

NC STATE UNIVERSITY

INSTITUTE FOR
NONPROFITS

Developing a Collaborative Approach to
Support Nonprofit Capacity Building in the
Triangle: Project Findings and Report

Submitted 06/15/17

by the Institute for Nonprofits at NC State University

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Executive summary

The “Developing a Collaborative Approach to Support Nonprofit Capacity in the Triangle” project was conducted by the Institute for Nonprofits at NC State University in 2016 and 2017. Survey data represented in this report was collected about specific capacities and perceptions of focus from a representative sample of Triangle Area nonprofits. Focus group data were obtained from conversations with individual donors, consultants, business funders, and government funders. The roundtable event data features feedback from several multi-sector groups, that included philanthropic, business, and government funders, nonprofit leaders, and consultants.

Technical Problems and Adaptive Challenges

Nonprofit leaders across the Triangle face multiple and competing challenges as they lead their organizations to achieve their missions. Some of these problems are *Technical* in nature; the parameters of the problem are easy to define which makes finding a known solution relatively easy. For example, the leader can search the internet for how to build a budget or write a job description. However, many challenges that nonprofit leaders face are *Adaptive* in nature; there is no clear problem definition, and both the problem and the attempted solutions need the perspectives of multiple stakeholders. For example, the leader needs to engage multiple stakeholders to build an organization culture that couples using professional judgement with data analysis in decision making or to build strategic partnerships with businesses and governments. The capacities explored in this report can enable nonprofit organizations to address technical problems and adaptive challenges.

Summary of survey, focus group, and roundtable findings

The findings from the survey point to broad takeaways that can help inform further discussion of nonprofit capacities. In general, nonprofits reported having higher levels of technical capacities, those undergirded by standard operating procedures and can be accomplished by single individuals (e.g., being able to develop a strategic plan that links organizational activities to strategic goals, using budgeting processes that ensure effective allocation of resources, and developing board practices to monitor the organization’s

Overall findings

- *Need for both technical (short-term, immediate) and adaptive (long term, systems changing) capacities building*
- *Sharing resources and creation of communities of capacities is necessary*
- *Development of funding flexibility to invest in capacity is key*
- *Education of donors and funders about capacity needs is crucial*
- *Clarifying terminology around capacity building*

performance). Nonprofits tended to report having lower levels of adaptive capacities, those which primarily focus on challenges for which there is no single answer and must be addressed through collaboration (e.g., developing systems for sharing data with partners, building strategic relationships, and using technology and data in decision-making).

Focus group participants had different dominant perspectives in regards to nonprofit capacities and the associated challenges. Individual donors and consultants saw a need for more adaptive leadership and mechanisms for board accountability. On the other hand, business and government funders expressed a larger need for nonprofits to improve technical skills. All stakeholder groups described a pressing need to clarify terminology around capacity building. Stakeholders engaged in the focus groups also expressed an interest in building communities of capacities. This involves not seeing organizations as isolated from each other, but rather as communities who can share and benefit from collective resources to help broaden the overall community's capacities. This change in perspective can involve:

- Changing the unit analysis in capacity building from organizations to communities, which can help bolster all organizations' resources over time
- Fostering social sector leaders across the Triangle to be a learning community that can support each other in their personal and organizational development
- Developing shared training and operational resources for nonprofits to access to achieve their missions
- Helping nonprofits tap into the expertise in the communities that they are serving to enhance the community's ability to address challenges

The priorities identified as part of the roundtable discussion event highlight five overall areas for future improvement of nonprofit capacity. **First**, participants saw the area of shared resources being instrumental. **Second**, funding initiatives may need to prioritize ways in which nonprofits can thrive rather than just survive by allowing flexibility in resource allocation for capacity building. **Third**, stakeholder engagement was seen as a priority, especially when made possible through continued cross-sector dialogues. **Fourth**, leadership and diversity development was also an overall priority, with equity, diversity, and inclusion training being needed for staff, boards, and volunteers. **Finally**, participants recognized that clearly defining capacity building throughout all stakeholders and organizations was an area for future growth.

Emerging themes and future directions

From the three phases of this project and analysis of the data, several larger themes emerged in regards to nonprofit capacity and potential for future improvement. Overall, nonprofits may be able to improve their capacity through board development. Strategic management in the form of aligning mission, method, and resources was the largest leadership challenge for some, while also an area of strength for others. Funding flexibility was identified often as key for capacity building that allows nonprofits to fund innovation and human capital investments. Across sectors, resource sharing and communities of capacities were seen as a need that does not yet have resources or infrastructure to support it. Another area for future growth was identified in a broad need for capacity building to be clearly defined and communicated with funders, donors, and other

stakeholders.

- Future directions*
- *Board development may be a potential early win*
 - *Some nonprofits need support to better align mission, methods, and resources*
 - *Recognizing the value of innovation and investments in human capital through funding flexibility*
 - *Incentives and infrastructure for resource sharing*
 - *Clearly define capacity building through cross-sector engagement*

A commitment to a collective and collaborative cross-sector process to change how nonprofit capacity is built in the Triangle is essential for moving forward. This involves a mutual accountability among nonprofits, foundations, governments, businesses, and individuals to work in partnership to develop and enhance the capacities needed to address the Triangle’s most pressing social challenges.

Survey methods

Response rate and representativeness

The “Developing a Collaborative Approach to Support Nonprofit Capacity in the Triangle” project was conducted by the Institute for Nonprofits at NC State University in 2016 and 2017. In the Triangle Area, there is a population¹

of approximately 1,263 charitable nonprofit organizations. All organizations with an email address received an invitation to participate in this survey, with 190 usable responses being returned (15% response rate). As shown here, the average annual budget and median annual budget of the sample is representative of the overall population that was eligible to complete the survey.

Representativeness of sample			
	Observations	Mean	Median
Population	1,263	\$2,501,248	\$235,192
Respondents	190	\$976,647	\$257,529

Survey findings

Overall nonprofit capacities

Capacity	Average
Mission, vision, and strategy	3.84
Governance and leadership	3.40
Program delivery and impact	3.16
Internal operations and management	3.11
Finance and resource development	3.02
Strategic relationships	2.89
Technology and data management	2.85

Survey respondents were asked to share their perception of their organization’s capacity on a scale of 1 to 5. The response options included 1 = Not a focus at this time, 2 = Know we should work on this but lack time or resources, 3 = Have developed plans or ideas to work on this, but haven't implemented, 4 = Have implemented steps to address focus area, and 5 = Not a focus because we are satisfied with achievement in this area. Survey results that reflect the average

capacities of all respondent organizations are represented here.






¹ The population includes all 501(c)(3) nonprofits registered with the IRS with filing addresses in Chatham, Durham, Johnson, Orange, and Wake Counties that have greater than zero reported revenues. Hospitals, colleges, and universities (identified by NTEE Major12 codes of BH or EH), houses of worship (identified by NTEE Core Codes X20, X21, X22, X30, X40, X50, X60, X70), nonprofits with NTEE Major codes of T, U, V, Y, and Z, and support organizations (identified by NTEE Core codes 11, 12, and 19 for all NTEE Major categories) were excluded from the population.

The mission, vision, and strategy category is shown to be the area of highest capacity, with an average score of 3.84. Governance and leadership capacity was the next highest among respondents, with an average of 3.40. Program delivery and impact capacity has an average score of 3.16, and internal operations and management has an average score 3.11. Respondent nonprofits reported lower capacity in finance and resource development, with an average score of 3.02. Strategic relationship capacity was also lower, with an average score of 2.89. The lowest capacity was reported in regards to technology and data management, with an average score of 2.85.

Important characteristics of nonprofit leadership and history matter as well. Larger organizations generally reported higher capacities overall. Nonprofits with executive directors with a longer tenure also tend to report higher capacities. Several factors showed an overall association with lower capacity. Younger nonprofits, founded since 2010, were lower in overall capacity. Longer-serving Board of Director Chairs were also found in lower capacity nonprofits. Additionally, smaller boards may lead to lower organizational capacity. Overall, arts-focused nonprofits had the lowest capacity scores among the survey respondents.

Specific nonprofit capacity areas

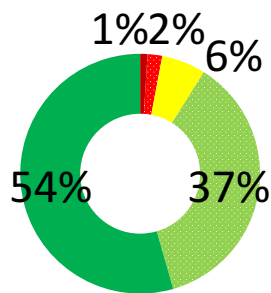
Survey respondents were asked to share their perception of their organization’s capacity on a scale of 1 to 5. The response options included 1 = Not a focus at this time, 2 = Know we should work on this but lack time or resources, 3 = Have developed plans or ideas to work on this, but haven't implemented, 4 = Have implemented steps to address focus area, and 5 = Not a focus because we are satisfied with achievement in this area. Detailed, numeric data for survey items are available in Appendix A. Results for each specific capacity area are represented below in circular charts using the following color scheme and labels:

-  Not an area of focus at this time
-  Know we should work on this but lack time or resources
-  Have developed plans or ideas to work on this, but haven't implemented
-  Have implemented steps to address focus area
-  Not a focus because we are satisfied with achievement in this area

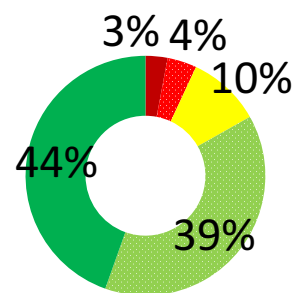
Mission, vision, and strategy

Within the category of mission, vision, and strategy area some capacities were higher and some received less focus. The areas of more focus included: 1) developing a clear expression of the organization’s reasons for existence, 2) developing a common set of basic beliefs and values that are widely shared throughout the organization, 3) engaging stakeholders to ensure mission and programs are relevant to community needs, and 4) identifying a clear set of goals that the organization aims to achieve.

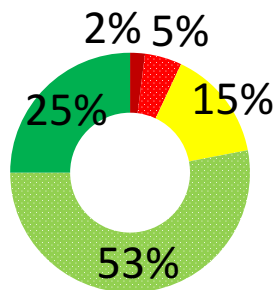
Developing a clear expression of the organization's reason for existence



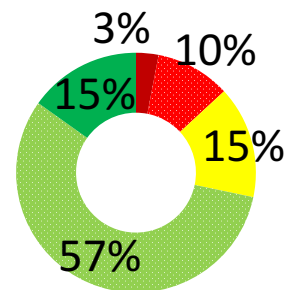
Developing common beliefs/ values that are shared throughout the organization



Identifying a clear set of goals that the organization aims to achieve



Engaging stakeholders to ensure mission and programs are relevant to community needs

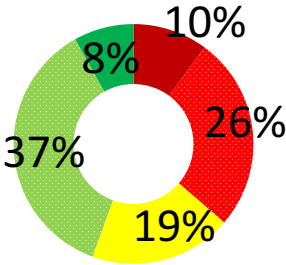


In regards to developing a clear expression of the organization’s reason for existence, the largest group, 92% of respondents, reported that it was “not a focus because we are satisfied with achievement in this area” or that they have implemented plans. This reported high capacity may actually signal a potential area for growth in that nonprofit organizations may feel they do not need to consistently revisit the connection between their mission and community needs. 84% of respondents also felt they had achieved success in the area of developing a common set of basic beliefs and values that are widely shared throughout the organization. Slightly lower capacity was reported in two other areas. In regards to setting clear goals, 78% of nonprofits reported high capacity. 71% of respondents reported they “have implemented steps to address focus area” for engaging stakeholders to ensure mission and programs are relevant to community needs.

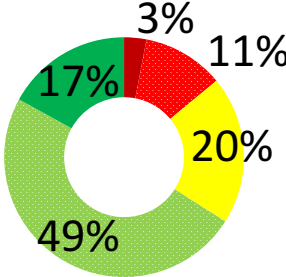
Overall, respondents reported less focus and lower capacity for two areas within mission, vision, and strategy. These two areas are depicted in the graphs below, including 1) developing organizational practices that carefully monitor our organization’s internal and external environments for opportunities and threats, and 2) developing a strategic plan that links organizational activities to specific goals.

In the area of developing organizational practices for monitoring the internal and external environment, 36% of respondents reported “not a focus at this time” or “know we should work on this but lack time or resources.” While some nonprofits did report that their organization was working in this area, more than a third not doing so may suggest an area for concern and potential future capacity building to support efforts focused on internal and external monitoring. 14% of respondents reported less focus or unimplemented plans for developing a strategic plan linking organizational activities to specific strategic goals.

Developing practices that monitor internal and external environments



Developing a strategic plan that links activities to specific goals

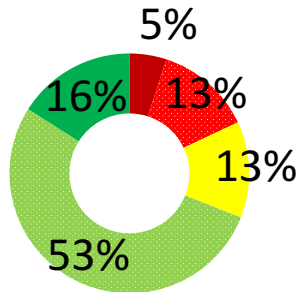


Governance and leadership

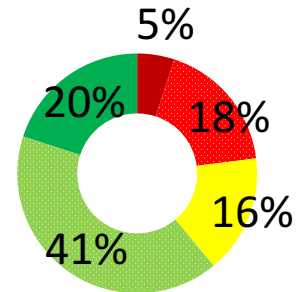
In the area of governance and leadership four areas of focus and higher capacity emerged, as shown in the graphs below. These higher focus areas included: 1) developing a board that represents a demographic cross-section of our community, 2) developing board practices that monitor an organization’s performance, 3) recruiting board members with diverse expertise, and 4) providing orientation to the board so that members can better understand their responsibilities. 69% of respondents reported implementation plans or satisfaction with accomplishment in developing a board with diverse skills, and 61% reported higher capacity for developing board practices that monitor organizational performance. 60% of nonprofits shared that they provide orientation for board members, and 58% reported implementation plans or satisfaction with accomplishment in

developing a demographically diverse board. Overall, results suggested that nonprofit respondents have high capacity for recruiting and on-boarding new board members.

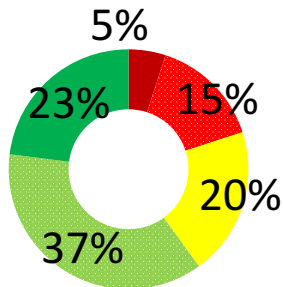
Recruiting board members with diverse expertise



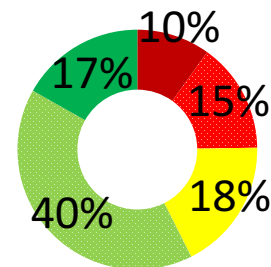
Developing board practices that monitor the organization's performance



Providing orientation for board so that members better understand responsibilities

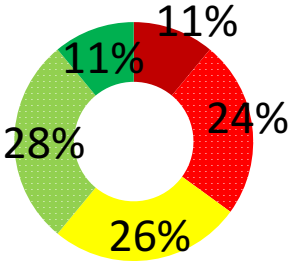


Developing a board that represents a demographic cross-section of community

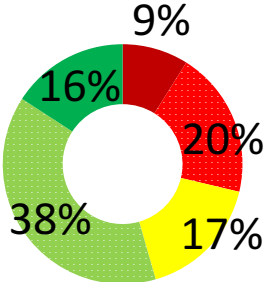


As shown in the charts below, nonprofit respondents reported less focus in the areas of 1) developing a board with ties to different networks, 2) developing a plan for the board’s role in securing adequate financial resources for the organization, and 3) developing a plan for the board to improve its performance. 35% of respondents reported less focus or lack of time and resources for developing board performance plans. In regards to developing a board with important network ties, 29% of respondents reported that this area was “not a focus at this time” or “know we should work on this but lack time or resources.” 28% of nonprofits reported no plans or lack of time and resources for utilizing the board for securing needed resources. Overall, one area of lower capacity is associated with board development practices.

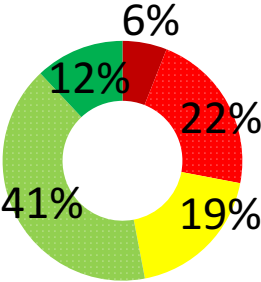
Developing a plan for the board to improve its performance



Developing a board with ties to different networks



Developing a plan for the board's role in securing adequate financial resources

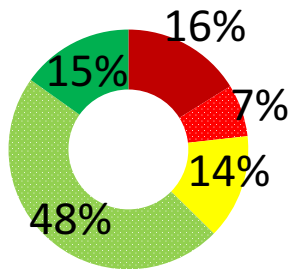


Program delivery and impact

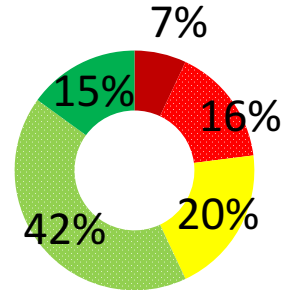
Nonprofit organizations also reported that some overall areas of program delivery and impact were being given more focus than others. In regards to program delivery and impact, a broader understanding of capacity can be gained from comparing the areas of more and less focus. Areas with more focus and potential capacity included: 1) strengthening the organization’s ability to evaluate its overall effectiveness, 2) incorporating feedback from service users and beneficiaries to improve programs, 3) incorporating a new approach to service to improve quality and effectiveness, 4) increasing the number of clients served by the organization, and moderate focus on 5) developing data to measure impacts. 62% of respondents also shared that they were focusing highly on increasing the number of clients served, with 57% of organizations reporting that they are incorporating service user and beneficiary feedback to improve programs. In the area of strengthening evaluation, 52% of nonprofits reported satisfaction with implementation or implementation underway, with 51% also reporting that they were satisfied with implementation or were working on

implementation of new approaches to improve service quality. 51% of respondents shared that they are developing data to measure program impacts.

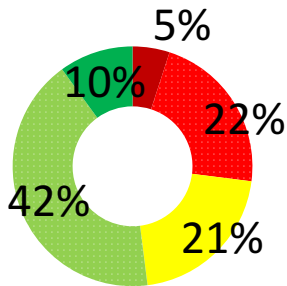
Increasing the number of clients served by the organization



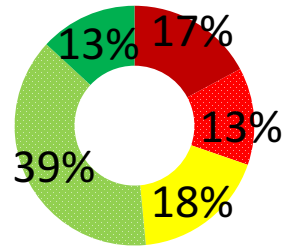
Incorporating feedback from service users and beneficiaries to improve programs



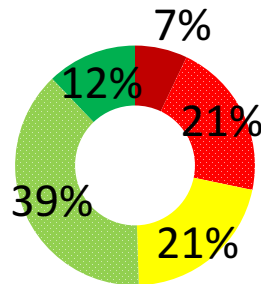
Strengthening the organization's ability to evaluate its overall effectiveness



Incorporating a new approach to service to improve quality/effectiveness

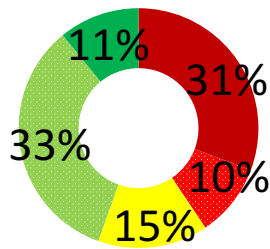


Developing data to measure program impacts

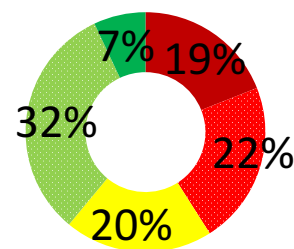


Areas of less focus and potentially lower capacity included: 1) expanding services to include new groups, 2) increasing the number or scope of services offered to clients, 3) engaging service users and beneficiaries in program development, and 4) developing a way to collect more information about our clients, including number and characteristics of clients. 41% of respondents reported that expanding services to include new groups was “not a focus at this time” or “know we should work on this but lack time or resources.” 41% of nonprofits showed less capacity for expanding services to include new groups, with 41% also sharing that they put less focus on engaging service users in program development. In regards to increasing the number or scope of services, 39% of respondents reported that this area was lower in focus and capacity. Overall, survey responses in the area of program delivery and impact suggest that nonprofits are focusing on going deeper, not broader with types of clients, while also being challenged by measuring impacts and engaging beneficiaries.

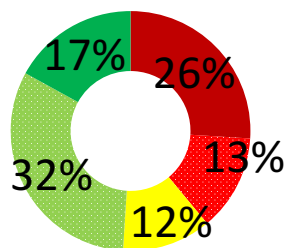
Expanding services to include new groups of service recipients or geographic areas



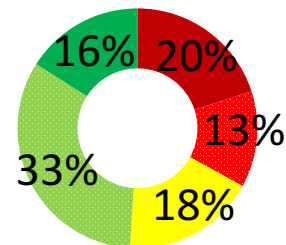
Engaging service users and beneficiaries in program development



Increasing the number or scope of services offered to clients



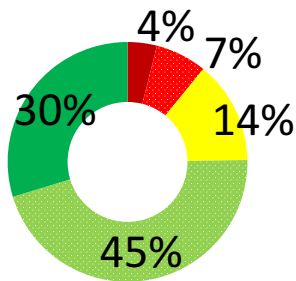
Developing a way to collect information about clients, including number and characteristics



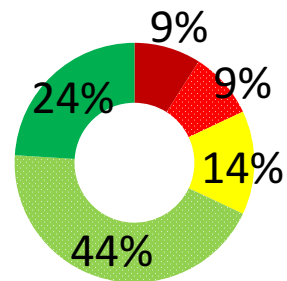
Internal operations and management

In the area of internal operations and management, respondents reported four areas of more focus, including: 1) developing a budgeting process that ensures effective allocation of resources, 2) developing systems that will help manage the organization’s finances more effectively, 3) developing a plan to evaluate staff, and 4) creating a plan for hiring staff with the best skills that match the position’s and organization’s needs. As shown in the charts below, 75% of nonprofits had implemented plans or where satisfied with their achievements in using budgeting to effectively allocate resources, with 68% also having achieved implementation or satisfaction in the area of using systems to manage overall finances effectively. In the area of staff development, 55% of respondents reported capacity in evaluating staff, and 52% have plans for hiring staff to best match the needs of the organization. Overall, more focus is being directed towards managing financial resources, with only some attention on human resources.

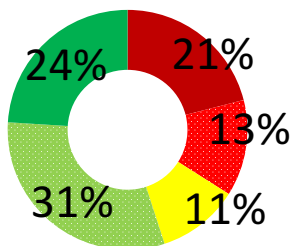
Developing a budgeting process that ensures effective allocation of resources



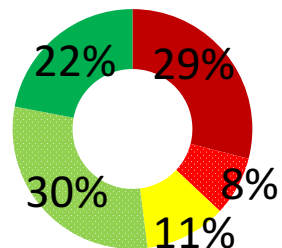
Developing systems that will help manage the organization's finances more effectively



Developing a plan to evaluate staff

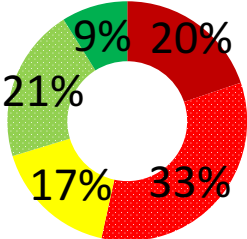


Creating a plan for hiring staff with skills for the position's and organization's needs

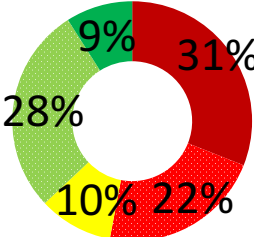


As shown in the charts below, in the area of internal operations and management, less focus and potentially lower capacity was evident in 1) creating a plan and locating resources for staff development, 2) creating a plan and locating resources to help executive director and other staff improve their leadership abilities, 3) developing a succession plan for when staff leadership leaves, 4) developing emergency and crisis plans, and 5) recruiting, developing, and managing volunteers. Developing a succession plan was also a lower focus area for 53% of respondents. 53% of respondents reported lower capacity for creating plans and locating resources to improve executive director leadership. In regards to developing emergency or crisis plans, 48% of nonprofits shared that was not an area of focus or they lacked the time and resources to do so. 43% of nonprofits also reported that creating plans and locating resources for staff development was a low capacity area, with 36% having less focus on recruiting, developing, and managing volunteers more effectively. Overall, these results suggest that managing human resources is an area of lower capacity for some nonprofit organizations.

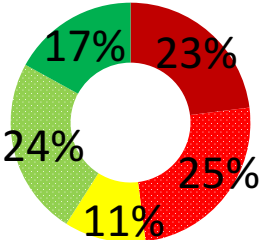
Developing a succession plan for when staff leadership leaves the organization



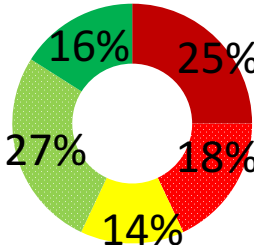
Creating a plan/locating resources to help executive director or staff improve leadership



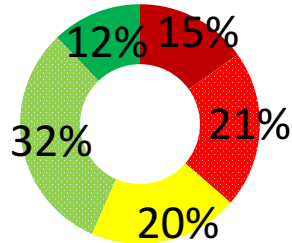
Developing emergency and crisis plans



Creating a plan and locating resources for staff development



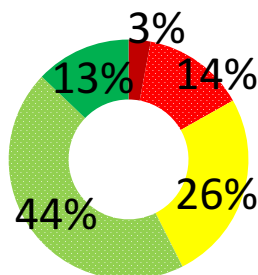
Recruiting, developing, and managing volunteers more effectively



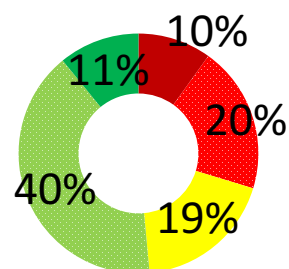
Finance and resource development

Nonprofits reported four areas of higher focus in regards to finance and resource development. These areas included: 1) developing a fund development plan that also includes setting fundraising goals, 2) developing a sustainable revenue plan, 3) identifying and pursuing new and innovative ways to increase revenue, and 4) identifying and pursuing new individual donors. In regards to developing a sustainable revenue plan, 58% of respondents reported that this was an area of high focus and potential capacity. 52% also reported that they had achieved success or were implementing steps for developing a fund development plan. Identifying new revenue sources was also an area of high focus, with 47% being satisfied with implementation or undertaking implementation for pursuing new individual donors and 43% identifying and pursuing new ways to increase revenue. Overall, these areas of higher focus and capacity suggest a focus on sustainability and earned revenue.

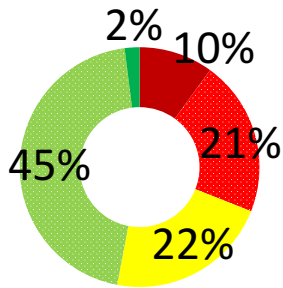
Developing a sustainable revenue plan



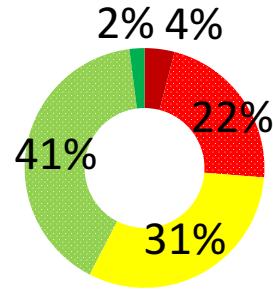
Developing a fund development plan (including setting fundraising goals)



Identifying and pursuing new individual donors

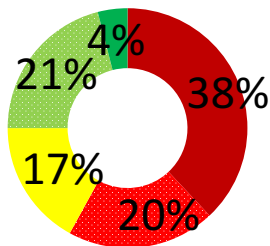


Identifying and pursuing new and innovative ways to increase revenue

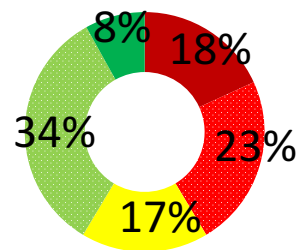


Areas of lower focus included: 1) identifying and pursuing new sources of in-kind donations, 2) identifying and pursuing new corporate donors, 3) identifying and pursuing new sources of government funding, and 4) identifying and pursuing new sources of foundation funding. 58% of respondents were not focusing on, or lacked the time and resources, to seek out new sources of government funding. 41% also report lower capacity to seek out sources of in-kind donations. In regards to identifying and pursuing foundation funding, 39% of nonprofits reported lower capacity. 32% of nonprofits also shared that they were not focusing on, or lacked the time and resources, to pursue new corporate donors. These results suggest that government agencies, and to some extent philanthropic foundations, are not seen as a partner in potential capacity building through new financial supports.

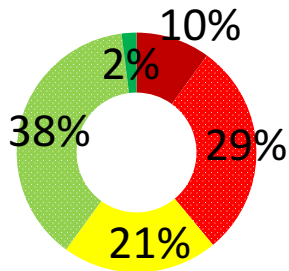
Identifying and pursuing new sources of government funding



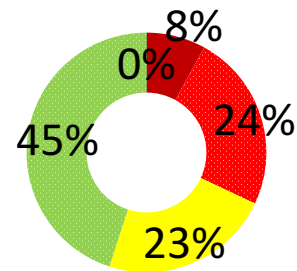
Identifying and pursuing new sources of in-kind donations



Identifying and pursuing new sources of foundation funding



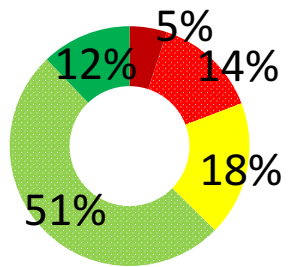
Identifying and pursuing new corporate donors



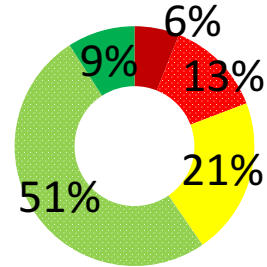
Strategic relationships

Respondents reported four areas of more focus in regards to strategic relationships. These areas included: 1) recruiting, developing, and managing community relationships, 2) developing the organization's reputation as a thought leader in the field, 3) identifying and pursuing new nonprofit partners to address community needs, 4) developing systems to actively communicate with external audiences, and moderate focus in 5) incorporating partner perspective and ideas into program operations. 62% of nonprofits reported higher potential capacity in developing systems to communicate externally, with 59% also focusing on acquiring and improving community relationships. In the area of thought leadership, 54% of nonprofits were satisfied with their achievements or actively implementing plans. 51% of respondents also reported a higher focus on identifying and pursuing new nonprofit partners. There was some focus on incorporating partner perspective, with 44% reporting achievement and implementation of plans. Overall, these results suggest that nonprofits are focusing on one-way, external communication more than fostering two-way communications.

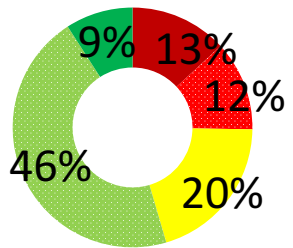
Developing systems to actively communicate with external audiences



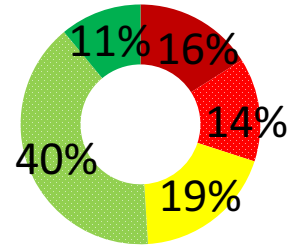
Recruiting, developing, and managing community relationships



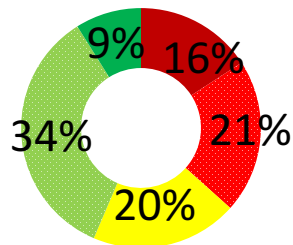
Developing organization's reputation as thought leader in the field



Identifying and pursuing new nonprofit partners to address community needs



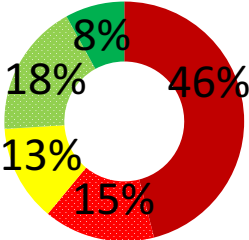
Incorporating partner perspective and ideas into program operations



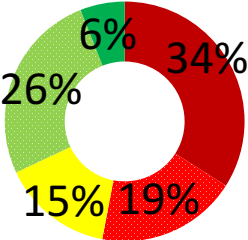
Areas of less focus are shown in the charts below. These potentially lower capacity areas included: 1) developing a plan to proactively influence policymaking at the local, state, national, or international level, 2) identifying and pursuing new for-profit partners to address community needs, 3) developing a plan to engage with funders as equal partners, 4) identifying and pursuing new government partners to address community needs, 5) creating a system to regularly assess community needs, and 6) developing systems to share credit and control of programming with partners. In regards to developing plans for influencing policymaking, 61% of

nonprofits reported that this area was not a focus or that they lacked time and resources. The area of partnerships also shows lower capacity, with 53% of respondents sharing that they have less focus on identifying and pursuing government partners. 53% of nonprofits also shared that they have lower focus on creating a system to regularly assess community needs and external threats and opportunities for the organization. In the area of developing systems to share credit and control of programming with partners, 52% reported less focus. 47% of respondents indicated less focus on pursuing funders as partners, and 45% reporting no or focus on pursuing for-profit sector relationships, as well as lower capacity in being able to scan the environment for beneficial relationships.

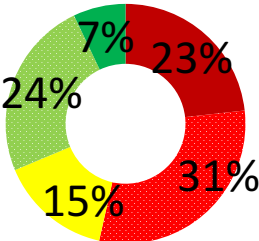
Developing a plan to influence policymaking at the local, state, national, or international level



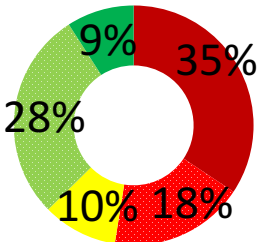
Identifying and pursuing new government partners to address community needs



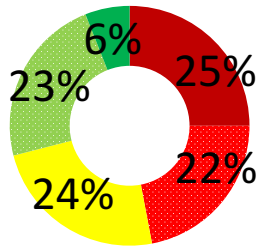
Creating a system to assess community needs and external threats/opportunities



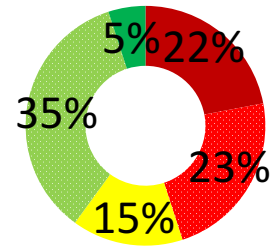
Developing systems to share credit and control of programming with partners



Developing a plan to engage with funders as equal partners



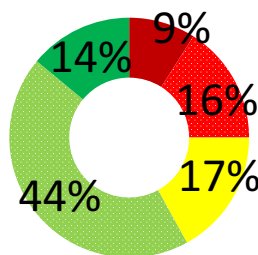
Identifying and pursuing new for-profit partners to address community needs



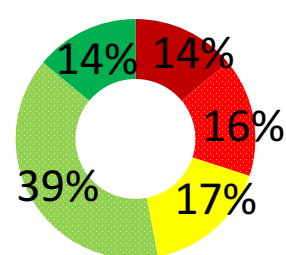
Technology and data management

In the area of technology and data management, four areas of higher focus emerged, including: 1) fostering a culture where decision making relies on professional judgment coupled with data analysis, 2) developing appropriate staff skills to update websites and engage stakeholders on social media, 3) developing appropriate tools and staff expertise to communicate with internal and external stakeholders, and 4) developing data to measure program impacts. As shown in charts below, 58% of respondents reported that they were satisfied with their achievement or were actively implementing plans to develop staff skills in website updating and social media engagement. Additionally, 53% of nonprofits had a high focus on fostering a culture where expertise and data are coupled for decision making. 47% of nonprofits shared that they have a potentially higher capacity for developing tools and expertise for stakeholder communication, with 45% also reporting a focus on developing data to measure program impacts. In general, these results suggest that nonprofits are frequently thinking about the importance of data and technology for their organization.

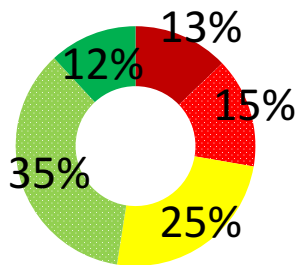
Developing appropriate staff skills to update websites/engage stakeholders on social media



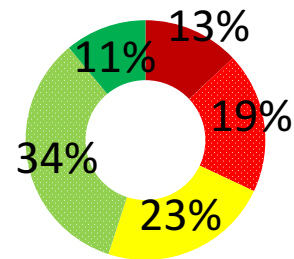
Fostering decision making that relies on professional judgment and data analysis



Developing appropriate tools and expertise to communicate with stakeholders

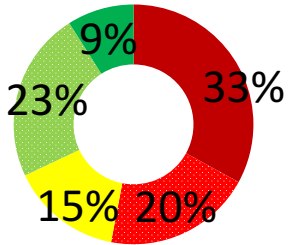


Developing data to measure program impacts

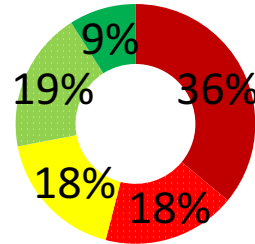


Areas of less focus were also identified. These included: 1) developing systems for sharing data with partners, 2) creating a plan or policies for data quality, data integrity, and reporting results from data analysis, 3) developing appropriate tools and technical personnel to use data in organization decision making, 4) developing a plan for improving staff technological skills, 5) developing appropriate tools and technical personnel to use data in organization decision making, and 6) developing expectations that data inform programmatic, instructional, financial, and resource decisions. 55% of nonprofits report low levels of focus on developing plans to share data with partners. In the area of planning for improvement of staff skills, 54% of respondents shared that this area was of lower capacity. 54% of nonprofits reported “not a focus at this time” or “know we should work on this but lack time or resources” for creating a culture in which all members of the organization view data as valuable. In the area of developing systems for sharing data with partners, 53% of respondents reported low capacity. 50% of respondents also shared that their organization had less focus on plans for data quality, integrity, and reporting results. Additionally, 46% of nonprofits are not focused on or lack the time and resources for developing tools and personnel for using data in decision making, with 44% of nonprofits having lower capacity for developing expectations that data can inform programmatic, instructional, financial, and resource decisions. Results in this lower focus area suggest that although nonprofits are thinking about using data, the actual implementation and skills needed are challenging to achieve.

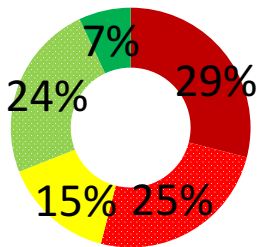
Developing systems for sharing data with partners



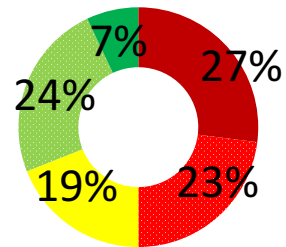
Creating culture in which each member of the organization views data use as a "way of life"



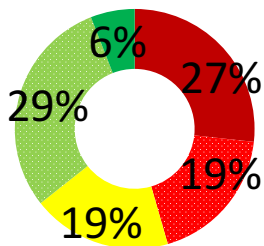
Developing a plan for improving staff technological skills



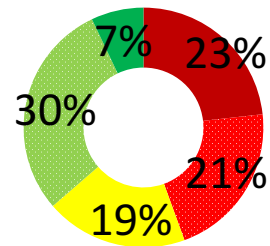
Creating a plan or policies for data quality, data integrity, and reporting analysis results



Developing appropriate tools and technical personnel to use data for decision making



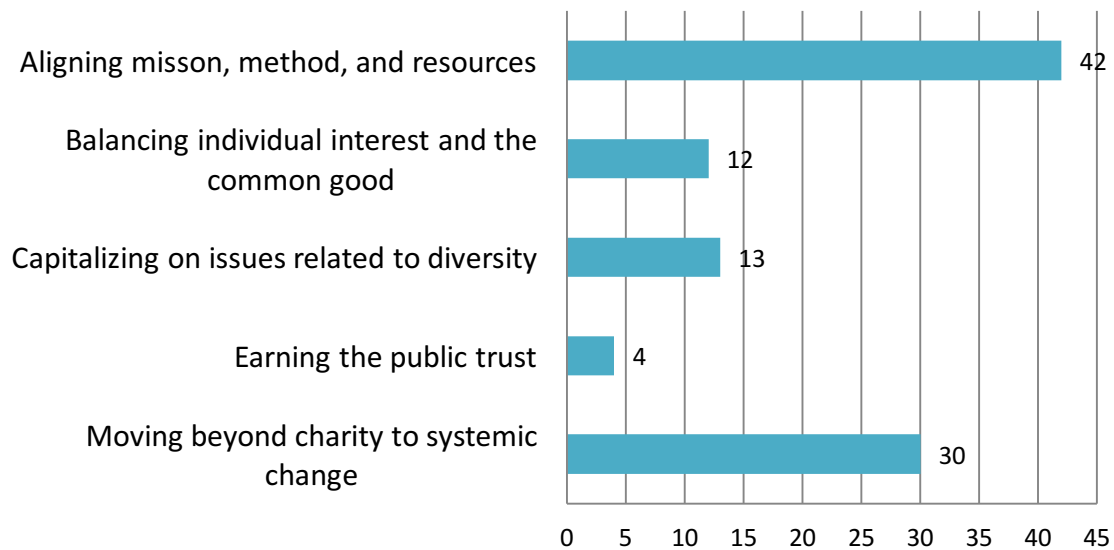
Developing expectations that data inform program, instructional, and financial decisions



Abilities to address leadership challenges

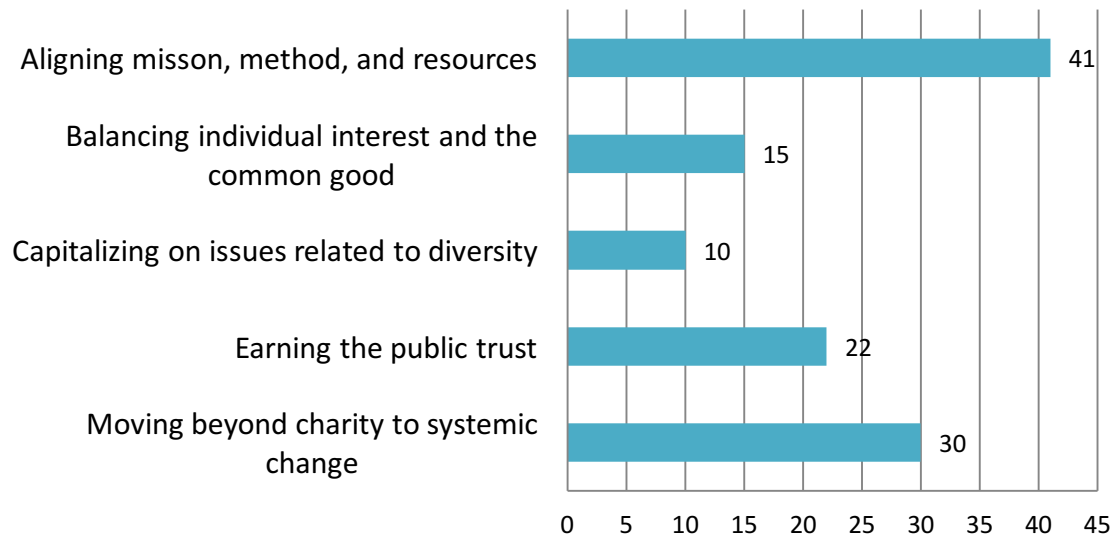
Respondents were also asked to reflect on what areas may present the biggest leadership challenges as well as which areas their organization may have the highest capacity to address. The leadership challenges are drawn from the Institute for Nonprofit's Minor in Nonprofit Studies and professional development curriculum that focus on common themes found in nonprofit careers and leadership.

Areas of most challenge



42% of respondents saw aligning mission, method, and resources as the most challenging aspect of their work. Earning the public trust was only seen as challenge by 4% of respondents. Interestingly, results also suggest that there is a divergence of capacities in nonprofits who responded to the survey. In the area of aligning mission, method, and resources, 41% of nonprofits felt that their current capacity would enable them to most easily address this leadership challenge. Only 10% of respondents felt that their organization was best able to capitalize on issues related to diversity.

Areas most able to address



Focus group methods

Four separate focus group samples were identified, including individual donors, nonprofit consultants, business funders and partners, and government funders. These stakeholders were identified as groups that have special interests and perceptions about the capacity of nonprofits. Focus groups of each unique stakeholder group were conducted to capture their views about the current capacities of Triangle Area nonprofits, as well as thoughts and perspectives about how to build capacities, and the impact such capacities might have on organizations, communities, and the outcomes associated with nonprofit missions.

Focus group sample	
Individual donors	3
Consultants	11
Business funders	4
Government funders	10

The focus groups were conducted using a protocol with five open-ended questions. Participants were asked to first reflect on what capacity building means and what they saw as the biggest capacity building challenge facing nonprofit organizations. Next, participants were asked how Triangle Area nonprofits currently build capacity and if this is different from private industry. Third, participants were encouraged to share their perspective of what Triangle Area nonprofits could do differently to build the capacities of their organizations. Fourth, participants were asked to share if they feel that capacity building is an important issue, and if so, in what ways it could improve nonprofit organizations, communities, and other sectors. At the end, the remaining time was left for participants to share any thoughts or ideas that had not yet been explored.

The focus group sample included representatives from four stakeholder groups, including individual donors, nonprofit capacity building consultants, business funders, and government funders. At least one individual from each of the five counties included in the study was represented in the sample. The number of participants from each stakeholder group is represented in the table above.

Focus group findings

Overall themes

Several dominant themes emerged from the combined feedback across stakeholder groups. First, there were different dominant perspectives in regards to nonprofit capacities and associated challenges. Individual donors and consultants saw a need for more adaptive leadership and mechanisms for board accountability. On the other hand, business and government funders expressed an interest in nonprofits improving their technical skills. All stakeholder groups described a pressing need to clarify terminology around capacity building. The focus group participants generally considered capacity building to not just be a “buzzword”, but rather an important way to reframe the static overhead spending concept into a focus on research and development that favors investment in innovations. Overall, stakeholders also expressed an interest in building communities of capacities to help bolster all organizations’ resources over time.

The focus group participants also reflected on their unique perspectives of what nonprofit capacity means to them. Individual donors saw capacity as a function of governance, with leadership starting within the board of directors. Consultants had a different view of capacity, with it being supported by on-going, sustained organizational learning. Business funders suggested that having knowledgeable staff who can access funding to improve human capital was an indicator of capacity. For government funders, capacity was seen as operational knowledge and specific operating plans. Individual stakeholder group themes are discussed below, with more extensive data available in Appendix B.

Capacity building priorities

- *Divergent needs, including adaptive leadership versus technical skills*
- *Building communities of capacities across the sector*
- *Clearly defining capacity building*

Individual donors’ perspectives

Individual donors expressed overall that nonprofit capacity could be seen in the area of an organization’s governance and ability of a board of directors to provide leadership. Focus group participants noted two barriers to capacity building, including a lack of succession planning and uneducated donors. Individual donors expressed that capacity in the nonprofit sector was built in a similar manner as the private sector, but it could be reframed to put an emphasis on research and development rather than overhead spending. Individual donors especially recognized a need for more sharing of experiences and vocabulary from bottom up and top down to enable capacity building gains. This idea was also associated with better education

of donors around capacity building. There was also a suggestion for nonprofits to consider mergers with other organizations

Consultants' perspective

Consultants shared a general definition of capacity building being the on-going, sustained organizational learning of a nonprofit organization. The main barriers to advancement of capacity building were seen as too many nonprofits in an issue space or not enough training and engagement from executive directors and board members. Consultants suggested that other sectors have been able to achieve capacity building through substantial funds and organizational slack that enables investments in human resources to help those organizations scale up. Overall, participants from the consultant stakeholder group suggested more resourced infrastructure for collective capacity building, additional donor education about the need for capacity investments, and potential mergers of nonprofit organizations.

Business funders' perspective

Participants representing the business funder stakeholder group defined capacity building as occurring when nonprofits have knowledgeable staff who are able to access funding to improve human capital. The main barrier was seen as a lack of building a strong business-based case for why particular types of capacity building may be needed. Business funders noted that other sectors do capacity building in the same way the nonprofit sector can, but it is framed as investment in research and development for innovation rather than overhead expenses. Suggestions for what the nonprofit sector can do differently included moving upstream when considering a problem, moving towards more advocacy and systems change initiatives, sharing services across organizations, and building communities of capacities.

Government funders' perspective

Government participants in the focus group shared that they see nonprofit capacity being present when there are clear plans and operational knowledge within an organization. Government funders noted that a lack of time and money was a barrier to capacity building for local nonprofits, as well as nonprofits not yet moving from passions for an issue to deeper competencies in being able to address it. In regards to how other sectors approach capacity building, government participants noted that building necessary funds into budgets, and knowing the returns on these investments, was the most successful. Government stakeholders suggested that nonprofits could consider merging, and that the overall sector, rather than individual organizations, could focus on capacity building.

Roundtable discussion methods

Representatives from Triangle Area stakeholder groups, including philanthropic, business, and government funders, nonprofit leaders, and consultants were invited to the May 2017 roundtable discussion event. The day-long dialogue was facilitated by staff from the Institute for Nonprofits. Participants were assigned to a topic area table at which they worked as a group to brainstorm aspects of what was currently working or not working within their capacity topic area. Stakeholders at each table assumed the roles of facilitator, time

keeper, and reporter, with an Institute staff member taking notes. Table topic areas were featured at two tables each and included: 1) boards and governance, 2) data and technology, 3) funding, 4) human capital, and 5) partnerships. After identifying areas of success and challenge, participants created a synthesized list of priorities and beliefs that may need to change to achieve those goals. Each topic table reported to the wider group before participants were asked to individually identify three areas that were of highest priority from their personal perspective. Five overall priorities that cut across the topic areas were then established. Overall findings are presented below, and Appendix C contains all notes and data from the event.

Capacity building priorities

- *Shared resources*
- *Sustainable and thriving organizations*
- *Broader stakeholder engagement*
- *Leadership and diversity development*
- *Clearly defining capacity building*

Roundtable discussion findings

Overall priorities for capacity building

After participants identified their own personal perspectives of capacity priorities, five overall areas for future improvement emerged. First, participants saw the area of shared resources being instrumental for Triangle Area nonprofit organizations. Within shared resources, participants suggested possibilities for cross-sector mentoring collaboratives, a resource clearinghouse, and a change in the overall culture of organizations to encourage sharing more widely. Next, the participants recognized a need to prioritize ways in which nonprofits sustain themselves to move towards thriving. In regards to sustainability, flexibility in funding for capacity building was a key area of future possibilities. Third, stakeholder engagement was seen as priority, especially when made possible through continued cross-sector dialogues. Creation of memorandums of understanding (MOUs) and the clear delineation of roles was also noted as keys to improve stakeholder engagement. Leadership and diversity development was also an overall priority, with equity, diversity, and inclusion training being needed for staff, boards, and volunteers. Finally, participants recognized that clearly

defining capacity building throughout stakeholders and organizations was an area for future growth. More extensive data from each of the capacity area brainstorming sessions can be found in Appendix C.

Board capacity area

Concerning the topic of boards and governance, several priorities were identified. These include:

- Being intentional about building a board with diverse perspectives
- Emphasizing storytelling
- Leveraging strategy
- Obtaining development and education
- Getting boards involved with strategic partnership identification and formation
- Recognizing and providing access to assessment and consulting

Participants also noted areas of boards and governance currently seen as positive and productive. What was working with boards included: 1) buy-in to mission, 2) recruitment being intentional and with clear expectations, 3) good, strong governance structure, 4) experience and training, 5) passion and engagement, and 6) flexible communication with board members. Some areas of challenge were also identified. What was not working with boards was: 1) failing to create a community amongst the board, 2) members being siloed into committees, 3) lack of term limits or board rotation, 4) time constraints in access to training, 5) lack of technical skill sets, and 6) role clarity. In an effort to advance towards the priorities and future possibilities for nonprofit boards, participants also identified beliefs that could change. These topics included: 1) complacency when the organization is doing fine, 2) thinking of boards as a chore rather than an asset or opportunity, 3) mission being permanent, and 4) board members remaining static and permanent.

Data and technology capacity area

In regards to data and technology, participants saw several priorities emerge:

- Creating a resource clearing house
- Using data for accountability and performance management of both the board and organization
- Enhancing system-wide metrics and data sharing
- Educating stakeholders and funders about value of, and need for, data
- Utilizing micro-grants and changing funder perspectives about data
- Leveraging data in conjunction with other analysis for decision making

In this area of nonprofit capacity, participants identified what is currently working. Areas of current success included: 1) some cross-sector learning, 2) ability to meet regulator and funding requirements to measure outcomes, 3) abundance of publicly available data, 4) a few examples of system-level metrics, 5) NPOs allowed to protect identity in data and tend to be trusted more than government with data collection, and 6) a desire to grow in the use of data and technology. There were also some areas of challenge that highlight what may not be working for nonprofits in regard to data and technology. These challenges were: 1) the board does not require data, so management isn't collecting and using it, 2) technology is there, but organizations lack skills to utilize it, 3) data is only used to report on successes because there is no culture of sharing failures or learning from the associated data, 4) no resources to invest in human and financial resources and technology to make systems for using data work, 5) lack time, skill, and training to handle data interpretation and analysis, 6) inequity between large and small nonprofits in terms of data and technology abilities, and 7) organizations are struggling to keep up with changes in technology. In regards to data and technology, several beliefs that need to change were identified: 1) concerns about privacy and vulnerability, 2) board members' responsibilities in this area, 3) data does not need to be used in storytelling and decision-making, 4) nonprofits do not need to consider how data and technology can be used in conjunction with other metrics to improve progress, 5) small organizations cannot affect their effectiveness and efficiency with data usage, and 6) funders do not understand importance of data and technology.

Funding capacity area

Participants recognized several priorities in the area of funding. These included:

- Building individual organization capacity to fundraise; encourage funding of capacity building so organizations are more sustainable and thriving
- Allowing more freedom for nonprofits to use the funds how they want, especially for individual capacity building
- Teaching socially innovative forms of funding
- Working collaboratively to attract more funders/sponsors with the potential to merge events and programs
- Making a stronger case to stakeholders that outcomes are directly related to capacity
- Creating avenues and agreements with government entities for funding opportunities like social impact bonds

In the area of funding, a number of positive aspects identified as currently working included: 1) funders recognizing the need for capacity building, 2) nonprofits knowing their “why” and articulating their needs, 3) strong boards and organizational leaders who create and execute plans to sell themselves and demonstrate value, 4) nonprofits that can communicate their mission and cause in a way that inspires individuals, 5) nonprofits that are resilient about funding and finding it, and 6) there is an increasing amount of cross-sector work to create and share data to learn from each other and create new revenue streams to strengthen financial viability. Participants also shared what they saw as not currently working in the area of funding for nonprofits. These challenges were: 1) lack of available funds, insufficient resources, and implementation support, 2) the growing number of nonprofits in the competitive philanthropic market, 3) disparities in funding (rural vs. urban) and organizations led by people of color, 4) tension between funding programs or funding sustainability and capacity building, 5) a need to educate donors that capacity funding is not just overhead cost, 6) identifying and developing relationships with new and diverse funding streams, and 7) a lack of collaborative spaces in fund development to work more efficiently across sectors. To accomplish gains in the area of funding, participants saw several beliefs that needed to change, including: 1) that our current model for nonprofits and philanthropy is working, 2) indirect costs or infrastructure is not important, 3) the belief that “charity” work and organizations do not need funding to build capacity, and 4) healthy organizations do not need to invest in their human capital.

Human capital capacity area

In regards to the topic of human capital, several areas of future possibilities and priorities emerged:

- Walking the EDI (equity, diversity, and inclusion) talk
- Creating mechanisms for cross-sector collaboration, mentoring, and exchange of resources
- Building a culture of shared resources
- Understanding what is valued, including promotion, title changes, or other compensation
- Leveraging innovations for adaptability, teamwork, transparency, and creativity
- Raising awareness and support for board service from the private sector

Participants expressed positive feedback about several areas that were currently working within human capital in nonprofit organizations. These included: 1) an increase in skills and level of strategic work and thinking among executive directors, 2) more partnerships among internal and external stakeholders, 3) higher availability of expertise and skill development opportunities, 4) a shift to collaboration and sharing of resources, 5) awakening of EDI (equity, diversity, and inclusion) development within board and staff, and 6) leadership

development of younger generations of employees. In regards to what is not currently working, participants identified: 1) structural challenges like processes, infrastructure, and soft skills, 2) employees feeling “too busy fighting fires” to have a view of the horizon, 3) challenges with telling content story, 4) lack of community development strategies, 5) small resources and talent gaps that lead to a need for a diversity pipeline, 6) more work to do in regards to EDI (equity, diversity, and inclusion), 7) lack of cross training, 8) need for better staff compensation and rewarding those who are delivering on mission, and 9) unequal investment in human capital at every level. Two fundamental beliefs to change were identified to enable improvements in the area of human capital. These beliefs were: 1) assuming tradition is the solution, and 2) assuming “we” have the answers or solutions (both funders and nonprofits).

Partnerships capacity area

Participants saw several areas of high priority in the area of partnership capacity, including:

- Creating more opportunities for cross-sector dialogue between funders and nonprofits
- Operationalizing partnerships through MOU, timelines, and roles
- Redefining the approach to include engagement of stakeholders, building trust, open mindedness and innovation
- Improving evaluation of the partnership with small wins and knowing when to move on
- Clearly defining terminology, roles, relationships, expectations, and decision-making
- Focusing on care of staff who devote time to partnerships

In regards to partnerships, current aspects of what is working for nonprofit organizations included: 1) having a champion that leads to broader buy-in, 2) communities are open to partnerships across eco-systems which creates momentum, 3) businesses and funders as skilled volunteers who provide resources beyond money, 4) relationships being built for systems level work and collaboration between organizations and agencies, 5) some expansion of organizational capacity and impact on broader community outcomes, and 6) having continuity plans and formal agreements. Along with these successes, there were also areas in which partnerships were challenging for nonprofit organizations. What was not working included: 1) gaining access and “a seat at the table” for training and developing partnerships, 2) feeling unable to engage in policy changes, 3) improving clarity of roles and seeing how the pieces fit together, 4) time to engage in partnerships, 5) lack of incentives to

work collaboratively due to resources, mission drift, and competitive culture, 6) concerns about leadership, who is beginning the partnerships, and who is driving the partnership to keep it on track, and 7) issues of evaluation and collecting data, using data to make decisions, and understanding desired outcomes. To make advances in the priorities identified for nonprofit partnerships, two beliefs to change were suggested: 1) nonprofits being seen as second class citizens who are not expected to help funders further their mission, and 2) nonprofits can't say "no" to partnership opportunities.

Appendix A: Survey data

Survey response options included: “Not an area of focus at this time”, “Know we should work on this but lack time or resources”, “Have developed plans or ideas to work on this, but haven't implemented”, “Have developed plans or ideas to work on this, but haven't implemented”, and “Not a focus because we are satisfied with achievement in this area.”

Mission, vision, and strategy						
Question	Not an area of focus	Lack time or resources	Have developed plans	Have implemented steps	Not a focus (Satisfied)	Total
Developing a strategic plan that links organizational activities to specific goals	3%	11%	20%	49%	17%	190
Identifying a clear set of goals that the organization aims to achieve	2%	5%	15%	53%	25%	190
Engaging stakeholders to ensure mission and programs are relevant to community needs	3%	10%	15%	56%	15%	190
Developing a clear expression of the organization's reason for existence	1%	2%	6%	37%	55%	190
Developing organizational practices that carefully monitor our organization's internal and external environments for opportunities and threats	10%	26%	19%	36%	8%	190
Developing a common set of basic beliefs and values that are widely shared throughout the organization	3%	4%	10%	39%	45%	191
Developing a strategic plan that links organizational activities to specific goals	3%	11%	20%	49%	17%	190

Governance and leadership						
Question	Not an area of focus	Lack time or resources	Have developed plans	Have implemented steps	Not a focus (Satisfied)	Total
Developing a board that represents a demographic cross-section of our community	10%	15%	18%	41%	17%	186
Recruiting board members with diverse expertise	5%	13%	13%	53%	16%	186
Developing a board with ties to different networks	9%	20%	17%	39%	16%	184
Providing orientation information to the board so that members can better understand their responsibilities	5%	15%	20%	37%	23%	186
Developing a plan for the board to improve its performance	11%	24%	26%	28%	11%	186
Developing a plan for the board's role in securing adequate financial resources for the organization	6%	22%	19%	41%	12%	186
Developing board practices that monitor the organization's performance	5%	18%	16%	41%	20%	186

Program delivery and impact						
Question	Not an area of focus	Lack time or resources	Have developed plans	Have implemented steps	Not a focus (Satisfied)	Total
Strengthening the organization's ability to evaluate its overall effectiveness	5%	22%	21%	42%	10%	178
Increasing the number of clients served by the organization	16%	7%	14%	47%	15%	177
Expanding services to include new groups of service recipients or geographic areas	31%	10%	15%	34%	11%	177
Increasing the number or scope of services offered to clients	26%	13%	12%	32%	17%	176
Incorporating a new approach to service to improve quality/effectiveness	17%	13%	18%	38%	13%	178
Developing a way to collect more information about our clients, including number and characteristics of clients	20%	13%	18%	33%	16%	178
Engaging service users and beneficiaries in program development	19%	22%	20%	32%	7%	177
Incorporating feedback from service users and beneficiaries to improve programs	7%	16%	20%	42%	15%	178
Developing data to measure program impacts	7%	21%	21%	38%	12%	178

Internal operations and management						
Question	Not an area of focus	Lack time or resources	Have developed plans	Have implemented steps	Not a focus (Satisfied)	Total
Developing a budgeting process that ensures effective allocation of resources	4%	7%	14%	46%	30%	169
Developing systems that will help manage the organization's finances more effectively	9%	9%	14%	44%	24%	169
Recruiting, developing, and managing volunteers more effectively	15%	21%	20%	31%	12%	169
Creating a plan and locating resources to help executive director and other staff improve their leadership abilities	31%	22%	10%	28%	9%	169
Creating a plan and locating resources for staff development	25%	18%	14%	27%	16%	169
Creating a plan for hiring staff with the best skills that match the position's and organization's needs	29%	8%	11%	30%	22%	167
Developing a succession plan for when staff leadership leaves the organization	20%	34%	17%	21%	9%	169
Developing emergency and crisis plans	23%	25%	11%	24%	17%	169
Developing a plan evaluate staff	21%	13%	11%	31%	24%	168

Finance and resource development						
Question	Not an area of focus	Lack time or resources	Have developed plans	Have implemented steps	Not a focus (Satisfied)	Total
Developing a fund development plan (including setting fundraising goals)	10%	20%	19%	41%	11%	172
Identifying and pursuing new sources of government funding	38%	20%	17%	21%	4%	171
Identifying and pursuing new sources of in-kind donations	18%	23%	17%	33%	8%	172
Identifying and pursuing new and innovative ways to increase revenue	4%	22%	31%	40%	2%	172
Identifying and pursuing new corporate donors	8%	24%	23%	45%	0%	171
Identifying and pursuing new individual donors	10%	21%	22%	45%	2%	172
Developing a sustainable revenue plan	3%	14%	26%	45%	13%	172
Identifying and pursuing new sources of foundation funding	10%	29%	21%	38%	2%	172

Strategic relationships						
Question	Not an area of focus	Lack time or resources	Have developed plans	Have implemented steps	Not a focus (Satisfied)	Total
Recruiting, developing, and managing community relationships	6%	13%	21%	50%	9%	173
Creating a system to regularly assess community needs and external threats and opportunities for the organization	23%	30%	15%	24%	7%	172
Developing a plan to proactively influence policymaking at the local, state, national, or international level	46%	15%	13%	18%	8%	171
Developing organization's reputation as thought leader in the field	13%	12%	20%	45%	9%	172
Identifying and pursuing new nonprofit partners to address community needs	16%	14%	19%	40%	11%	171
Developing systems to actively communicate with external audiences	5%	14%	18%	50%	12%	173
Incorporating partner perspective and ideas into program operations	16%	21%	20%	35%	9%	173
Developing systems to share credit and control of programming with partners	34%	18%	10%	28%	9%	173
Identifying and pursuing new for-profit partners to address community needs	22%	23%	15%	35%	5%	170
Identifying and pursuing new government partners to address community needs	34%	19%	15%	26%	6%	172
Developing a plan to engage with funders as equal partners	25%	22%	24%	23%	6%	173

Technology and data						
Question	Not an area of focus	Lack time or resources	Have developed plans	Have implemented steps	Not a focus (Satisfied)	Total
Creating a culture in which each member of the organization views data use as a "way of life"	36%	18%	18%	19%	9%	161
Developing appropriate tools and technical personnel to use data in organization decision making	27%	19%	19%	30%	6%	162
Fostering a culture where decision making relies on professional judgment coupled with data analysis	14%	16%	17%	39%	14%	161
Creating a plan or policies for data quality, data integrity, and reporting results from data analysis	27%	23%	19%	24%	7%	162
Developing expectations that data inform programmatic, instructional, financial, and resource decisions	23%	21%	19%	29%	7%	163
Developing data to measure program impacts	13%	19%	23%	34%	11%	161
Developing appropriate tools and staff expertise to communicate with internal and external stakeholders	13%	15%	25%	36%	12%	163
Developing a plan for improving staff technological skills	29%	25%	15%	24%	7%	162
Developing systems for sharing data with partners	33%	20%	15%	23%	9%	163
Developing appropriate staff skills to update websites and engage stakeholders on social media	9%	16%	17%	44%	14%	162
Creating a culture in which each member of the organization views data use as a "way of life"	36%	18%	18%	19%	9%	161

Appendix B: Focus group data

Individual donor's perspective of nonprofit capacity and capacity building

- Governance
 - Human resources and capital
 - Both board and staff
 - EDs need to stop picking their boards
 - Succession planning
 - More leadership, less management
 - Collaboration skills... governance between organizations
- Purpose of capacity building
 - Maximize impact, can mean different things to different organizations
 - More beds, more events, more training...
- Mergers: Need for creative destruction
- Collaboratives creating learning communities
- High/low performing organizations in all sectors... size matters more than sector
- Need for donor education
 - Overhead as investment in research & development/innovation
 - Underpaid and underappreciated employees as barrier to capacity building
- Cross sector competence
 - Capacities to engage in public policy
 - Capacities to partner with business and government

Consultants' perspective of nonprofit capacity

- Sustainability of capacity building
 - Must be on-going, not thought of as something "extra"
- Whimsical trends in funding
 - Move from operating to program funding
- Leadership as key challenge
 - NPO space is oversaturated
 - Not enough trained/engaged EDs and board members

- Boards committed to good governance are key
 - Boards need to be less of a social exercise
 - Need to recruit not seduce board members
 - Let small organizations fail
- EDs are key to move from reactive to strategic actions
- Need a resourced infrastructure that systemically builds sector capacities not one that focuses on individual organization capacities
 - Move beyond one-off workshops and trainings
 - Foundations need to be willing to tolerate failure as a way of learning
- Funder resistance to investing in the long-term
 - Funders need to align measurement systems
- Need for systems/culture change about nonprofit investments
 - Move beyond vow of poverty view of nonprofits and nonprofit work
- Need for donor education
- Need for board and staff succession planning
- Need to learn how to work with communities
 - Issues of diversity and inclusion

Business funders' perspective of nonprofit capacity

- Capacity building: having a positive impact on communities by serving more people
 - Barrier to achieving this is nonprofits inability/disinterest in collaborating
 - Not a focus of business funding
 - Someone else's responsibility – private foundations
- Capacity building as code word for operating support
- Staff skills and capabilities along with time to be strategic
- Negative halos around failures
- Nonprofits need better planning about the purpose of their capacity building
 - Need vetting process/building the business case for this investment
- Role of nonprofit trade associations in building capacities?
- Frame as investments not donations
- Nonprofits need to be less risky because it is "someone else's money"

- R&D vs overhead, it is a matter of framing
- Shared services could help nonprofit capacities
- Mergers
- EDs and Boards of nonprofits need to interact to learn and share
- Move upstream on problems... advocacy
- Build community capacities and capacities of beneficiaries to build organizational capacities
- Make nonprofit more future focused. Need to be less reactive when grant cycles end and work 6- 9 months out
- Flexibility and adaptability
- How can corporate funders prevent their individual interests from getting in the way of doing this work differently?
- Capacity form corporations as more than \$s... board members and other volunteers

Government perspective of nonprofit capacity

- Organization development as central to capacity building
 - Outcomes and data collection/management
 - Learning how to engage with different stakeholders
 - Community engagement
 - Collaboration with other nonprofits
 - Building time and space for nonprofits to collide
 - Need a buffer (organization slack) so staff can ponder their capacities and what they need to enhance them
 - Who should be on the board?
 - Be intentional (grant seeking instead of grant chasing)
 - Capacity building is time consuming and iterative, need space to be thoughtful
 - Professional development, not only program/services development
- Joint trainings for people across sectors
- Accountability for training – what is the ROI?
- Need organization cultures that are focused on organizational learning
- Crowded Triangle increases competition for \$s and reduces the ability to invest and grow
- Role of professional associations for capacity building?

- Funding collective NPs, even up to the point of merging
- How can similar nonprofits develop “training collaboratives”
- Need to prioritize training/capacity building so that it is built into schedules
- Whose job is data collection? Can this be collective rather than placed on individual organizations
- How do we create “collective” sector(s) capacities rather than individual organization capacities

Appendix C: Roundtable event data

Overall priorities identified across all capacity areas

Boards

- Intentional about building a board with diverse perspectives
- Storytelling
- Strategy
- Development and education
- Boards involved with strategic partnership identification and formation
- Assessment and consulting – recognizing it’s an important need and providing access

Data and technology

- Resource clearing house
- Data for accountability and performance management of both BOD and organization
- System-wide metrics and data sharing
- Educating stakeholders and funders about value and need for data
- Utilizing micro-grants and changing funder perspectives
- Using data in conjunction with other analysis

Funding

- Build individual organization capacity to fundraise and encourage funding of capacity building so organizations are more sustainable and thriving rather than just surviving
- More freedom for nonprofits to use the funds how they want – individual capacity building
- Teach socially innovative forms of funding
- Working collaboratively to attract more funders/sponsor or host/merge events and programs

- Make a better case to stakeholders that outcomes are directly related to capacity - connecting to the “why”
- Create avenues and agreements with government entities for funding (example: social impact bonds)

Human capital

- Walk the EDI (equity, diversity, and inclusion) talk
- External: Create mechanisms for cross-sector collaboration, mentoring, and exchange of resources
- Create a culture of shared resources
- Understand what is valued – promotion, title change, or other compensations *transparency*
- Internal: Create mechanisms (like Huddles) for adaptability, teamwork, transparency, and creativity
- Private sector will incentive, raise awareness and support for board service

Partnerships

- More opportunities for cross-sector dialogue between funders and nonprofits
- Operationalizing the partnership – MOU, timeless, roles
- Redefine the approach – engagement of stakeholders, building trust, open minded and innovative
- Evaluating the partnership – small wins and know when to move on
- Clearly defined terminology, roles, relationships, expectations, decision-making
- Care and feeding of staff – self-care

Board capacity brainstorming notes

Priorities

- Heterogeneous not homogeneous
- Inspired by, committed to, mission
- Engaged with work and other board members
- Facilitation to ensure each member’s participation
- Staff (not just ED) have role with board – board knows staff and succession planning
- Regular recruitment and training
- Term limits
- Rotation of duties, opportunities for Board to learn
- More diversity – skills, career types/levels (age and stage), perspectives

- Representation of population served
- Training/consulting, especially for small organizations Boards face-to-face
- Include Boards in partnerships – successful/working Board members become a resources, and do outreach and awareness
- Assessment tools (and using them)
- Pairing free/affordable assessment and consultation – getting funders to support it
- Helping Board members buy in to ideas of training, change, and assessment
- Collaboration amongst Board chair and members
- Frameworks for BODs needed – like Bridgespan but free options?
- Tie in best practices for Guidestar and Charity Navigator ratings
- Continually ask – should we collaborate? Merge? Should we exist as we do today?
- Connection to best services, solutions NOT specific to org or programs
- Require self-assessment as funders
- Training staff/BOD on what questions to ask and when
- Including assessment cost in grant if needed (funders become a working partner)

What is working?

- Experience/training
- Passion/engagement
- Flexible communication
- Good relationships
- Building connections
- Good, strong governance structure – succession planning, work plans, meeting structure
- Careful, intentional recruiting – clarity and responsibilities, clear roles, commitment to mission
- Larger orgs using ongoing education and training
- Small orgs – more opportunities for hands-on involvement in work
- Clear terms, trajectory for members
- Board becomes a community

What is not working?

- Access to training – time constraints

- Technical skills sets, “perfect people”
- Role clarity
- Fundraising expertise
- Balancing needs
- Big picture vs. on the ground
- Lack of structure
- Inability to capitalize on or give attention to diversity
- Siloed into committees based on expertise/experience – may really know communications work but not the whole picture
- Challenge: Giving board a “great experience”, connection to mission and inspiration
- (Very) long-serving members get comfortable or exhausted
- Balance between donor-members and doer-members
- Staff/ED not clear about expectations

Data and technology capacity brainstorming notes

Priorities

- Educating donors, funders, and taxpayers about the importance of data
- Telling story with data and about how data is important (inspiration is the VISA commercials – data = “priceless”)
- Single, online application for funding and reporting
- Donors Choose–esque model to allow people to research and give online based on data
- System-wide metrics needed, include life-cycle of issues and report out “failures” to help develop learning
- BOD registry/scorecards – profiles that include experience and skills
- BOD online trainings to be more accessible (vetted sources and less expensive than in-person)
- Post 990s on organization’s website – example of data transparency that drives use of tech/data for behaviors (challenges beliefs about what NPOs should share)
- Don’t fight the data! Use it to your advantage
- Sharing economy of “back office” services and data specialists
- Data used for more consistent benchmarking
- Database sharing (maybe hosted by universities?)

- Finding “exemplars” (best practices?), look at the components so that we can learn and replicate
- Creating, and all NPOs using, uniform template (internal) analytics tools
- Internal assessments of efficiency? Make sure we’re using ALL strategies not just technology
- Data audits (need a Chief Tech Officer on-boarded for this)
- Consultants can help with data and tech use and how these connect to org mission
- Take Center for Nonprofits on the road – hitting/helping rural orgs to support regional sharing
- Needs assessments for data and technology
- Equip bigger orgs to “mentor” the fiscal agents (help with technology and use common outcomes)
- Collaboration for baseline studies to bridge gaps among regions and across the state (use data to see gaps)
- Bring organizations to a “hack-a-thon” at Red Hat
- Resource mapping needed
- IT internships among small nonprofits
- Micro-grants to support R&D
- Training/support on data management (impact report) similar to financial impact reports
- Taking system complexity into account is critical
- Audit, context, scope, revision for data (need visionary leadership)
- Collaboration between high tech companies and nonprofits (removing inefficiencies in the process)
- Accepting your limitation and being able to say “we’re doing all we can right now”
- Organizations that work with NPOs to assess and consider options

What is working?

- Apps – reaching people
- Leveraging “specialists”
- Co-working space, collaboration with and between technology companies
- Internships including technology
- Good at meeting regulator and funder data and reporting requirements
- Good at measuring impact in “silo”
- Partnering with specialty companies for pro bono work
- Need to be willing to talk about failures (data helps us interpret and assess our role)
- Cross-sector learning (we can use each other’s innovations)

- In-kind technology solutions (tech support)
- Lots of publicly available data
- “Private-sector” data analytics do exist (but can we use these same tactics?)
- Social media maybe? (Facebook, Twitter, etc.)
- Data can help people see and feel change

What is not working?

- Lack capacity to tell qualitative data story (need story in both quant and qual)
- Time frames of programs and data requirements (funders need to be educated on how long it takes to get data)
- BOD not requiring data, not using data for performance
- Management frameworks are not designed to use data
- Lack system-level metrics/drive for individual orgs to use data to prove their success
- Failures are “punished” – we don’t talk about them and fear losing funding
- What should we do with “fail” data?
- Technology exists, but it changes and we can’t keep up
- We aren’t broadly sharing how we are using data and technology
- Infrastructure investment with the end in mind (we are not sure what capacity we need to capture and keep data)
- Idea: Funders could develop a “common application” (like the college one) for capturing data
- Need to leverage data government already has available and find capacity to do so
- Lack of skill specialties (like Salesforce) – there is no capacity for “back office” supports and tech changes quickly
- Idea: NPOs could do tech service sharing
- Big questions-How do we pay for data and tech? Does it come from program budgets or administrative costs? There is a need for both people and infrastructure
- Knowing the new technology out there
- Knowing value and reason for investing in technology
- Quick/seamless access
- Distribution methods (mediums always changing)
- Identifying themes for projecting future needs

- Not sure about data and its use in initiatives
- Data's role in "justification"
- Data interpretation and comparisons
- Data usage for "spreading the word"
- What to collect and how to manage datasets
- Need for longitudinal data
- Considering what data says and structure perspective from that
- Where do I need to move "the needle"? (based on my data)
- Making sure funders understand the data AND its context
- Small nonprofit's abilities, what is important to track, and a need to develop perspective
- No person to handle data and analysis responsibilities
- Lack sophistication in data handling
- Technology is not cheap
- Partnering with organizations that specialize in data and tech
- Shaming of experimentation (fails need to be as small as possible)
- Need capacity to realize focus of data
- Access to info about technology
- How to "use" analytics in terms of donor-reach
- Strategic thinking for organizations' missions (using data in this process)
- Understanding service expectations through data
- Having to adjust to changing technologies
- How can we use data to reach and market relationships?

Funding capacity brainstorming notes

Priorities

- Working collaboratively to attract more sponsors and/or hosting events or merging events together
- Create avenues and agreements with government entities for funding (example: social impact funding bonds)
- Building individual organization capacity to fundraise more effectively (survival vs. sustainability)
- Encourage funding of capacity building -> create model of what a healthy model/capacity looks like because it is different and unique to different nonprofits

- Stop perpetuating belief that nonprofits are “charity” orgs and don’t need funding/resources for capacity
- Government and private sector work together to convene and create dialogue on how to align nonprofits to accomplish shared outcomes
- More freedom for nonprofits to use funds as they want – less restrictions → individual capacity building
- Advocate for infrastructure’s impact on outcomes/success to stakeholders (donors, boards, etc.) – starting with large and influential funders
- Improve evaluation and follow ups
- Get rid of “infrastructure” – replace with direct and indirect and connect both to “why” – this requires shift in culture of funders to value indirect (nonprofit employees need to be valued as well)
- Well educated board and professionally developed staff
- Does our current nonprofit/philanthropy structure work?
- Teaching socially innovative forms of funding
- Consider who is defining success

What is working?

- There is money to fund nonprofits (foundations are growing and donor base is growing)
- Nonprofits are resilient about funding and finding it
- Inspiring individuals to support our cause/getting people to believe
- Governments have discretion to create partnerships with increased public funding in NC (not an option before)
- Getting boards to understand that they have to give first
- Partnering with small-medium size businesses
- Thinking broadly about how to fund organizations
- Better at collecting and sharing data for collaborative impact
- Systems work across sectors help strengthen viability of nonprofits -> organizations with capacity to collect data assist and partner with public and private organizations to measure outcomes, analyze ROI, and make a stronger case for funding
- Communicating cause and mission to the public
- Knowing your “why?” – articulating the need
- Funders recognizing need for capacity building

- Strong board and leaders with plan that they're executing well
- Donors who see value in seed funding (relational)
- Leaders utilizing informal mentorship
- Nonprofits that can sell themselves and demonstrate value (marketing)

What is not working?

- Defining success and sustainability in organizations for money
- Static revenue sources (need to diversify/identify new funding sources)
- Unable to answer ROI for funding with no data points
- Focus on overhead – not just overhead and we need to educate donors that there's more associated costs
- Tension between funding programs and funding organizational sustainability
- Lack of collaborative space in fund development to work together across sectors
- Lack of foresight of nonprofits to see "place" in public-private partnership
- Arts nonprofits are being put on the back burner -> "picking our favorite issue"
- When applying for grants, don't always know impact or have capacity to
- Communicating to different funding streams appropriately
- Funding calendar confusion
- Lack of available funds and insufficient resources for implementation
- Unrealistic expectations of a linear process/progress
- Future of revenue streams unknown
- Growing number of nonprofits
- Founder's syndrome – fear of collaboration/new opportunities
- Competitive philanthropic marketplace
- Defining what capacity building funding is
- Transactional funding
- Communicating importance of overhead and leadership development
- Not enough organizations know how to effectively sell themselves
- All stakeholders need to be invited to the table
- Organizations lead by people of color not receiving the supporting need
- Rural vs. urban distribution of nonprofits -> disparities in funding

Human capital capacity brainstorming notes

Priorities

- Incentivize NPO and private partnerships
- Leveraging BOD for skills that are lacking
- If you join a board, it's your obligation to know your role and contributions (transparency)
- Incentivize board service (companies are starting to do this for employees)
- Board matching and training services
- Practices “huddles” for real time problem solving and constant feedback – will lead to motivation
- Connect leadership programs as pipeline for board and staff roles
- Adjust training methods across clients, community, generational mentorship
- EDI (equity, diversity, and inclusion)
 - Make a priority
 - Eliminate various definitions by training across sectors
 - Walk the talk – make the space to be sure internally and externally you are doing the work
 - Example: Review applications and job descriptions to eliminate barriers
- Cross training
 - Create a resource listing developed through community curation
 - Look to share training resources with fellow nonprofits
 - Mixed company conversations – both roles and sectors
 - Make it quick, fun, and engaging
 - Within org, community, sector – build a sharing network
- Compensation
 - Redefine “nonprofit”
 - See staff development as a working investment
 - Be transparent – who makes what
 - Be clear how it is defined/connected to metrics
 - Understanding what is valued – promotion, title change, increase in responsibility
 - Create benefits beyond the money
- Succession plans at all levels
- Cross-sector communication – getting together, peer networks, lunch conversations, calendaring, create clearinghouse of events/things going on

- Getting EDs to say “no”
- Change organizational culture – burden on staff (overwork) – take core values and apply to staff, not just clients you serve
- Rotations and cross-training
- Self-care
- Mentoring, peer connections
- More transparency
- Co-building/co-designing
- Survey your group
- Open to changing processes and new ways of doing things
- Fail fast/LEARN from it
- Change staff structures
- Take risks
- Stop mistaking tradition/it’s not a permanent solution
- Funders be willing to change ways/priorities
- Create cultures of flexibility and teamwork
- Collaborate and focus on your strengths

What is working?

- CB that is designed within the context of a specific organization – no one size fits all
- Change is long term
- When groups come together around a common need
- Leadership development of younger generation
- Awakening of EDI (equity, diversity, and inclusion) development within boards and staff
- Orgs are reaching outside the sector for expertise
- Nonprofits are coming to the table non-competitively to share resources – shift to collaboration
- Key individuals setting the tone of more impact through working together
- With age/maturity comes room for analysis
- Telling story to engage clients
- Seeing EDs who are more strategic and “getting smarter”, e.g.: expansion, new partners, new ideas
- Working across sectors to help people build skills “Is not what we do” (no funding behind this)

- When ED is being strategic, capacity building is working – BUT how do we get EDs to the tables?
- Need to hire depth in addition to passion
- Positive shift – more skills in development
- From funder’s perspective – how do we incentivize EDs to take the time for professional development to happen? (loss of productivity)
- Strategy that works is “coming to them” – coaching relationships
- Reach out to larger nonprofits with endowments
- Arts orgs respond to peer to peer interactions
- Partnering works – cost effective to do this rather than build own
- “Huddles” – helps to identify staff leadership and organizational identity, takes pressure off of the CEO, allows for self-evaluation in real time
- More availability of “in kind” support such as corporate training – like “executive for a month” (more and better opportunities)
- Not just ED that feel alone, need passion to move down the ranks

What is not working?

- Volunteer management – clear expectations, education/training, socio-economic dynamics
- Siloed board, staff, volunteers – flawed framework
- We built a system that doesn’t value human capital – invest in those that deliver on mission with compensation
- We are not equally investing in human capital at every level
- Lack of investment in professional development for staff
- No ED coaching
- ED’s not willing to talk about leadership transition
- Valuable evaluation – one size doesn’t fit all
- Looking outside the sector for recruitment
- Loss of talent
- Lack of a deep bench (staff)
- Training focused on ED and not the other staff
- Lack of team perspective – need to acknowledge others, not just CEO
- Model of one ED – no co-leadership

- Off-boarding – capture and share information
- Lack of cross-training – roles are too specific – not just in a crisis

Partnership capacity brainstorming notes

Priorities

- Track time devoted to partnerships, quantify it with money on budget
- Celebrate small wins
- Evaluate partnerships – know when to hold ‘em, know when to fold ‘em
- Clarifying roles – equalizing, creating MOUs, write it down
- Establish trust – asking what do partners need to trust each other
- Engaging those we wish to serve (clients and stakeholders) in the conversation
- Don’t assume needs
- Accountability
- Funders facilitating relationships, targeted one-on-one
- All parties be more open-minded to partnerships, possibility of innovative partnerships
- Training on how to develop and maintain ongoing partnerships, with examples
- Thinking about/understanding the systemic value you bring
- Recognizing value beyond “the program”
- Normalizing the give-get conversation
- Recognize the give-get and be willing to give
- Build a culture that encourages partnerships and allowing time for developing partnerships
- Opportunities for funders, businesses, NPOs and community members to connect and learn about topics/priorities/interests
- Opportunities for NPOs and funders to share their stories and find overlaps in interests
- Connect providers with funders
- “Speed dating” for orgs and funders – more opportunities for cross-sector dialogue
- Funders allow orgs to build in operating costs to support staff to participate in partnerships
- Care and feeding of staff (self-care)
- Giving groups authority to make decisions and break down power structures
- Clearly define terms and roles of relationships
- Be realistic

- Learn to say “no” (shift in the nonprofit mindset)

What is working?

- Interest
- Push from funders working for some to be more collaborative
- Momentum
- Champions of partnerships (passionate, visionary, working for broad buy-in, focusing on structural/systemic change)
- Abundance (eye to building abundance of partners)
- Common goal development
- Complementary work = better outcomes
- Partnerships across eco-systems (e.g.: community colleges)
- Smaller wins in policy change/advocacy
- Align with organizations that have higher capacity/skill set to advocate
- Businesses/funders as skilled volunteers providing resources and connections beyond money
- Gaining a broader viewpoint
- Lead to more vulnerability and risk taking
- Bringing similar groups together around topic area/broader community outcomes
- Leveraging strengths for greater impact
- Systems-level work/collaboration between orgs and agencies to deliver programs
- When ED leads and board supports development of partnerships (institutional relationships)
- Memorandum of Understanding
- Relationships and connections across institutions and orgs
- Mindset of capacity building within the community outside the orgs
- Continuity plan
- Expanding org capacity via networks

What is not working?

- Clarity of roles, why, timeline, coordination
- Buy-in/ability to see value-add
- Understanding/making the case for how the pieces fit together

- Time
- Ego/credit sharing
- Lack of education of how partnerships are beneficial to all
- Knowing when to step out of the partnership, exit strategy
- Funder education – revenue sources and community need
- How to build connections, how to get a seat at the table, move beyond competition
- Need more opportunities to build relationships one-on-one
- Funders to support
- Building connections between organizations/other funders
- Chasing \$, losing focus on mission
- More training/support on how to develop partnership
- Feeling like you are unable to make policy change
- Lack of coordination/leadership within a partnership
- Competitive culture
- Agreement on terminology/definitions
- Disincentives/Incentives to work collaboratively
- Getting small businesses to understand their value beyond funding
- Building capacity within the community
- When BOD develops partnerships
- Evaluating partnerships/outcomes in relation to resources that go into developing/creating partnerships
- Engaging orgs you may not know you need to know
- Mission drift (disincentives of collaboration)
- Evaluation of partnerships
- Using data you collect to make decisions
- Operating under a veneer of niceness (to avoid conflict)
- Being strategic about outcomes
- Forced partnerships
- Time investment – disincentives
- Trust/vulnerability (agency, staff, people you serve, reputation)