

Building Capacity

Although everyone understands the individual words, 'building' and 'capacity,' what does the term 'building capacity' mean in reference to nonprofit institutions?

Building capacity means strengthening an organization so that it can better achieve its mission.

Building capacity almost always includes strengthening an organization's ability to acquire financial resources – fundraising – but it can extend in other directions, depending on the organization's needs.

- Financial management
- Physical facilities and technology
- Human Resources
- Programming and Outreach

Fundraising

Building a nonprofit's capacity to raise funds effectively helps the organization to achieve financial stability and sustainability. Many organizations need to diversify their sources of support and become less dependent on only one or two sources – for example, a founding donor or a governmental body. Some organizations have experienced the aging and death of their donor base without replacing them with new donors. In other cases, an organization may be handicapped by outdated technology, unable to maintain adequate records or keep in touch with its constituents. Then there is the organization that spends a disproportionate amount of time, energy and money pursuing corporate support while ignoring long-term, consistent donors.

Sometimes it is a matter of reordering priorities in an organization's overall fundraising program. If direct mail is not producing the results it used to, perhaps a shift of resources to online media will generate more bang for the buck. If Special Event Fundraisers are costing more and generating less, perhaps motivating chairmen to keep costs below a certain percentage will lead to a better net or to changing or abandoning the unproductive event. Perhaps most important, if the organization has no major gift or planned giving program, for example, starting one up may produce the greatest results in the long term.

Financial Management

When an organization is small and its financial operations are simple, a sophisticated management system is not needed. Frequently we find that as the organization grows, its financial management system lags behind and eventually becomes a drag on the entire organization. Sometimes this becomes apparent when attempting to pull together a budget or report for a grant. When producing a Form 990 takes as much time as the life cycle of a redwood, you know your financial system needs help.



For an organization to work at a high level, it must not only be able to reconcile its bank statement and pass its audit, it must also be able to project its cash situation and needs, manage its investments, prevent fraud, and provide quick and accurate information to various stakeholders, not the least of which is its development staff.

Physical Facilities and Technology

Capacity building may include adding or improving physical facilities. I once ran a museum sharing a 15' x 12' office with 4 other full-time staff and volunteers. One of the staff literally would sit down when another person got up! How productive do you think he – and the rest of us – were in that environment? There was a clear and demonstrable need for more office space!

Not all needs are that dramatic. In terms of technology, we all know how quickly new technologies appear and old ones become obsolete. In the early 1990s we bought an expensive 16mm projection system for our new museum with the idea of starting a Japanese film series. By the time we opened, people could go to their neighborhood Blockbuster and rent the films we were going to show. Demand dried up. We then bought a big screen monitor. The reality today is that most nonprofits have an extremely difficult time keeping up with technological change, whether because they can't afford the latest or because they don't even know what they need.

Human Resources

An organization's human resources range from Board members to custodial staff, from the CEO to the newest volunteer. In many ways, human resources are the organization. Building the human resource capacity of an organization may involve a range of activities from creating new positions and hiring for them to upgrading salaries and benefits. It may focus on training of staff, volunteers and/or board members. It could also include measures to improve staff morale and cut down on turnover. And, in some cases, it might lead to replacement of staff with better qualified individuals. From a development perspective, building human capacity may very well involve raising funds to pay for these activities, whether in the form of endowment for a curatorship or temporary funding for specific training.

Program and Outreach

Some organizations have great staff, a solid board, well-functioning financial management, up-to-date technology, and many loyal constituents, yet they still struggle with bringing in enough revenue to keep the doors open. It may be that they are not communicating what they do, how well they do it, what positive impact their services have on those they serve, or simply that they need more support. Caught up in doing good, we often fail to communicate effectively with people who want to help us do good. On the other hand, it may be that we are failing to reach an audience or a group of clients who truly would appreciate our services. In either type of situation, there is opportunity to build support for what we do by tooting our horn to the right people in the right manner or to engage whole new sectors of supporters by altering the content, delivery or audience for our programs.

It is essential to examine the entire range of possibilities for building capacity and to address all that can contribute to making the organization better able to achieve its mission.