboration with other nonprofits, including facilitated dialogues, project-based learning, and informal opportunities for conversation. These peer learning spaces are different from lecture-style workshops in that the focus of the interaction allows nonprofits to speak directly to and learn from one another. Survey data also underscore the value of peer learning: nonprofits participating in cohort-based models rated their engagements as more impactful than nonprofits that did *not* participate in this type of capacity building service.



Any opportunity where you meet with other nonprofits [is valuable]. I go not because I learn something brand new, but because somebody says something that's a great idea. I keep coming back to loneliness. It's very isolating [as a nonprofit leader]. Opportunities for people to collaborate is very important.

- Nonprofit leader



Something I have found really valuable is a space [...] where like-minded folks can share experiences. [...] It's a facilitated conversation, not a workshop.

- Nonprofit leader

Deeper Dive: Learning from Other Capacity Building Models

[About the Interviews](#)

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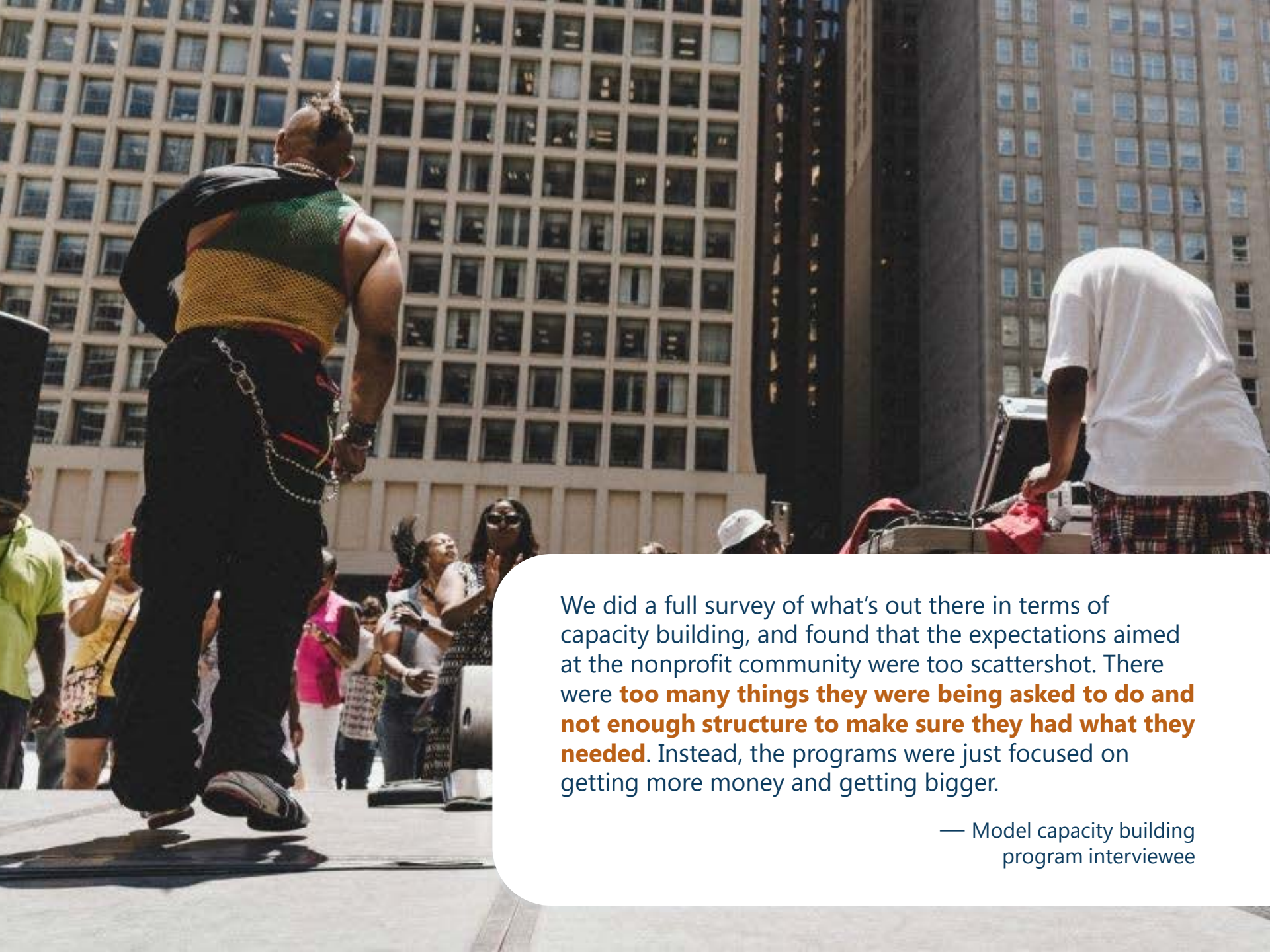
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We did a full survey of what's out there in terms of capacity building, and found that the expectations aimed at the nonprofit community were too scattershot. There were **too many things they were being asked to do and not enough structure to make sure they had what they needed**. Instead, the programs were just focused on getting more money and getting bigger.

— Model capacity building program interviewee

About the Interviews

A central question underlying this landscape study has been, “what model of capacity building support might be most appropriate for Chicago?” Throughout the process of collecting and analyzing data, LFA has stayed attuned to lessons that might be employed in future phases of the Point the Way work. To understand the details of existing successful capacity building efforts, LFA interviewed representatives from three of the most well-established and comprehensive capacity building programs in the country. We sought to learn about the array of supports they provide, why they chose these supports, and what they think the keys are to effective capacity building. The three programs are:

1. Third Sector New England, based in Boston, MA

2. 501 Commons, based in Seattle, WA

**3. Hartford Foundation for Public Giving:
*Nonprofit Support Program***, based in Hartford, CT

One key commonality between all three programs is the developmental approach they take to capacity building, with a focus on assessment before interventions to make sure the program is applying the right kinds of capacity building supports.

In this section, each capacity building program is briefly profiled, followed by key findings regarding common approaches, business model features, and evaluation practices. The profiles reflect LFA’s representation of each program’s attributes, and are intended to be illustrative but not definitive of each organization’s approach.

Interview

Third Sector New England (Boston, MA)

What's unique?

Focus on **leadership development**

Offers **fiscal sponsorship** and **shared space**

Owens **real estate**, and rental income strengthens funding model

Material support for nonprofit **networking**

Leading Edge

Emphasizing **succession planning** that is fundamentally about organizational sustainability

Rolling out a **cohort model** for fundraising

Underlying principles

Be responsive: continuously assess what the unmet nonprofit needs are, and revise or redesign services and supports to address them.

Complement the existing capacity building system (e.g. other consultants), and leverage it where possible.

Services

Training: Delivered through two training programs: "better nonprofit management" trainings and customized leadership and supervisor training.

Leadership: Leadership development program for cohort of 14-16 nonprofit leaders consisting of 2 retreats, with coaching between.

Executive Transitions and Search: Executive transition planning and support, anchored to succession and sustainability planning; includes interim executive services and executive search services.

Consulting: Includes HR and leadership coaching, organizational assessments, and organizational transitions; delivered through a curated network of consulting subcontractors from multiple disciplines, supported by a facilitated professional learning community.

Shared space: Rents offices to nonprofits at low rate, includes access to shared facilities; offers conference rooms for use by any nonprofit.

Fiscal Sponsorship: Well-established fiscal sponsorship program that is the largest the in the US besides Tides Center; strong back-office service capacity to support and monitor sponsored entities.

Nonprofit networking: Trainings, convenings, technical assistance, and grant program for nonprofit groups to learn and work together toward common goals.

Interview

501 Commons

(Seattle, WA)

What's unique?

Extensive **back-office services**, funded 100% by fees (at market rate); services are so popular there is a waiting list

Consulting services use the **Executive Service Corps** model

Provides a **wide array of capacity building supports** so that the organization can serve all types and sizes of nonprofits

Leading Edge

Focusing **more on leaders**, less on organizations

Seeking to expand **back office services**, which they consider the "gold" of capacity building

Developing **performance metric** based on external validation of organizational assessment scores; trying to find a replacement for "overhead" as a metric

Underlying principles

Provide back office services so that nonprofits don't have to develop that capacity themselves.

Put the nonprofit in the driver's seat, allowing them to pick which supports they want to engage.

Services

Training: Wide range of trainings, including "Nonprofit Essentials Training" (101 level training) and frequent technology trainings.

Leadership: Executive coaching program (leadership focus) and executive advising (expertise focus); networking forums for executive directors.

Consulting: Executive Service Corps model (but have moved away from using retirees and towards using working professionals); have deep capacity for tech consulting and management consulting.

Cohort programs: Multiple themed cohort programs combining assessment, planning, training, and leadership development; programs focus on IT, fundraising, HR, and arts organizations.

Back Office: Financial management services (accounting, bookkeeping, and taxes), IT services and infrastructure, database services, and human resources.

Information & Referral Services: Mostly online resources focused on small and medium-sized nonprofits; designed as a "first-stop shop," not a one-stop shop.

Interview

Hartford Foundation for Public Giving: Nonprofit Support Program (Hartford, CT)

What's unique?

By far the **largest capacity builder** in their geographic area

All services are **free**, as the program is heavily subsidized by the Foundation

Small geographic area allows for more customized, developmental approach

Leading Edge

Starting a "**small agency**" project to help small nonprofits get the support they need

Exploring ways to support the capacity to **collaborate**

Underlying principles

Intervention design based on "Building blocks for effective nonprofits" which include planning, financial management, strategic technology, executive transitions, and evaluation capacity.

Services highly customized to meet nonprofit needs.

Complement existing capacity building providers, and leverage their expertise and services through collaboration where possible.

Services

Training: NSP workshops offered by external consultants (selected by NSP) include both standalone workshops and sequenced training programs focused on specific topics; "Building and Sustaining Your Nonprofit" and grantwriting workshops offered through public library

Leadership: 9-month leadership cohort with facilitation and trainings; board matching service available through Leadership Greater Hartford

Consulting: Grants for planning consultation (strategic planning, board development, fundraising, etc.) and for implementation support (strategic technology, financial management, executive search, evaluation, etc.); legal services support available through Pro Bono Partnership

Information & Referral Services : Newly established I&R resources, tailored for small nonprofits

Organizational Assessments: Conducted via two 2-hour interviews with organizational leadership team by consultants selected by NSP

Capacity Building Grants: Grants up to \$50K to support nonprofit staff time for capacity building and/or implementation

Common Approaches

Despite varying origins, stakeholders, and market dynamics, all three entities had key attributes of their approach to capacity building in common. Some notable common attributes include:

1. Invest in Assessment

Each entity conducts organizational assessments almost as a matter of course, seeing it as necessary to deciding which capacity building intervention would have the greatest impact or the impact desired. While the scope of the assessment processes vary, they are similarly oriented towards making it easy for the nonprofit to participate, and engaging them in understanding the results.

2. Build core operating functions

There is a common recognition among these entities that nonprofits overall, and especially small nonprofits, lack capacity in core operating functions such as finance, human resources, and technology, and that these functions are critical to basic organizational health. They therefore design services – including workshops, coaching, and information resources - to support “basic skills” development so that these nonprofits may then advance to more sophisticated modes of capacity building. 501 Commons believes that outsourcing these core operating functions to a back office service provider is an effective short-term way to improve these functions.

3. Tap into group wisdom through cohorts

All three entities integrate cohorts into the design of their services, whether as a vehicle for leadership development, intra-sector collaboration, or the development of specific skill areas such as fundraising. All entities spoke to the positive feedback their cohort services have generated regarding the quality of the experience for participants. Some have found cohorts to be a more cost-effective way of delivering services, albeit only slightly because of the high level of facilitation needed by cohorts to operate effectively.

As a sector, we give so little attention to human resources, technology, and volunteer management. We are not maximizing our relationship with our workforce, so it's constantly turning over. What is eroding the success of the sector is that these areas of capacity building are overlooked because they are not sexy or cheap.

- *Model Capacity Building Program Interviewee*

Common Approaches *(continued)*

4. Focus on the leader

Each entity offers a core leadership development program, and most have leadership development infused throughout their offerings, reflecting a belief in the leader as a high-leverage instrument of organizational improvement. TSNE has put leaders at the core of their strategy by investing heavily in a robust form of succession planning that engages a leader in multiple dimensions of sustainability planning. 501 Commons offers three different leadership development supports to account for leaders with different levels of need and/or capacity: an intensive cohort-based leadership development program that combines coaching, consulting, and training; executive coaching services that focus on building specific skills; and peer networks for executives to learn from and support each other. Each of these two entities is also placing increased emphasis on leaders as they evolve their programs to meet future need.

5. Take a developmental approach

Experience has taught each of these entities that, to truly advance an organization's effectiveness (not just build a particular capacity), you need to be in it for the long haul. This is based on a view that a broad range of capacities are needed for an organization to be effective, and it takes a long time for an organization to progress in its development across the range of those capacities. While "meeting them where they are" is part of this philosophy, it is complicated to implement, as each provider must figure out what is the right intervention for the nonprofit given where it is in the development of each of the seven capacities referenced in the "Defining Capacity Building" section. The right intervention is one that will advance one of its most critical underperforming capacities to the next stage of development. A basic tenet of this approach is that the nonprofit will not be able to engage effectively if the intervention is either too basic or too sophisticated, or if it tries to move the organization too quickly.

To me the number one truth about the sector is that we are severely undercapitalized. It's hard to raise money, and if you do a good job the funders move somewhere else. That's why you are seeing these venture philanthropists step in and support groups that have scalable ideas for a long time. So, I think staying the course for funders is an important part of it.

- *Model Capacity Building Program Interviewee*

Business Model Features

Undoubtedly, if it is a new (capacity building) service, it will require subsidy for a while.

- *Model Capacity Building Program Interviewee*

We fight every day to keep the contributed income we get.

- *Model Capacity Building Program Interviewee*

An entity providing comprehensive capacity building services requires significant financial subsidy.

In addition to understanding the components of successful capacity building models, LFA sought to learn about the business models behind those entities. The key finding regarding the business model for an entity providing comprehensive capacity building services is that it **requires significant subsidy**. While some programs, like back office services or consulting, can be income-generating, they are rarely completely self-funded, and an array of other critical capacity building supports, like information and referral and workshops, require heavy subsidy -- usually through foundation, corporate, and/or individual donor support. Because funders may change priorities periodically with respect to investing in capacity building, a business model that is dependent on subsidy is vulnerable.

The three entities have found different ways to make the business model work; TSNE purchased real estate that now allows it to generate rental income, and 501 Commons has complemented the revenue from its fee-based services with in-kind support and grants. Both entities can only make their fee-based services work (fiscal sponsorship and back office, respectively) due to the scale at which they operate. The Nonprofit Support Program is fortunate to receive the bulk of its funding from a community foundation that hosts it and strongly believes in its value.

All noted that it is easier to attract philanthropic support for capacity building services that are delivered through cohorts or other vehicles of scale, and one suggested that making nonprofits pay even a part of the fee is an effective strategy for promoting engagement because they then have "skin in the game."

Evaluation of Capacity Building Efforts

None of the three model capacity building programs systematically or regularly evaluate the impact of their services, and only one has conducted external evaluations.

As is the case in much of the social sector, all three entities value evaluation inherently, but only the Hartford Foundation's Nonprofit Support Program (NSP) – which is a program of a foundation - has allocated resources to evaluation to a degree that would enable it to have a deep understanding of the impact of its services.

Outside of two external evaluations of its NSP commissioned by the Hartford Foundation for Public Giving, feedback is typically only solicited by these three entities regarding workshop programs. Even then, the purpose is primarily to a) understand market demand, in terms of what topics are needed or popular, and b) assess the quality of workshop presenters, who are often volunteers.

Absent systematic evaluation activities, learning at these entities happens “**primarily informally and anecdotally,**” and decisions about whether and how to improve or adapt services are made based primarily on the judgment of individual leaders or staff members.

In 2016, Third Sector New England finally hired an Evaluation and Learning Manager after trying to budget for it for eight straight years (only to have the funds cut repeatedly in the final stages of budget discussions).

Recommendations

Focus on equity

Take a Developmental Approach

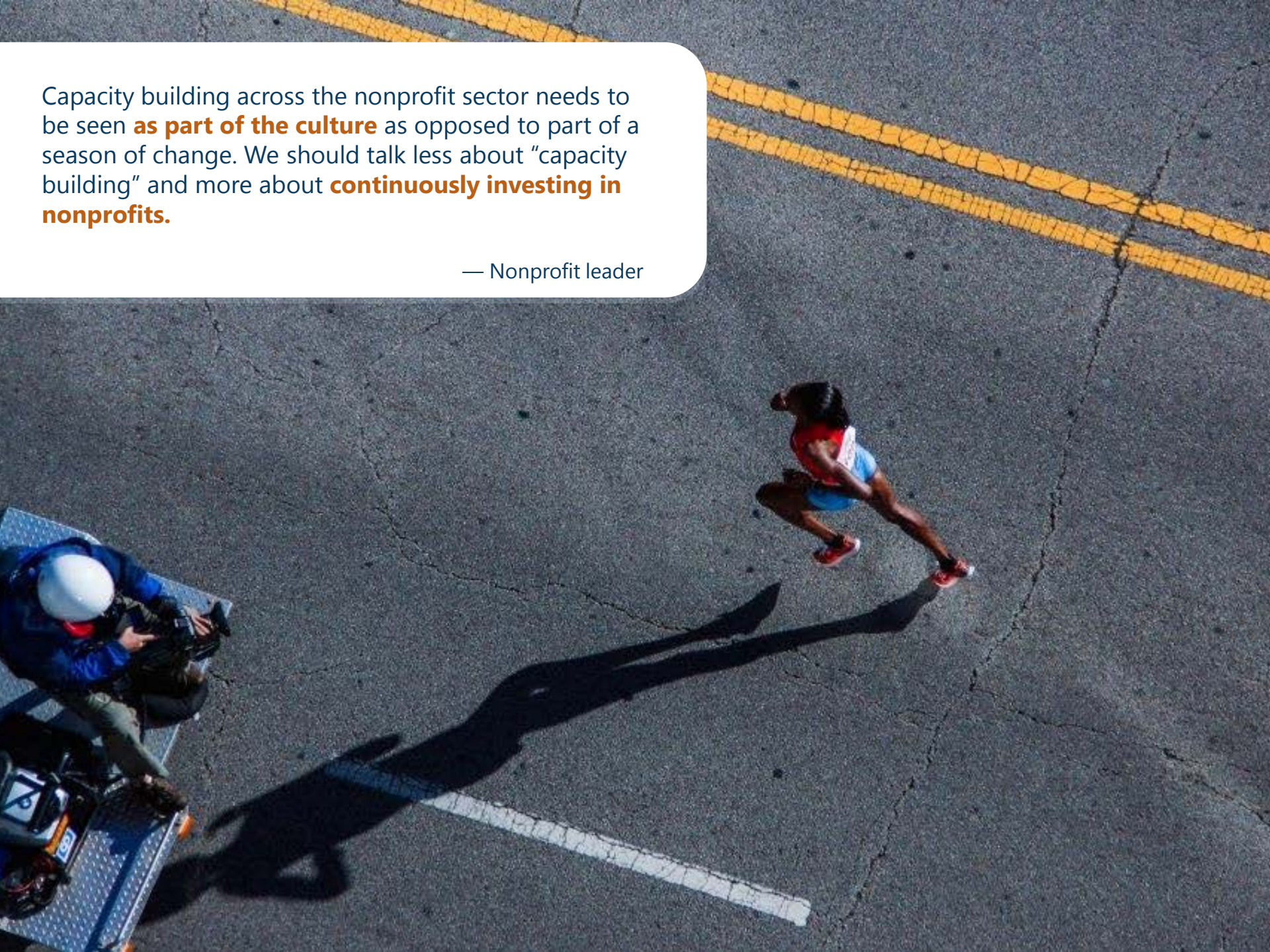
Invest in a System Navigator Function

Support Nonprofit Connectivity

Takeaways for Nonprofits, Funders, and Providers

Capacity building across the nonprofit sector needs to be seen **as part of the culture** as opposed to part of a season of change. We should talk less about “capacity building” and more about **continuously investing in nonprofits.**

— Nonprofit leader



Recommendations for Capacity Building in Chicago

Based on the findings in this report, LFA developed the following four recommendations to guide the Point the Way Steering Committee in future deliberations about how to collectively leverage capacity building resources to creating a stronger ecosystem of nonprofits in the greater Chicago area.

Focus on Equity

Prioritize investments in under-resourced communities, and the organizations that serve them, as they are at a profound systemic disadvantage as they try to address the most severe social problems.

Take a Developmental Approach

Prioritize investments that help an organization get and stay on a developmental path.

Invest in a System Navigator Function

Make available human resources, complemented by technology, that can provide real-time, customized support to nonprofits as they seek to assess and address their capacity building needs.

Support Nonprofit Connectivity

Promote capacity building efforts that build connection between and among nonprofit organizations, their leaders, and their social sector peers, both as a part of the process and as an outcome.

Focus on Equity

Prioritize investments in under-resourced communities, and the organizations that serve them, as they are at a profound systemic disadvantage as they try to address the most severe social problems.

There are significant disparities among organizations in the nonprofit sector, and those disparities are accentuated by a funding system that has historically focused on accountability, professionalism, and evidence of impact on the part of nonprofits. Since larger organizations are more well-equipped to meet these standards and jump through the other hoops needed to secure significant funding – and also tend to have constituents that are well-connected to the funding community - they have continued to receive the majority of philanthropic dollars. As the typically smaller nonprofits that are on the margins are the ones that tend to serve the poorest communities, it is these poorest communities that receive only minimal resources at the end of the day, perpetuating a cycle of resource inequality.

Because performance and accountability are real and valid concerns for funders, capacity building offers an extremely effective vehicle for beginning to shift the allocation of resources within the nonprofit sector in a way that empowers these organizations to increase their effectiveness - and therefore the impact they are capable of producing – without unduly risking valuable philanthropic resources.

Furthermore, focusing on an entire under-resourced community – and the many nonprofits that work within it – is a promising strategy for multiplying the impact of such an investment.

You don't have to be big to be successful. The models that build the top 10% of nonprofit organizations are not going to support the community. There is a lack of attention where the majority works, and there is an equity challenge. The rural part of our state is served by under-resourced small organizations. Funders will give the a capacity building grant, then one year later the funders says you don't look different, so that didn't work. It's not a virtuous cycle.

- *Model Capacity Building Program Interviewee*

Take a Developmental Approach

Prioritize investments that help an organization get and stay on a developmental path.

A developmental path for a nonprofit can be described as a continuous, sustained organizational effort towards improvement. Any nonprofit, at any given point in time, has areas of capacity that need improvement. In order to have a lasting effect, capacity building must focus on advancing where an organization is on its developmental path, by planning for and executing improvements in areas that best contribute to organizational performance and improved mission achievement.

Organizational development is like systems change, and systems change takes steady work over time. Taking a developmental approach can help both the funder and the nonprofit invest capacity building resources – including both time and money - in the wisest way possible. Being thoughtful about what type of intervention is needed, and thinking of the intervention as one step among many needed over time to develop the organization, will increase the likelihood of its success.

Thinking of capacity building in a developmental way also helps nonprofit organizations and their leaders develop a holistic sense of what is needed for organizational success, including the core operating functions - especially financial management, fund development and marketing, and human resources management – that are under-prioritized in our sector yet vital to effective performance.

A critical tool to support a developmental approach to capacity building is organizational assessment. This ensures a nonprofit gets the most appropriate support for where it is on its developmental path.

Invest in a System Navigator Function

Make available human resources, complemented by technology, that can provide real-time, customized information and support to nonprofits as they seek to assess and address their capacity building needs.

Two of the key factors that influence the success of capacity building engagements are a) a holistic understanding of capacity needs on the part of the nonprofit, and b) a match between need and available capacity building resources. When nonprofits do not have these, they are at risk of incurring the opportunity cost of investing their time and/or resources in capacity building activities that do not deliver real value. Often all that is standing in the way is the right information about available resources, supported by the wise counsel of a person that knows capacity building and how it can be leveraged in service of an organization's specific needs.

While a small team of experts would be unable to address these two issues by themselves for all nonprofits in the Chicago area, they could – armed with information technology - have a powerful accelerating effect by providing the following types of “system navigation” functions.

1. Facilitate or conduct **organizational assessments** to determine need, and provide assistance with **interpretation of results**
2. Connect nonprofits with **written resources** to help guide their improvement efforts and/or **educate** them about nonprofit capacity
3. Assist with **identifying consultants or other professional services** based on needs, using criteria or tools to determine an appropriate match

All three of these functions could be supported by the design and maintenance of an online capacity building resources clearinghouse, including both educational resources and a directory of capacity building providers, both of which could be wikified or otherwise crowdsourced with the support of technology.

Support Nonprofit Connectivity

Promote capacity building efforts that build connection between and among nonprofit organizations, their leaders, and their social sector peers, both as a part of the process and as an outcome.

Field research demonstrates multiple benefits to nonprofits working in collaborative settings, including facilitating the spread of innovative approaches,¹ solving problems of shared concern more effectively, and increased capacity of the participating organizations.² We also know that the nonprofit sector is thinking more about how capacity building can be leveraged to strengthen collaboratives and networks, not just individual nonprofits.

The data from the Point the Way survey and focus groups suggests that this is true in the Chicago area as well. For example, participation in cohort-based capacity building programs is one of the two service types that have a statistically significant relationship to high impact capacity building engagements. (The other service type is long-term workshops or classes.)

The cohort model can be a particularly effective vehicle for capacity building because it promotes a more systemic understanding of problems that nonprofits are working to solve, and because of the value of hearing the perspectives and experiences of peers in relation to capacity building (in addition to those of consultants and other advisors).

While there can be some economies of scale to cohort-based capacity building, it is important to remember that effective management of a cohort requires skillful facilitation and robust support.

¹Kania, Hanleybrown, and Juster, 2014. A Network Approach to Capacity Building. Council of Nonprofits

²Philbin, A., & Linnell, D. (2012). Funding Learning Networks for Community Impact: Lessons from the Capacity Building Fund. Third Sector New England

³Raynor, J. (n.d.). Capacity Building 3.0: How to Strengthen the Social Ecosystem. TCC Group

Takeaways for Individual Nonprofits, Funders, and Capacity Building Providers

In addition to recommendations describing how the overall system of capacity building supports in the Chicago area could be strengthened, this report offers ideas for how nonprofits, funders, and capacity building providers can individually respond to the challenges and best practices identified in each area of the research findings.

These takeaways are derived from the findings presented by each of those stakeholder groups and organized in the areas of need, investment, access, use, and impact.



Takeaways for Nonprofits

Need

- Focus on continuously assessing and understanding need across all dimensions of organizational capacity, so you know what the full range of your needs are at any point in time - as well as which are the most high priority needs.

Investment

- Build capacity building activities into your organizational budget, and advocate or negotiate for general operating expenses to be included in grants received for programs or services.

Access

- Be a discriminating consumer when it comes to capacity building, and resist the urge to engage in it just because someone makes it available to you or urges you to do it. Even if what you need is hard to find, keep looking!

Use

- Increase your understanding of nonprofit capacity so you only use supports that are relevant and appropriate, and so that you can manage them well towards the intended results.
- Ensure your nonprofit has both the capacity (especially time) and skills to effectively engage with a capacity building initiative.

Impact

- Adopt a holistic capacity building plan for your nonprofit, and situate discreet engagements within that plan.
- Ensure that interventions engage the full complement of organizational stakeholders to promote buy-in.
- Ensure resources are in place to implement capacity building plans.

Takeaways for Funders

Need

- Invest in or otherwise support organizational assessment, and promote nonprofits' understanding of their own needs as well as "what good looks like" across all the different areas of nonprofit capacity.

Investment

- Invest capacity building resources in under-resourced communities.
- Include an allowance for general operating expenses when funding programs and services, or consider flexible funding such as general operating support (with the appropriate outcomes specified).

Access

- Organize internal knowledge resources, and offer support to grantees for locating and/or vetting quality capacity building resources.

Use

- Tailor capacity building supports to needs that are identified, or ensure supports are flexible.
- Help support effective engagement on the part of nonprofits with the capacity building process -- both during and afterwards.

Impact

- Avoid "one-off" capacity building engagements, and instead prioritize investments that help an organization get and stay on a developmental path.
- Fund implementation as well as assessment/planning.
- Prioritize "catalyzing" capacity building supports such as strategic planning and evaluation and learning – because they promote both culture and practice of performance management.

Takeaways for Capacity Building Providers

Need

- Help nonprofit clients understand need broadly (across multiple dimensions of nonprofit capacity), even when the engagement is narrow.

Investment

- Encourage and/or support nonprofit clients to build capacity building into their organizational budgets, and advocate for capacity building investments with philanthropic partners.

Access

- Increase accessibility via heightened presence in under-served communities, using both relationship-building and marketing.
- Increase awareness of and connectivity to capacity building peers, develop a robust referral function, and offer tools (such as a checklist) to help nonprofits understand how to select the right consultant.

Use

- Structure capacity building interventions to ensure they are developmentally appropriate and require a level of engagement from the client that is realistic given their available organizational bandwidth.
- Develop capacity building approaches that are effective in working with smaller nonprofits.
- Advocate for flexibility of capacity building supports when working with interested funders.

Impact

- Ensure skill and culture fit with clients, referring them to other resources if fit is not there.
- Equip yourself to deliver and/or provide guidance regarding implementation support.
- Continuously evaluate services to ensure they are achieving intended results and building long-term organizational capacity.
- Continuously develop your own capacity to deliver high quality, cutting edge capacity building services through ongoing professional development.

Appendices

A: Complete Survey Findings

B: References Cited

COMPLETE SURVEY RESULTS

Appendix A

Appendix A:

Complete Survey Results

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I. Introduction

In July 2016, as part of a larger landscape analysis, the Capacity Building Funders Group launched the Point the Way survey to learn more about capacity building services and needs in the greater Chicago region. The Capacity Building Funders Group (CBFG) is comprised of 14 Chicago-area foundations that invest in capacity building resources for nonprofit organizations; is overseen by a Steering Committee of funders, capacity building providers, and nonprofits; and is driven by a four-member Executive Committee.

The Chicago Area Capacity Building Landscape Analysis survey was designed and administered by Learning for Action (LFA), a San Francisco-based consulting firm that provides evaluation and strategic planning services to non-profit organizations and foundations locally, nationwide, and globally. Using a list of survey research questions (shown on the following page) that were identified by the CBFG’s Executive Committee, LFA created three similar versions of the survey, each designed to best fit the perspective and areas of expertise of nonprofits, funders, and capacity building providers. Over 1,000 nonprofits, foundations, and capacity building providers in the Chicago area were identified by the CBFG and Steering Committee and invited to complete the survey. Over 400 respondents completed the survey (33%) – representing a similar response rate from nonprofits, funders, and capacity building providers (Exhibit 1).

Sections II through IX present the responses to all close-ended questions in the three survey versions (nonprofit, funder, and capacity building provider). We have provided the frequencies (for all questions) and means (for questions that include a scale). When a common question was asked of nonprofits, funders, and capacity building providers, the results are presented in a single table, with footnotes to indicate any statistically significant differences among those groups. In addition, the CBFG and Steering Committee identified additional analysis questions to guide data segmentation (how specific groups of survey respondents may have responded to questions differently from one another). Those results are presented throughout the document, and *only results that are statistically significant and meaningful are presented*.

Section X provides a summary of the qualitative data, or the themes that emerged from the responses to the survey’s open-ended questions.

Exhibit 1. Response Rate

	All Organizations	Nonprofits	Funders	Capacity Building Providers
Number of responses	434	341	45	48
Response Rate	33%	34%	29%	34%

II. About Your Organization

All Organization Types

Exhibit 2. What role do you play in your organization?

Item	Results for:			
	All Organizations (n=430)	Nonprofits (n=337)	Funders (n=45)	Capacity Building Providers (n=48)
Executive Director/Owner/CEO	68%	73%	62%	54%
Other executive position	11%	11%	13%	6%
Program Director/Program Officer	n/a	3%	13%	n/a
Consultant/Service provider	n/a	n/a	n/a	35%
Other	13%	14%	11%	4%

The sum of the percentages may be more or less than 100% due to rounding

Exhibit 3. What geographic area does your organization serve? (Select all that apply.)

Item	Results for:			
	All Organizations (n=431)	Nonprofits (n=338)	Funders (n=45)	Capacity Building Providers (n=48)
Chicago metropolitan area (Cook and neighboring counties)	39%	33%	47%	69%
City of Chicago	33%	34%	33%	23%
City of Chicago – north side	9%	9%	2%	13%
City of Chicago – south side	13%	14%	4%	13%
City of Chicago – west side	14%	16%	4%	13%
North suburban Cook County	10%	10%	9%	13%
South suburban Cook County	8%	8%	9%	8%
West suburban Cook County	10%	10%	9%	6%
Lake County	10%	9%	11%	13%
DuPage County	8%	9%	4%	10%
Kane County	6%	6%	0%	8%
Kendall County	3%	3%	0%	8%
Will County	6%	6%	2%	8%
Suburban Chicago ¹	24%	25%	18%	21%
Illinois	19%	18%	11%	31%
National, or areas of the U.S. outside of Illinois	19%	13%	24%	56%
Other	12%	14%	9%	6%

¹Suburban Chicago includes at least one of the following options: south suburban Cook County, west suburban Cook County, north suburban Cook County, Lake County, DuPage County, Kendall County, Kane County, and Will County.

Nonprofits

Exhibit 4. What populations do you primarily serve? (Select all that apply.)

Item	Nonprofits (n=335)
RACE	
Black/African/African-American	75%
Latino	67%
White	49%
Asian/Pacific Islander	31%
Arab/Middle Eastern/Arab-American	23%
Native American	18%
LANGUAGE	
People who primarily communicate in a language other than English	22%
INCOME	
Low income (between federal poverty level and twice federal poverty level)	59%
Very low income (federal poverty level and below)	57%
Middle income	17%
All income levels	28%
ABILITY	
People who have a physical disability	22%
People who have a developmental or intellectual disability	21%
GENDER AND ORIENTATION	
Women	56%
Men	47%
Gender non-conforming	27%
LGBTQ	32%
AGE	
Children and/or youth (0-24)	63%
Adults (25-65)	50%
Older Adults (64 and older)	33%
Other	15%

Exhibit 5. In what content area(s) does your organization work and/or provide services? (Select all that apply.)

Item	Nonprofits (n=336)
Education	53%
Youth Development	38%
Human Services	32%
Health	30%
Workforce Development	25%
Arts and Culture	23%
Policy/Advocacy	22%
Community Organizing	20%
Housing/Homelessness	19%
Community Development	18%
Civics	14%
Other	12%
Legal Services	10%
Environment	6%
Veterans	6%
Other	12%

Key Finding:

→ **Thirty percent** of nonprofit respondents have a budget **between \$500,000 and \$4.99 million** and have been in operation for **more than 20 years** (Exhibit 6).

Exhibit 6. Distribution of Nonprofits by Budget Size and Age

Annual Budget Size	Age of Organization				Total
	5 years or fewer	6-10 years	11-20 years	More than 20 years	
≤\$250k	3% (n=11)	4% (n=13)	3% (n=11)	5% (n=18)	16% (n=53)
\$250-\$499k	1% (n=4)	4% (n=13)	4% (n=13)	5% (n=18)	14% (n=48)
\$500k-\$1.499MM	2% (n=6)	3% (n=9)	6% (n=19)	14% (n=48)	24% (n=82)
\$1.5-\$4.99MM	1% (n=2)	2% (n=8)	6% (n=20)	16% (n=54)	25% (n=84)
\$5-\$9.99MM	0% (n=0)	1% (n=2)	1% (n=3)	6% (n=20)	7% (n=25)
≥\$10MM	0% (n=0)	0% (n=0)	2% (n=6)	11% (n=38)	13% (n=44)
Total	7% (n=23)	13% (n=45)	21% (n=72)	58% (n=196)	336

The sum of the percentages may be more or less than 100% due to rounding

Funders

Exhibit 7. Approximately what size is your organization’s annual grantmaking budget?

Item	Funders (n=44)
Under \$250,000	11%
\$250,000-\$499,000	7%
\$500,000-\$1.499MM	25%
\$1.5MM-\$4.99MM	30%
\$5MM-\$9.99MM	16%
\$10MM -\$19.9mm	2%
\$20mm and above	9%

Exhibit 8. Does your organization provide funding for, or otherwise invest in, capacity building support for nonprofits?

Item	Funders (n=41)
Yes	80%
No	20%

Exhibit 9. How do you support capacity building? (Select all that apply.)

Item	Funders (n=33)
Specific capacity building grants	55%
Capacity building embedded in other grants	55%
We run our own capacity building programs	52%
Other	27%

Capacity Building Providers

Exhibit 10. Which of the following best describes your organization or affiliation?

Item	Capacity Building Providers (n=48)
Independent practitioner	44%
For profit organization	29%
Nonprofit organization	23%
Other	4%

III. Need for Capacity Building Services

All Organization Types

Key Finding:

→ At least half of nonprofits, funders, and capacity building providers rated **board development as a capacity building service that nonprofits need right now** (Exhibit 11).

Exhibit 11. In your opinion, what types of capacity building services are most needed by your organization/Chicago area nonprofits right now? (Select up to five.)

Item	Results for:			
	All Organizations (n=419)	Nonprofits (n=331)	Funders (n=42)	Capacity Building Providers (n=46)
LEADERSHIP CAPACITY				
Board development	58%	60%	50%	59%
Leadership development***^{1,2}	32%	26%	57%	52%
Staff development	35%	38%	29%	24%
Executive coaching	17%	17%	14%	24%
ADAPTIVE CAPACITY				
Strategy and planning	49%	47%	62%	52%
Evaluation	27%	27%	40%	17%
MANAGEMENT CAPACITY				
Human resources and performance management*¹	29%	32%	14%	22%
Change management	25%	22%	38%	33%
Volunteer management**²	13%	16%	7%	0%
Mergers and restructuring***¹	9%	6%	31%	11%
TECHNICAL CAPACITY				
Fundraising***²	61%	66%	50%	39%
Communications and marketing***²	49%	54%	31%	26%
Technology	36%	38%	40%	22%
Financial systems and management	23%	21%	33%	28%
Legal	6%	7%	0%	7%
I don't know	5%	5%	0%	11%
Other	2%	1%	2%	7%

*p < 0.05; ** p <0.01; ***p<0.001

¹ There was a significant difference in responses between NPOs and Funders.

² There was a significant difference in responses between NPOs and Providers.

³ There was a significant difference in responses between Providers and Funders.

What types of capacity building services are needed by nonprofits serving primarily people of color and under-resourced geographies?

Key Findings:

- A **greater percentage of organizations serving primarily westside Chicago need assistance with strategy and planning** and a smaller **percentage need assistance with board development** than organizations not serving this area (Exhibit 12).
- A **greater percentage of organizations serving primarily Asian/Pacific Islander and Latino populations need assistance with technology** than organizations not serving these populations (Exhibit 12).
- A **smaller percentage of organizations serving primarily Asian/Pacific Islander populations need assistance with Human Resources** than organizations not serving these populations (Exhibit 12).
- A **greater percentage of organizations serving primarily Latino and Black populations need assistance with communications and marketing** than organizations not serving these populations (Exhibit 12).

Exhibit 12. Types of Capacity Building Services Needed by Nonprofits in relation to Geography and Population Served

Type of Capacity Building Service	Geography or Population Served	Percent of NPOs serving the geography /population who need this type of service	Percent of NPOs NOT serving the geography/population who need this type of service
Strategy and Planning	Westside Chicago*	60%	44%
Board Development	Westside Chicago*	44%	63%
Technology	Asian/Pacific Islander*	47%	34%
	Latino*	42%	29%
Human Resources	Asian/Pacific Islander*	23%	36%
Communications and Marketing	Latino*	58%	46%
	Black**	60%	39%

*p < 0.05; ** p <0.01; ***p<0.001

Key Finding:

- Overwhelmingly, nonprofits, funders, and capacity building providers most frequently cited **lack of time or resources** as one of the **challenges that nonprofits face** most often in **assessing their need** for capacity building services (Exhibit 13).
- **More funders and capacity building providers than nonprofits** think that nonprofits **do not know how to assess need** or what **to focus on** (Exhibit 13).

Exhibit 13. What two challenges does your organization/NPOs face most often in assessing its need for capacity building services? (Select up to two.)

Item	Results for:			
	All Organizations (n=419)	Nonprofits (n=329)	Funders (n=43)	Capacity Building Providers (n=47)
Lack of time or resources to assess and reflect upon need	79%	79%	77%	83%
Lack of effective tools or guidance in helping to assess need	41%	42%	47%	26%
Difference in board and staff perspectives on organizational need	18%	18%	14%	21%
Don't know how to assess need***^{1,2,3}	10%	5%	19%	36%
Don't know what to focus on***^{1,2}	8%	5%	16%	23%
We have never faced a challenge in assessing our need [†]	N/A	5%	N/A	N/A
We have never thought about assessing our need [†]	N/A	4%	N/A	N/A
I don't know	3%	3%	2%	2%
Other	10%	11%	7%	11%

[†]Only nonprofits were asked this response option.

*p < 0.05; ** p <0.01; ***p<0.001

¹There was a significant difference in responses between NPOs and Funders.

²There was a significant difference in responses between NPOs and Providers.

³There was a significant difference in responses between Providers and Funders.

Nonprofits

Exhibit 14. What two strategies does your organization use most often to assess its need for capacity building services? (Select up to two.)

Item	Nonprofits (n=311)
Engage in discussions with staff or board	83%
Engage in discussions with peers and/or learning communities	36%
Hire external consultants	29%
Engage in discussions with funders	15%
Use assessment instruments	11%
Engage in discussions with capacity building providers	5%
Capacity building was recommended or mandated by a funder	5%
We have never tried to assess our need	3%
I don't know	1%
Other	3%

IV. Readiness for Capacity Building Services

Key Findings:

- Overwhelmingly, nonprofits, funders, and capacity building providers most frequently cited **lack of time or resources** as one of the **challenges that nonprofits face** most often in **assessing their readiness** to engage in capacity building services (Exhibit 15).
- Nonprofits, funders, and capacity building providers most frequently cited **engaging in discussions with staff or board** as one of the **strategies that nonprofits use** most often in **assessing their readiness** for capacity building services (Exhibit 16).

All Organization Types

Exhibit 15. What two challenges does your organization/do you think Chicago-area nonprofits face most often in assessing their readiness to engage in capacity building? (Select up to two.)

Item	Results for:			
	All Organizations (n=415)	Nonprofits (n=326)	Funders (n=42)	Capacity Building Providers (n=47)
Lack of time or resources to assess and reflect upon readiness	78%	80%	74%	66%
Lack of effective tools or guidance in helping to assess readiness^{*2}	47%	50%	50%	30%
Difference in board and staff perspectives on organizational readiness	18%	16%	17%	30%
Don't know how to assess readiness^{***2,3}	11%	8%	12%	28%
Don't know what to focus on^{***1,2}	9%	4%	29%	28%
We have never faced a challenge in assessing our readiness [†]	N/A	6%	N/A	N/A
We have never thought about assessing our readiness [†]	N/A	6%	N/A	N/A
I don't know	3%	2%	5%	4%
Other	6%	6%	5%	6%

[†]Only nonprofits were asked this response option.

*p < 0.05; ** p <0.01; ***p<0.001

¹There was a significant difference in responses between NPOs and Funders.

²There was a significant difference in responses between NPOs and Providers.

³There was a significant difference in responses between Providers and Funders.

Funders and Capacity Building Providers

Exhibit 16. What two strategies do you think Chicago-area nonprofits use most often to assess their readiness for capacity building services? (Select up to two.)

Item	Results for:		
	Total (n=88)	Funders (n=42)	Capacity Building Providers (n=46)
Engage in discussions with staff or board	64%	74%	54%
Engage in discussions with funders	30%	17%	41%
Engage in discussions with peers and/or learning communities	28%	33%	24%
Hire external consultants	22%	17%	26%
Attend workshops/trainings	20%	24%	17%
Engage in discussions with capacity building providers	9%	7%	11%
Use assessment instruments	5%	5%	4%
I don't know	9%	10%	9%
Other	5%	2%	7%

V. Access to Capacity Building Services

Key Findings:

- Approximately **75% or more** of nonprofits, funders, and providers identified **solicit input/recommendation from a colleague or peer organization** as one of the **strategies that nonprofits use** most often to **identify needed capacity building services** (Exhibit 17).
- Nonprofits, funders, and capacity building providers most frequently cited **limited funds to pay for services** as one of the **challenges nonprofits face** most often in **getting capacity building services** (Exhibit 18).

All Organization Types

Exhibit 17. What two strategies does your organization/do you think Chicago-area nonprofits use most often to identify existing capacity building services that they need? (Select up to two.)

Item	Results for:			
	All Organizations (n=422)	Nonprofits (n=335)	Funders (n=41)	Capacity Building Providers (n=46)
Solicit input/recommendation from a colleague or peer organization	75%	73%	83%	85%
Solicit input/recommendation from a funder*³	47%	46%	37%	63%
Solicit input/recommendation from a capacity building provider*²	29%	32%	22%	13%
Conduct an Internet search**¹	13%	11%	27%	17%
We have never needed capacity building support†	N/A	2%	N/A	N/A
Solicit input/recommendations from the board ^A	2%	2%	2%	2%
I don't know	5%	4%	17%	7%
Other	2%	2%	0%	4%

†Only nonprofits were asked this response option.

*p < 0.05; ** p <0.01; ***p<0.001

¹ There was a significant difference in responses between NPOs and Funders.

² There was a significant difference in responses between NPOs and Providers.

³ There was a significant difference in responses between Providers and Funders.

^A This option reflects a theme that emerged from the open-ended "Other" responses.

Exhibit 18. What two challenges does your organization/do you think Chicago-area nonprofits face most often in getting capacity building services? (Select up to two.)

Item	Results for:			
	All Organizations (n=389)	Nonprofits (n=302)	Funders (n=41)	Capacity Building Providers (n=46)
We have limited funds to pay for services	74%	72%	78%	78%
Services are not affordable for our organization^{*2}	36%	40%	24%	22%
Lack of time to look for services	27%	26%	29%	26%
It is difficult to determine whether a service would be a good match^{***1}	20%	16%	39%	26%
We don't know where to look for services^{***2,3}	9%	6%	10%	24%
It is hard to find services that meet a particular need	9%	10%	12%	4%
There are so many services available that it is too overwhelming to choose	3%	2%	5%	2%
There aren't enough services to meet the demand	1%	1%	0%	0%
We have never faced a challenge in getting capacity building services†	N/A	4%	N/A	N/A
I don't know	2%	2%	0%	0%
Other	7%	7%	5%	11%

†Only nonprofits were asked this response option.

*p < 0.05; ** p <0.01; ***p<0.001

¹ There was a significant difference in responses between NPOs and Funders.

² There was a significant difference in responses between NPOs and Providers.

³ There was a significant difference in responses between Providers and Funders.

VI. Use of Capacity Building Services

All Organization Types

Key Findings:

- All organization types most frequently identified **strategy and planning** as a type and **consulting** as a model of capacity building service **that they have used, funded, or provided** (Exhibits 19 and 20).
- After **strategy and planning**, nonprofits most frequently identified **fundraising, board development, and staff development** as types of services they have used (Exhibit 19).
- After consulting, nonprofits most frequently identified **services for entire organization or department** as a model of capacity building service they have received (Exhibit 20).

Exhibit 19. What types of capacity building services has your organization used in the past five years/has your organization funded/provided? (Select up to two.)

Item	Results for:			
	All Organizations (n=366)	Nonprofits (n=285)	Funders (n=33)	Capacity Building Providers (n=48)
LEADERSHIP CAPACITY				
Staff development** ²	47%	42%	55%	69%
Board development*** ^{2,3}	46%	43%	42%	71%
Executive coaching*** ^{2,3}	43%	39%	33%	73%
Leadership development*** ²	43%	38%	52%	69%
ADAPTIVE CAPACITY				
Strategy and planning** ²	65%	61%	70%	83%
Evaluation** ¹	38%	34%	61%	46%
MANAGEMENT CAPACITY				
Human resources and performance Management	23%	22%	24%	27%
Mergers and restructuring*** ^{1,2}	16%	10%	39%	33%
Volunteer management	10%	8%	18%	15%
Change management*** ^{2,3}	14%	8%	15%	48%
TECHNICAL CAPACITY				
Fundraising	47%	45%	64%	44%
Communications and marketing	39%	38%	55%	33%
Technology*** ^{1,3}	28%	27%	58%	19%
Financial systems and management	23%	21%	36%	29%
Legal	10%	9%	12%	8%
Other	8%	7%	12%	13%
Don't know	1%	1%	0%	2%

[†]Only nonprofits were asked this response option.

*p < 0.05; ** p <0.01; ***p<0.001

¹ There was a significant difference in responses between NPOs and Funders.

² There was a significant difference in responses between NPOs and Providers.

³ There was a significant difference in responses between Providers and Funders.

Exhibit 20. Which of the following models describe the way(s) in which your organization has received capacity building services in the past five years/has funded/provided capacity building services? (Select all that apply.)

Item	Results for:			
	All Organizations (n=364)	Nonprofits (n=283)	Funders (n=33)	Capacity Building Providers (n=48)
Consulting** ^{1,3}	81%	82%	61%	92%
Coaching*** ^{2,3}	51%	39%	33%	77%
Services for entire organization or department** ^{2,3}	42%	49%	45%	81%
Short-term workshops or classes** ²	44%	39%	55%	67%
Cohort-based services* ¹	42%	35%	67%	44%
Services tailored for individuals*** ^{2,3}	26%	22%	27%	52%
Long-term workshops or classes	18%	15%	30%	27%
Other	4%	4%	9%	4%
I don't know	2%	2%	0%	0%

*p < 0.05; ** p < 0.01; ***p < 0.001

¹ There was a significant difference in responses between NPOs and Funders.

² There was a significant difference in responses between NPOs and Providers.

³ There was a significant difference in responses between Providers and Funders.

Nonprofits

Key Findings:

- A **smaller percentage of organizations** with **smaller budgets** (under \$250k per year) **use consulting services** than organizations with larger budgets (\$250k and greater per year) (Exhibit 21).
- A **smaller percentage of organizations** with **smaller budgets** (under \$250k per year) **use services for their entire organization or department** than organizations with larger budgets (\$250k and greater per year)¹ (Exhibit 21).
- Nonprofits rated **availability of funds** and **staff time** as the **factors causing the most difficulty for engaging in or implementing capacity building** (Exhibit 22).

Do the ways that nonprofits receive capacity building services differ by the annual budget size of the organization?

Exhibit 21. Types of Capacity Building Services Received by Nonprofits in relation to Budget Size

Item	Annual Budget Size					
	<\$250k (n=40)	\$250-\$499k (n=35)	\$500k- \$1.499MM (n=74)	\$1.5MM- \$4.99MM (n=71)	\$5MM- \$9.99MM (n=21)	≥\$10MM (n=39)
Consulting**	60%	91%	81%	82%	95%	87%
Services for entire organization or department** ¹	15%	20%	36%	39%	57%	46%
Coaching	45%	29%	49%	56%	57%	51%
Cohort-based services	35%	31%	39%	48%	38%	38%
Short-term workshops or classes	28%	37%	36%	48%	43%	38%
Long-term workshops or classes	13%	20%	15%	15%	19%	10%
Services tailored for individuals	18%	14%	19%	25%	19%	33%

*p < 0.05; ** p < 0.01; ***p < 0.001

¹These results are statistically significant between organizations with budgets under \$250k per year and organizations with budgets \$5MM and greater per year.

Exhibit 22. To what degree have the following factors made it difficult for your organization to effectively engage in or implement capacity building?

Nonprofits						
Item	Not at all difficult 1	2	Somewhat difficult 3	4	Significantly Difficult 5	Mean
Availability of funds (n=293)	2%	5%	19%	17%	56%	4.2
Staff time (n=298)	2%	4%	27%	21%	46%	4.1
State budget pressures (n=204)	27%	12%	16%	8%	37%	3.2
Staff expertise (n=291)	13%	22%	30%	21%	13%	3.0
Organizational culture (n=287)	25%	20%	25%	18%	11%	2.7
Uncertainty about how to go about it (n=271)	24%	22%	32%	14%	8%	2.6
Leadership/board buy-in (n=291)	34%	29%	20%	9%	8%	2.3
Difficult funder-grantee dynamics (n=251)	48%	20%	15%	10%	7%	2.1
Bad fit of capacity building providers(s) (n=230)	40%	22%	26%	7%	5%	2.1
Poor quality of capacity building provider(s) (n=230)	45%	24%	19%	8%	4%	2.0

The sum of the percentages may be more or less than 100% due to rounding.

Exhibit 23. How many capacity building engagements has your organization undertaken over the past five years?

Item	Nonprofits (n=296)
None	10%
One	17%
Two	29%
Three or More	44%

VII. Quality of Capacity Building Services

Nonprofits

Key Findings:

- By a **large margin**, nonprofits most frequently **solicit input/ recommendation from a colleague or peer organization** to assess the quality of capacity building services they are considering using (Exhibit 24).
- In order to assess quality, a **greater percentage of nonprofits** serving **south suburban Cook County solicit input/recommendation from a funder**, and a **smaller percentage conduct an Internet search** or say they **don't know how to assess quality** than nonprofits not serving this area (Exhibit 25).
- A **greater percentage of nonprofits** serving **suburban Chicago solicit input/ recommendation from a capacity building provider** than nonprofits not serving this area (Exhibit 25).
- A **greater percentage of nonprofits** serving **Black populations solicit input/recommendation from a funder** than nonprofits not serving these populations (Exhibit 25).

Exhibit 24. How does your organization assess the quality of capacity building services it is considering using? (Select all that apply.)

Item	Nonprofits (n=317)
Solicit input/recommendation from a colleague or peer organization	75%
Solicit input/recommendation from a funder	45%
Solicit input/recommendation from a capacity building provider	27%
We don't know how to assess the quality of capacity building providers – this is an area we could use help with	16%
Conduct an Internet search	14%
We have never needed to assess the quality of capacity building services	5%
Check references ^A	2%
I don't know	5%
Other	7%

^A This option reflects a theme that emerged from the open-ended "Other" responses

How do nonprofits serving primarily people of color and under-resourced geographies assess the quality of capacity building services?

Exhibit 25. Strategies for Assessing Quality by Nonprofits in relation to Geography and Population Served

Strategy	Geography or Population Served	Percent of NPOs serving the geography /population who use this strategy	Percent of NPOs NOT serving the geography/population who use this strategy
Solicit input/recommendation from a funder	South suburban Cook County*	68%	43%
	Black*	48%	35%
Solicit input/recommendation from a capacity building provider	Suburban Chicago ¹ *	37%	23%
Conduct internet search	Latino*	16%	8%
	South suburban Cook County*	4%	14%
We don't know how to assess the quality of capacity building providers – this is an area we could use help with	South suburban Cook County**	4%	17%

*p < 0.05; ** p <0.01; ***p<0.001

¹Suburban Chicago includes south suburban Cook County, west suburban Cook County, north suburban Cook County, Lake County, DuPage County, Kendall County, Kane County, and Will County.

Nonprofit organizations answered several questions about a **single capacity building engagement** that their organization had received over the past five years. Exhibits 26-30 present the results of those questions.

Key Finding:

- Nonprofits' capacity building engagements most frequently included the following characteristics:
 - Type: **Strategy and planning** (Exhibit 26)
 - Model: **Consulting** (Exhibit 27)
 - Length: **7 months or longer** (Exhibit 28)

Exhibit 26. What types of capacity building services did you receive during the engagement? (Select all that apply.)

Item	Nonprofits (n=280)
LEADERSHIP CAPACITY	
Executive coaching	28%
Staff development	25%
Leadership development	24%
Board development	24%
ADAPTIVE CAPACITY	
Strategy and planning	44%
Evaluation	15%
MANAGEMENT CAPACITY	
Human resources and performance management	9%
Change management	7%
Mergers and restructuring	5%
Volunteer management	3%
TECHNICAL CAPACITY	
Fundraising	31%
Communications and marketing	18%
Technology	10%
Financial systems and management	9%
Legal	3%
Other	3%
I don't know	3%

Exhibit 27. Which of the following models describe the way(s) in which your organization received capacity building services during the engagement? (Select all that apply.)

Item	Nonprofits (n=279)
Consulting	68%
Coaching	39%
Services for entire organization or department	22%
Cohort-based services or peer learning communities	22%
Short-term workshops or classes	21%
Long-term workshops or classes	12%
Services tailored for individuals	11%
Other	4%
I don't know	2%

Exhibit 28. Approximately how many months total was your organization involved in this engagement?

Nonprofits (n=289)			
Less than 3 Months	3-6 Months	7-12 Months	More than 12 Months
13%	27%	34%	26%

Key Findings:

- **Seventy-five percent of nonprofits** rated the **quality of the engagement** they received as **high** or **very high** (Exhibit 29).
- When asked to rate **seven specific attributes** of the engagement that **measured quality** on a 1 (“Strong Disagree”) to 5 (“Strongly Agree”) scale, **73%** of nonprofits or more rated each attribute with a **‘4’ or higher** (Exhibit 30).

Exhibit 29. Please rate the overall quality of the capacity building services that your organization received during the engagement.

Nonprofits (n=256)					
Very Low Quality 1	Low Quality 2	Average Quality 3	High Quality 4	Very High Quality 5	Mean
<1%	3%	22%	43%	32%	4.0

Exhibit 30. Please indicate your level of agreement with the following statements in relation to the capacity building engagement.

Nonprofits						
Item	Strongly Disagree 1	2	Neither Agree or Disagree 3	4	Strongly Agree 5	Mean
The capacity building provider had the right skill set/expertise given our organization's need (n=260)	<1%	6%	9%	30%	54%	4.3
The capacity building provider was effective in building trust with organizational members who participated in the engagement. (n=263)	2%	4%	12%	29%	53%	4.3
The capacity building provider had sufficient understanding of our sector/operating environment to be effective. (n=260)	1%	5%	11%	37%	46%	4.2
The capacity building provider had sufficient understanding of our organization to be effective. (n=258)	1%	4%	17%	34%	44%	4.2
The capacity building provider collected the right information to inform the engagement. (n=257)	<1%	5%	13%	38%	44%	4.2
The product delivered by the capacity building provider was valuable and actionable. (n=249)	2%	6%	14%	29%	49%	4.2
The capacity building provider was effective in initiating difficult conversations that needed to happen. (n=259)	3%	8%	16%	32%	41%	4.0

The sum of the percentages may be more or less than 100% due to rounding.

Does a nonprofit’s perception of the quality of capacity building services used vary based on the modality or type of service provided?

Respondents answered several questions about a single capacity building engagement they had used in the past five years, including the modality of the service provided and the overall quality of the engagement on a scale from 1 (“Very low quality”) to 5 (“Very high quality”). (Note: Respondents could select more than one model and type to describe the capacity building engagement.)

Key Findings:

- Nonprofits participating in **long-term workshops or classes** rated their capacity building engagement as **higher quality** than nonprofits that did not participate in this type of capacity building service (Exhibit 31).
- Nonprofits that engaged in **executive coaching or legal capacity building services** rated their engagement as **higher quality** than those nonprofits that did not participate in these types of services (Exhibit 32).

Exhibit 31. Overall Quality by Capacity Building Model

Capacity Building Model	Mean overall quality rating for respondents who used this model of service	Mean overall quality rating for respondents who did NOT use this model of service
Long-term (6 months or more) workshops or classes*	4.4 (n=32)	4.0 (n=223)

*p < 0.05; ** p < 0.01; ***p<0.001

Exhibit 32. Overall Quality by Capacity Building Type

Type of Capacity Building Service	Mean overall quality rating for respondents who received this type of service	Mean overall quality rating for respondents who did NOT receive this type of service
Executive Coaching*	4.2 (n=73)	4.0 (n=183)
Legal*	4.6 (n=8)	4.0 (n=248)

*p < 0.05; ** p < 0.01; ***p<0.001

VIII. Impact of Capacity Building Services

All Organization Types

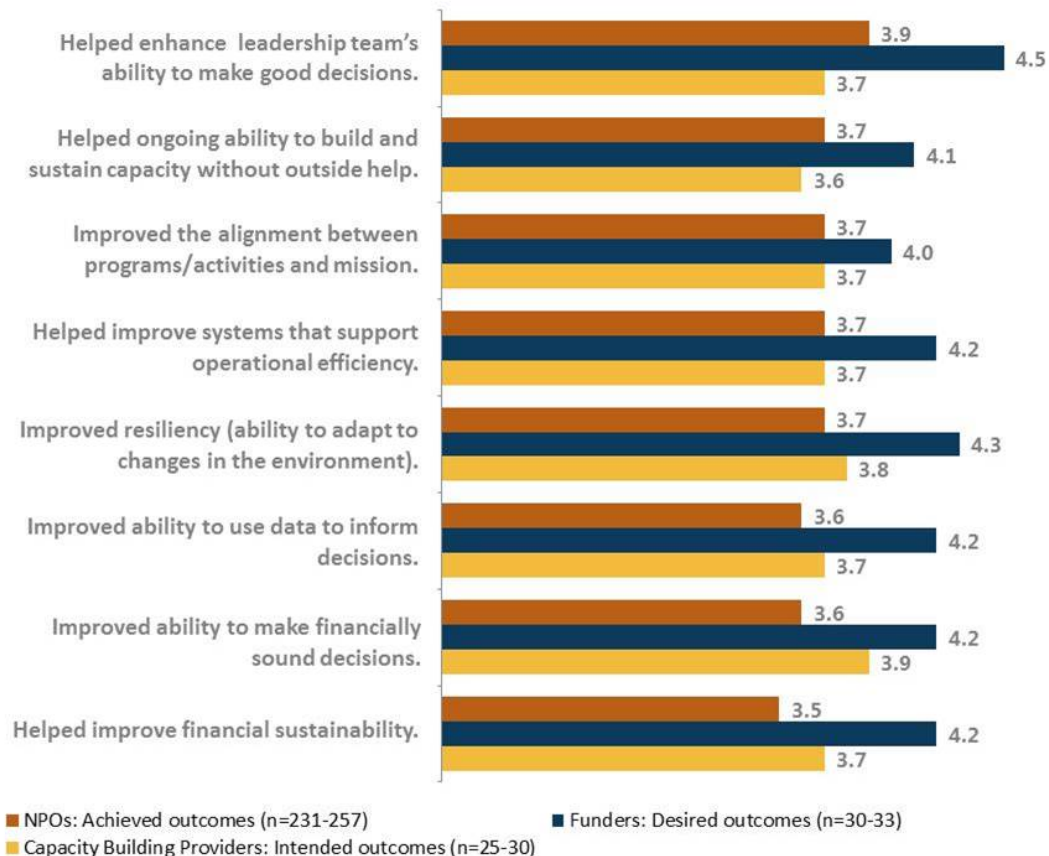
All organizations rated their agreement with a set of common statements related to outcomes of capacity building engagements along a 5-point scale. Nonprofits thought about the outcomes of the single engagement that they responded to in the previous section. Funders considered their desired outcomes for efforts they fund. Capacity building providers considered to what extent the services they provide are designed to achieve the listed outcomes.

Key Findings:

- **Funders have higher assessments for outcomes of all types** than do nonprofits and capacity building providers (Exhibit 33).
- In general, **funders' desired outcomes are slightly higher than their perception of achieved outcomes** of capacity building efforts (Exhibit 34).

How do the perceived outcomes of capacity building engagements differ among nonprofits, funders, and capacity building providers?

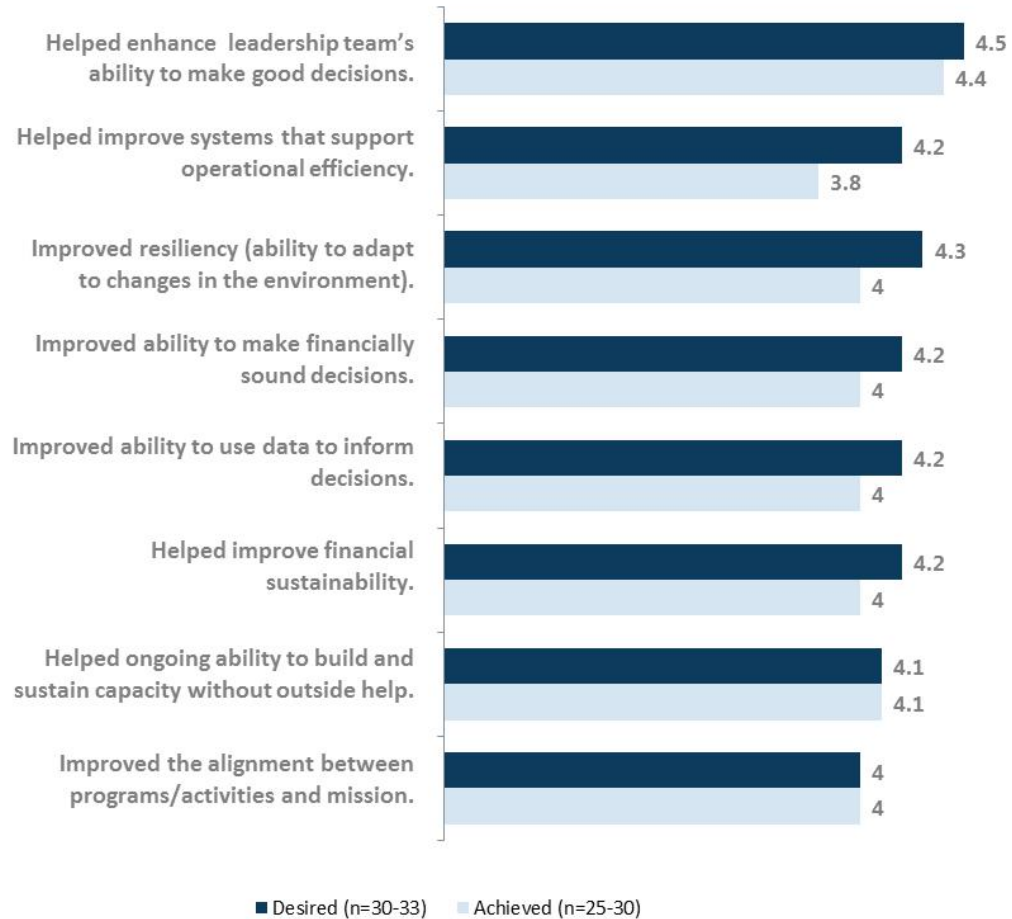
Exhibit 33. Organizations' Perceptions of Outcomes of Capacity Building Engagements



Funders

How do funders’ desired outcomes for the capacity building efforts they fund compare with their perception of the achieved outcomes of these efforts?

Exhibit 34. Desired and Achieved Outcomes of Capacity Building Services Funded



Nonprofits

Key Findings:

- **Sixty-four percent of nonprofits** rated the **overall impact of the capacity building engagement** they received as **high impact** or **very high impact** (Exhibit 35).
- Nonprofits participating in **long-term workshops or classes** and **cohort-based models** rated their capacity building engagement as **more impactful** than nonprofits that did not participate in each of these types of capacity building services (Exhibit 36). However, **long-term workshops or classes** were the **least used service model** among nonprofits in the past five years (Exhibit 20).
- Nonprofits participating in **leadership development** capacity building rated their engagement as **more impactful** than nonprofits that did not participate in this type of service (Exhibit 37).
- Nonprofits whose capacity building engagement lasted **less than three months** rated the engagement as **less impactful** than those whose capacity engagement lasted longer than three months (Exhibit 38).

Exhibit 35. Please rate the overall impact of the capacity building service that you rated in the previous section.

Nonprofits (n=251)					
Very low impact 1	Low impact 2	Average impact 3	High impact 4	Very high impact 5	Mean
2%	9%	26%	44%	20%	3.7

Do a nonprofit’s perceptions of the impact of capacity building services received differ based on the model, type, or length of the engagement?

Exhibit 36. Overall Impact Rating by Capacity Building Model

Capacity Building Model	Mean overall impact rating for respondents who used this model of service	Mean overall impact rating for respondents who did NOT use this model of service
Cohort-based*	4.0 (n=57)	3.6 (n=194)
Long-term (6 months or more) workshops or classes**	4.1 (n=32)	3.7 (n=219)

*p < 0.05; ** p < 0.01; ***p < 0.001

Exhibit 37. Overall Impact Rating by Capacity Building Type

Capacity Building Type	Mean overall impact rating for respondents who received this type of service	Mean overall impact rating for respondents who did NOT receive this type of service
Leadership development**	3.9 (n=64)	3.6 (n=187)

*p < 0.05; ** p <0.01; ***p<0.001

Overall Impact Rating by Length of Engagement

Exhibit 38. Overall Impact Rating by Capacity Building Type

	Length of engagement			
	Less than 3 months	3-6 months	7-12 months	More than 12 months
Mean overall impact rating***	3.1 (n=30)	3.7 (n=71)	3.8 (n=83)	4.0 (n=63)

*p < 0.05; ** p <0.01; ***p<0.001

What are the characteristics of leadership development capacity building engagements?

Exhibit 39. Composite Impact Rating by Capacity Building Type

Capacity Building Type	Mean composite impact rating ¹ for respondents who received this type of service	Mean composite impact rating ¹ for respondents who did NOT receive this type of service
Volunteer management*	35.6 (n=5)	29.1 (n=202)
Mergers and Restructuring**	32.8 (n=10)	29.1 (n=197)
Leadership development**	31.2 (n=54)	28.6 (n=153)
Evaluation*	31.3 (n=35)	28.9 (n=172)
Executive coaching*	30.8 (n=66)	28.5 (n=141)

*p < 0.05; ** p <0.01; ***p<0.001

¹Composite scores were calculated by adding responses to eight statements measuring impact on a 1 to 5 scale. Composite scores could range from 8 - 40.

Because leadership development emerged as an impactful capacity building service, the characteristics of these engagements were examined further.

Key Findings:

- **Seventy percent of leadership development engagements** rated were executed through **consulting**.
- **Sixty percent of leadership development engagements** rated lasted **seven months or longer**.

Is there a relationship between nonprofits' perceptions of the quality and impact of capacity building services received?

Key Finding:

- The **overall impact and quality ratings are positively correlated** ($r=0.713$, $p<0.00$), as are the **composite impact and quality ratings** ($r=0.756$, $p<0.00$)

IX. Investing in Capacity Building Services

Nonprofits

Exhibit 40. Given your organization’s many priorities and demands, to what extent is engaging in capacity building a current priority (e.g. by pursuing funding, dedicating staff time)?

Nonprofits (n=302)					
Not at all a priority 1	2	Somewhat of a priority 3	4	A significant priority 5	Mean
3%	7%	16%	26%	49%	4.1

The sum of the percentages may be more or less than 100% due to rounding.

Does a nonprofit’s commitment to engaging in capacity building differ based on primary population served?

Key Finding:

→ It is **less of a priority** for nonprofits serving primarily **Asian/Pacific Islander** populations to **engage in capacity building** than organizations not serving primarily these populations (Exhibit 41).

Exhibit 41. Mean Priority Rating by Population Served

Population	Mean priority rating for NPOs serving this population	Mean priority rating for NPOs NOT serving this population
Asian/Pacific Islander	3.9 (n=93)	4.2 (n=205)

*p < 0.05; ** p <0.01; ***p<0.001

Exhibit 42. How has your organization paid for capacity building services in the past five years? (Select all that apply.)

Item	Nonprofits (n=307)
Received pro bono/in-kind services (e.g. volunteer time, board-led services, heavily-discounted services)	64%
General operating support	58%
Dedicated grants	54%
Not applicable	9%
I don’t know	1%
Other	4%

Do the ways in which nonprofits pay for capacity building services differ based on organization size?

Key Finding:

→ A smaller percentage of organizations with smaller budgets (under \$500k per year) pay for capacity building services with general operating support than organizations with larger budgets (\$500k and greater per year)¹ (Exhibit 43).

Exhibit 43. Budget Size by Means of Paying for Capacity Building Services

Item	Annual Budget Size					
	<\$250k (n=46)	\$250-\$499k (n=45)	\$500k- \$1.499MM (n=76)	\$1.5- \$4.99MM (n=76)	\$5- \$9.99MM (n=23)	≥\$10MM (n=38)
Received pro bono/in-kind services	67%	71%	68%	55%	65%	63%
General operating support***¹	43%	36%	54%	66%	74%	79%
Dedicated grants	46%	49%	58%	54%	52%	63%

*p < 0.05; ** p <0.01; ***p<0.001

¹These differences are statistically significant between organizations with budgets under \$500k per year and organizations with budgets \$1.5MM and greater per year.

Funders

Key Findings:

- **Forty-five percent** of funders indicated that **providing capacity building support to organizations they invest in** is a **significant priority** (Exhibit 44).
- **No funder respondents** are planning to **decrease their investments in capacity building services** (Exhibit 46).

Exhibit 44. To what extent is it a priority for your organization to provide capacity building support to organizations you invest in (through grantmaking and/or other forms of investment)?

Funders (n=40)					
Not at all a priority 1	2	Somewhat of a priority 3	4	A significant priority 5	Mean
13%	8%	23%	13%	45%	3.7

The sum of the percentages may be more or less than 100% due to rounding.

Exhibit 45. To what extent is it a priority for your organization to strengthen the overall system of capacity building supports for Chicago-area nonprofits?

Funders (n=38)					
Not at all a priority 1	2	Somewhat of a priority 3	4	A significant priority 5	Mean
8%	24%	29%	24%	16%	3.2

The sum of the percentages may be more or less than 100% due to rounding.

Exhibit 46. Is your organization planning to change the degree to which it invests in capacity building services?

Funders (n=37)				
We plan to decrease our investments	We are considering a decrease in our investments	No change in our investments is planned	We are considering an increase in our investments	We plan to increase our investments
0%	0%	62%	30%	8%

Exhibit 47. How does your organization evaluate capacity building support? (Check all that apply.)

Item	Funders (n=40)
Grantees submit written reports on the results of capacity building	50%
We have informal conversations with grantees	50%
We have informal conversations internally	40%
We have internal evaluation staff who assess the impact of capacity building engagements	18%
We do not evaluate capacity building support at all	15%
We commission external evaluations	13%
I don't know	0%
Other	10%

X. Qualitative Data

I. Nonprofits..... 34

“Please describe any other significant positive outcomes of the capacity building engagement.”

“Please explain your response—why, or why not, is it a priority for your organization to participate in capacity building right now?”

II. Funders..... 37

“Please explain your responses – why, or why not, is it a priority for your organization to support capacity building right now?”

III. All Organization Types..... 38

“Aside from additional funding, what two things do you think would most help your organization/Chicago-area nonprofits to get better access to capacity building services?”

“Is there anything else about capacity building services for nonprofits in the Chicago area that you would like to tell us?”

Nonprofits

Exhibit 48. Survey question: “Please describe any other significant positive outcomes of the capacity building engagement.”

Theme	Count	Examples
Sustainability/Fund Development	n=52	<ul style="list-style-type: none"> • A greater knowledge of fundraising practices • Discover best next steps for sustainability
Strategic Plan	n=40	<ul style="list-style-type: none"> • An effective, implement-able strategic plan • Expert advice and insight for strategic plans • Completed strategic plan that staff and board were both engaged with
Leadership Development	n=24	<ul style="list-style-type: none"> • Improved CEO performance • Specific improvements in management/leadership/supervisory capacities • Increased managerial effectiveness
Organizational Development	n=24	<ul style="list-style-type: none"> • Growth and reorganization of human resources • More strategic staff development and supervision
Communications/Marketing	n=20	<ul style="list-style-type: none"> • Increased social media presence, increased and regular communications products • Enhanced marketing/communications products
Board development	n=19	<ul style="list-style-type: none"> • Empowered and engaged Board of Directors • Larger, stronger, more engaged, higher level Board
Enhanced Program Model/Delivery	n=11	<ul style="list-style-type: none"> • Better execution of our services to our customers • Consistent, high-quality program implementation • Increased staff capacity to deliver programs, increased knowledge of techniques
Staff Development	n=10	<ul style="list-style-type: none"> • A more skilled staff that will be able to raise the public profile of the organization, to bring more members/people to the organization, and to strengthen the marketing and funding. • Coaching throughout the year
Implementation/Change Management	n=10	<ul style="list-style-type: none"> • Continued implementation of tools is a critical outcome • Assistance with implementing the strategies for creating a culture of philanthropy throughout the organization
Improved Evaluation	n=8	<ul style="list-style-type: none"> • A new "outcomes based" evaluation plan with specific tools • Data tracking and analysis, and better outcome measurement
Operations	n=8	<ul style="list-style-type: none"> • Updated fiscal policies/procedures • Strengthening financial management
Technology	n=8	<ul style="list-style-type: none"> • Better use of technology for communication and document storage • New database, better data and reporting • Introduction of new technology to collect, manage, and analyze participant service and outcome data.

Exhibit 49. Survey question: "Please explain your response—why, or why not, is it a priority for your organization to participate in capacity building right now?"

Why capacity building <i>IS</i> a priority		
Theme	Count	Examples
Growing/ changing organization make capacity building a priority	n=54	<ul style="list-style-type: none"> We have a target 2x growth. In reality we have achieved 3x growth in too short a timeline. We now must be very effective in transforming our infrastructure and processes on every level to sustain the growth and ready ourselves for the next growth opportunity. We are a young organization and are focused on growth. We are at an inflection point in our programs, a promising trajectory but possibly also some needed changes, and need strategic planning
High priority for financial and organizational sustainability	n=44	<ul style="list-style-type: none"> Capacity building efforts establish and chart our future as an organization. Capacity building is always a priority if we're going to maintain/increase organizational sustainability. We are at a difficult size and need to push to pass the \$1m mark in order to have sustainability.
External landscape motivates capacity building	n=5	<ul style="list-style-type: none"> We believe we are at a pivotal time, inflection point, in our sector given state and other funding pressures so we have to get been better or get out of some lines of service. There are many changes in the environment (funding, policy, partners, etc.) and we need to be more able to adapt and change. Also, funders are always looking for the next hot topic or promising new idea or solution--although we know that many existing ideas and strategies are good and need continued investment. In that kind of environment, we have to be able to respond and drive at the same time.
Important to create bigger impact	n=14	<ul style="list-style-type: none"> It's a huge priority if we are going to stay adaptive and continue to provide the best services that we can to meet our mission. It's essential. It's a priority to engage in continuous improvement that results from different forms of ongoing capacity building. Need to grow the awareness of the organization's work
Mission, program, and strategy alignment	n=12	<ul style="list-style-type: none"> We are a learning organization, intent on increasing our ability to act, so building more capacity is an ongoing priority We consider ourselves to be a learning (continuous improvement) organization and want that to be firmly embedded in our culture, so we consistently engage in capacity-building. At some times of the year, we are too busy but always try to make time at least annually. An essential component to remaining relevant and being able to fulfill our mission
Need to increase staff capacity/knowledge	n=11	<ul style="list-style-type: none"> Because our staff is largely comprised of young and somewhat inexperienced professionals, members of our operations team are often encouraged to or expected to engage in capacity building with the outside support. We need capacity building efforts in order to maintain and grow staff performance and programming.
Capacity building is an existing organizational priority	n=9	<ul style="list-style-type: none"> We are a small team and have to supplement on specific projects often, so this is always a bit of a priority - even when money and time are tight (which they are at the moment). We have a strategic plan that identifies a number of capacity building needs as critical to the success of the plan.
Other/ N/A	n=20	<ul style="list-style-type: none"> We know we need to grow as an organization - the question is how. We think our model of success should be available in more communities.

Exhibit 50. Survey question: "Please explain your response—why, or why not, is it a priority for your organization to participate in capacity building right now?" (continued)

Why capacity building is NOT a priority		
Theme	Count	Examples
Funding/ Staff time are barriers to invest in capacity building	n=50	<ul style="list-style-type: none"> • Our past work model is not sustainable due to reduction in federal funds. • the day to day operations of the organization are about all staff can handle at the moment • The need is known and all would agree...the investment in time and commitment to the process limiting
Organizational challenges get in the way of capacity building	n=18	<ul style="list-style-type: none"> • We seem to be at an internal housekeeping stage, including aligning the board and staff on next steps. I'm not sure that we are aligned on capacity building needs or next steps. • In order to expand its presence in the community and its funding base, the organization needs to have a long-range plan, but has difficulty finding the time and funds to make it a priority. • Our organization needs to determine its own direction first.
Not ready/ not a good time	n=17	<ul style="list-style-type: none"> • Lack of education about the benefits of capacity building • We are undergoing a time of transition and are prioritizing the training of youth leaders who will be taking on full/part-time roles. Thus, engaging in a capacity building endeavor seems not a priority. • We have such a small staff and small budget and lack of board engagement; we are not ready to begin a capacity building plan right now.
One of many competing priorities	n=14	<ul style="list-style-type: none"> • We are a smaller organization with a lot going on and this area can take a lot of time, energy, focus, and funds. That said, I know it can also help propel us forward. The trick is getting it right and not wasting opportunities. • We have experienced much transition and are looking for funds for strategic planning.
Need to increase board capacity	n=6	<ul style="list-style-type: none"> • The current priority now is board development • We are allocating staff time to building capacity in three areas: board development, technology and fundraising - but we would like to do more. • We are at a stage of board development where significant time investment needs to be made, which will have trickle down impacts on other areas.

Funders

Exhibit 51. Survey question: "Please explain your responses – why, or why not, is it a priority for your organization to support capacity building right now?"

Why capacity building <i>IS</i> a priority		
Theme	Count	Examples
Critical part of the sustainability and impact of our work	n=12	<ul style="list-style-type: none"> Capacity building is critical to the strength, and therefore the vibrancy, of the entire social impact sector. If you care about mission, you must care about organization and organizational health. We believe that constant capacity building support is critical in order for organizations to grow and sustain themselves within the current nonprofit climate.
Other	n=11	<ul style="list-style-type: none"> We believe technology is a key resource for NGOs to make data-informed decisions Current environment for nonprofits requires new skills and quick responses to external challenges; Illinois' budget disaster is eroding the sector, and nonprofits need to be able to adapt, fight back and endure

Why capacity building <i>is NOT</i> a priority		
Theme	Count	Examples
Not part of our scope	n=10	<ul style="list-style-type: none"> We work nationally Our stated priorities are bigger picture - we don't "drill down" to capacity building We have chosen to focus all of our grantmaking on general operating or project support

All Organization Types

Exhibit 52. Survey question: “Aside from additional funding, what two things do you think would most help your organization/Chicago-area nonprofits to get better access to capacity building services?”

Theme	Count	Examples
A non-curated directory of capacity building providers (could include yelp-style reviews)	NPO=61 Funder=15 Provider=14 TOTAL=90	<ul style="list-style-type: none"> • A clearing house of different services where customer reviews, pricing, etc. are posted and can be compared • An "Angie's List" for capacity building services • One central resource/clearinghouse to provide information about individual consulting firms' specific expertise, along with references from known peers working on similar issues
Increasing nonprofit awareness of and knowledge about capacity building	NPO=21 Funder=6 Provider=17 TOTAL=44	<ul style="list-style-type: none"> • An upfront understanding of the time involved for the capacity building efforts so an accurate effort/reward analysis can be conducted prior to engaging in capacity building efforts • Having a standard set of training that could apply to all nonprofits that address core areas of capacity so that consultants wouldn't always have to tailor their work; we could plug our leaders and future leaders into a basic curriculum • An understanding of how organizations like ours have used and benefited from these services
More time for capacity building, more/better support for staff engagement	NPO=34 Funder=1 Provider=6 TOTAL=41	<ul style="list-style-type: none"> • Time dedicated to building capacity while still being able to run programs. • Leadership must recognize the need for capacity building services and be willing to commit time and effort to the process. • Accessibility/relevance to services for rank and file staff, these conversations often occur at the higher levels of the organization, with little consideration that nonprofits are staffed by very disparate groups of people
Help assessing the needs of our organization	NPO=16 Funder=8 Provider=5 TOTAL=29	<ul style="list-style-type: none"> • Assessment/evaluation of needs free or at a low cost to get an overall assessment of our needs and helping to prioritize those needs • Guidance in identifying priorities and long-term need over the immediate need of operations • Easily accessible tools to assist organizations in identifying capacity building needs as they can be different depending on the sophistication and evolution of the organization
More funding	NPO=20 Funder=5 Provider=4 TOTAL=29	<ul style="list-style-type: none"> • Matching funds from funders willing to share costs with the organization for specific capacity-building efforts • Additional pro bono support • Eliciting the greater business community for paid support
More/better support from nonprofits' boards	NPO=15 Funder=1 Provider=4 TOTAL=20	<ul style="list-style-type: none"> • A recognition by our board that we need capacity building • Board development on assisting the organization with capacity building • Board members (at foundation and grant-seeking orgs) that are better educated about what capacity building is, what it requires and why it is a good investment

Exhibit 52. Survey question: “Aside from additional funding, what two things do you think would most help your organization/Chicago-area nonprofits to get better access to capacity building services? (continued)”

Theme	Count	Examples
Engaging with peers for learning or guidance	NPO=12 Funder=7 Provider=1 TOTAL=20	<ul style="list-style-type: none"> • Some sort of peer organization member group or organization that our ED or Exec Board members could join and discuss with others in similar organizations • Establishment of peer network of those experienced with, and seeking, capacity building services • Peer experiences
Individualized assistance for identifying the right capacity building service or provider	NPO=12 Funder=4 Provider=2 TOTAL=18	<ul style="list-style-type: none"> • A person who could help us figure out which option is the best match for us • Centralized resource with professional, personalized support • Tools and/or services that help nonprofits articulate their goals and/or desired outcome(s) from a capacity building service
Assistance determining the quality and/or fit of the capacity building provider	NPO=9 Funder=6 Provider=2 TOTAL=17	<ul style="list-style-type: none"> • Tools for determining the quality of capacity building services • Capacity building resources that have been vetted by a trusted organization • Ability to evaluate what provider(s) offer the best fit for their needs
Curated directory of capacity building providers, based on quality/performance	NPO=11 Funder=3 Provider=2 TOTAL=16	<ul style="list-style-type: none"> • A strong vetted list of capacity building providers who consistently deliver high quality results • Have funders/foundations, who will pay for capacity building services, already vet providers who will do a good job on specific type of work
Information resources for capacity building	NPO=6 Funder=3 Provider=3 TOTAL=12	<ul style="list-style-type: none"> • There should be a document bank for key non-profit items such as stock samples of by-laws, staff evaluation protocols, personnel policies etc. then funds we used are really for the tailored support, not the basic set up • A well-managed online clearinghouse for identifying TA needs and TA resources • Access to best practice, research and high quality service providers who match their needs based on candid assessments
A better approach to/design for capacity building	NPO=4 Funder=3 Provider=4 TOTAL=11	<ul style="list-style-type: none"> • Funding that would help free up management team time • More options that were short-term, inexpensive, low-risk services • Custom solutions for orgs based on size, target population, history, etc.
Other	NPO=20 Funder=6 Provider=13 TOTAL=39	<ul style="list-style-type: none"> • Find APPROPRIATE assistance, not just talkers • Chicago-specific RFP process/system • Coordinated efforts to streamline available capacity building offerings

Exhibit 53. Survey question: “Is there anything else about capacity building services for nonprofits in the Chicago area that you would like to tell us?”

Theme	Count	Examples
Suggestions on how to improve the design of capacity building services/programs	NPO=24 Funder=5 Provider=3 TOTAL=32	<ul style="list-style-type: none"> • A challenge is that once the service is complete, finding funds to implement the recommendations. For example founders like to fund programs but not another development or finance or administrative staff person that is so desperately needed. • Timing is important for many capacity building initiatives, and so expedited processes for funding would be enormously helpful. • The sustained efforts seem to work best for our clients. One off and small projects usually fail to address client needs.
Perceived needs that capacity building providers/services are not adequately fulfilling	NPO=10 Funder=1 Provider=6 TOTAL=17	<ul style="list-style-type: none"> • Smaller community based organizations are very vulnerable. I wish stakeholders would support them at a much higher level (with high standards of accountability) and help them develop their leadership teams and boards. • Need for additional capacity building models and services to support implementation of Continuous Quality Improvement processes. • A large percentage of nonprofits that are African American founded and serving African Americans have limited human and financial capacity to address. Often times they know they need and have an interest in obtaining TA or participating in training but cannot because of the demand to deliver their mission.
Organizational capacity limitations can be a barrier to engaging in capacity building	NPO=14 Provider=3 TOTAL=17	<ul style="list-style-type: none"> • Staff cannot spend significant time on capacity building without taking out time from their daily routine to learn, reflect, and deploy strategies. Please don't just fund the consultant; fund our operations so that we may staff up when engaging capacity building services. • Many times we find ourselves ready to engage in capacity building efforts only to realize that with limited staff time to dedicate to implementation, it almost becomes impossible to execute. • Staff turnover is a huge problem that is affecting the ability to sustain capacity building improvements in the sector.
The cost of capacity building services can be a barrier	NPO=13 Provider=1 TOTAL=14	<ul style="list-style-type: none"> • Resources are scarce and quality services are too expensive for our small budget • They are critical - most of our dedicated capacity grants come from national funders with one or two exceptions. would be great if there were more local funds to tap • I also think funders need to be open to the true cost of capacity building engagements, not expecting the providers to work for low rates (since the sector deserves quality and because providers are earning their livings doing this work) and not underestimating the time the nonprofit needs to put into the engagement.
There is a need for more capacity building resources	NPO=6 Funder=2 Provider=2 TOTAL=10	<ul style="list-style-type: none"> • There are very few funders in Chicago that seem to fund capacity building work. Most funders we have approached tell us if we are not a current grantee, they won't consider us for a capacity building grant. Past capacity building grants have proven to be transformational in terms of our long-term financial sustainability and our impact -- it is worth the investment. • Capacity building includes a wide swath of definitions and activities. The survey has captured that breadth well. As such, the only thing to share is that more funders - individuals and institutional - need to better understand the need for such services.
Capacity building is important	NPO=6 Provider=1 TOTAL=7	<ul style="list-style-type: none"> • It's critical, particularly at this moment given the public funding climate and the competition within the sector. • There is a huge need for these services. It is a privilege to work with nonprofits and provide these services. This is intimate organizational work that needs to be approached in a serious way because it can have lasting positive effect on nonprofits.

Exhibit 53. Survey question: “Is there anything else about capacity building services for nonprofits in the Chicago area that you would like to tell us?” (continued)

Theme	Count	Examples
We need more high-quality capacity building providers	NPO=3 Provider=3 TOTAL=6	<ul style="list-style-type: none"> • Having used them in other non-profits, they vary widely in their expertise. They are expensive and not always quality. • Capacity building services are largely dominated by individual consultants, quality can vary, national capacity builders have historically not been funded locally • (Capacity building is) so important. To identify a few key providers that deeply understand not for profit dynamics, inherent racism, funder/grantee relationships and dynamics.
It can be hard to identify a capacity building provider who is the right fit	NPO=5	<ul style="list-style-type: none"> • The challenge can be finding capacity building service providers that are appropriate for one's sector and programmatic direction. It is also critical to select "the right" service provider in terms of financial costs and cultural fit. • It would really be helpful to have a central place to "shop" for those capacity building services.
Other	NPO=27 Funder=3 Provider=3 TOTAL=33	<ul style="list-style-type: none"> • I think the phrase "capacity building" is becoming overused - means different things to different people. • For our organization--the endorsement or opportunity provided by a funder who "knows" our organization is the most likely way that we will pursue a capacity building project. • We recognize the need for improved data collection and tracking to drive decisions.

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Appendix B

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