

TSNE's Learning Lab

Capacity Building Needs, Challenges, and Best Practices for Movements, Coalitions, and Other Nonprofit Groups: A Field Scan

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Introduction and Executive Summary

Introduction to the Learning Lab

In 2018, TSNE launched the Learning Lab, a strategic multi-year initiative focused on understanding the capacity building needs of under resourced movements, coalitions, and other nonprofits groups supporting marginalized communities.

We partnered with **the Metropolitan Center for Research on Equity and the Transformation of Schools at New York University** to holistically understand the needs, challenges, and best practices for building the capacity of these groups. We worked with our research partner to produce a literature review and field scan report, which have been used to inform the focus of the Learning Lab.

The Learning Lab uses human-centered design (HCD) to center our grassroots clients and other community-based learning partners throughout our process. Our Learning Board is a diverse group of staff and community-based clients that use their decision-making power to imagine future supports, strengthen our current services, and advise us on potential social impact investments. Throughout the Lab this group works to design, test, and iterate potential new solutions.

In addition to HCD, we use Agile thinking throughout our work. While HCD encourages us to develop a deep understanding of our constituents' experiences, agile thinking is an iterative planning approach that places people over process. We use 90-day "sprints", an iterative planning process that includes planning, information gathering, analysis and ideation, and share out phases. The Learning Board leads this work by informing the planning of each sprint, making meaning of information gathered, and leading solution creation through ideation.

This rapid process enables us to share our learnings in real time, creating a sector-wide dialogue centering those most impacted.

About TSNE

TSNE supports the effectiveness of nonprofit organizations, foundations, and community groups who are tackling the world's most complex issues.

For 60 years, TSNE has provided capacity building for organizations through a mix of operational supports, consulting services, professional development, and sector research. We are committed to equity and continuous learning to better serve the nonprofits working in their communities.

To find out more about TSNE, visit <https://www.tsne.org>

To find out more about the Learning Lab, visit <https://www.tsne.org/learninglab>

Executive Summary

TSNE, in partnership with **the Metropolitan Center for Research on Equity and the Transformation of Schools at New York University**, conducted a national field scan of 11 organizations that provide capacity building and/or fiscal sponsorship to identify the needs and challenges associated with providing these services, and to identify the best practices and service delivery models for traditionally structured and alternatively structured nonprofit organizations (NPOs)¹. Some organizations included in this field scan only offered capacity building services, some only served as fiscal sponsors, and some offered both of these supports. The major findings of the field scan are:

- ▶ Compared to traditional NPOs, alternatively structured NPOs require intensive capacity building and fiscal compliance support;
- ▶ Skill building with regard to fund development and leadership development were identified as the most pressing needs for alternatively structured NPOs;
- ▶ Customizing services to fit the needs of NPOs, especially the needs of alternatively structured NPOs, was cited as an essential capacity building best practice;
- ▶ Fiscal sponsors and capacity builders should allow their organizational values to guide approaches to service delivery (e.g., hands-on, customized, culturally responsive) with alternatively structured partner NPOs;
- ▶ Governance bodies (e.g. board of directors) need to determine how best to support alternatively structured NPOs that function as movement building coalitions;
- ▶ Foundations need to provide alternatively structured NPO awardees long-term equity capacity building and operational support.

¹ We define alternatively structured NPOs as nonprofits with budgets less than \$1 million that serve under-resourced communities by using leadership models that differ from traditional, hierarchical leadership in which power is concentrated among executive leaders. These alternatively structured NPOs include, but are not limited to: organizations with co-directors, entirely volunteer-run organizations, and organizations that have democratic, collective, and transformative leadership models.

Recommendations

Capacity building organizations can use this field scan to guide program development and service delivery. Through interviews with select fiscal sponsors and capacity-building organizations, this field scan provides important insight into the needs and challenges that they must navigate and address as they support nonprofit organizations. Consistent with the Learning Lab Literature Review (2019), alternatively structured nonprofit organizations need hands-on, customized services, especially in fiscal sponsorship, leadership development, and fund development. They also need to network with peer organizations. Important findings that diverge from the Learning Lab Literature Review (2019) include centering organizational values in service delivery and providing governance support for movements. Capacity building organizations can use this field scan to guide program development and service delivery.

Specific recommendations emerging from this field scan include:

Processes for Establishing Partnerships and Evaluating Services

- ▶ Create and communicate flexible criteria for partnering with NPOs, including organization mission, size, racial makeup of staff or board, types of programming, and readiness;
- ▶ Document an intake process for making decisions about partnering;
- ▶ Develop and implement a process for internal evaluation of each partnership at regular intervals.

Service Delivery

- ▶ Customize capacity building support to meet the needs of partner NPOs;
- ▶ Implement fee structures that ensure sustainability;
- ▶ Consider a sliding scale system that allows under-resourced alternatively structured NPOs to access services;
- ▶ Cultivate “network capacity” by creating opportunities for alternatively structured NPOs to gather and collectively engage in co-learning, peer-to-peer learning, and capacity building;
- ▶ Cultivate a network of capacity providers with similar organizational values to consult with, draw expertise, and refer clients to if your services are not the best fit for the NPOs;
- ▶ Engage in ongoing equity-focused, culturally responsive, anti-racist professional development.

Widely Cited Capacities

- ▶ Determine how your principles and values will inform capacity building practices and service delivery;
- ▶ Use online platforms, websites, or shared folders to provide fiscally sponsored projects access to their grant awards, financial statements, agreements, and other relevant information;
- ▶ Develop governance structures that support networks, coalitions, and movements as opposed to single organizations.

Additional Capacities

- ▶ Partner with funders to provide long-term operational and capacity building support that promotes equity;
- ▶ Provide software and office supplies at discounted rates to NPOs;
- ▶ Create an online learning platform to demonstrate how organizations can leverage informational technology to advance their mission.

Processes for Establishing and Evaluating Services

In this section, we present general findings associated with how field scan participants defined capacity building, selected organizations with whom to partner, and measured the effectiveness of their services. We found that organizations shared similar perspectives on the purpose of capacity building but differed widely in their processes for establishing new partnerships. With regard to evaluating their capacity building services, field scan organizations measured their effectiveness using surveys and external evaluators. Importantly, field scan respondents tended to refer to the organizations they work with as “partners” rather than “clients.” This word choice suggests a collaborative relationship between organizations, rather than a transactional one.

Capacity Building Definitions

Field scan participants described capacity building through the lens of “building up an organization” so that it can grow and better achieve its mission. Five field scan participants talked specifically about working with leaders to support their growth through multi-faceted approaches that included building managerial skills, coaching for strategic planning, and fundraising skills development. One respondent described programmatic growth as the ultimate objective of building the capacity of leaders:

I define capacity building as giving people the knowledge, the skills, and the relationships that they need for them, personally, to grow as leaders, and then as a result ... their projects will grow.

Although field scan organizations shared similar definitions and missions of capacity building, the types of nonprofit organizations that they selected and served varied.

Nonprofit Organizations Served

Field scan organizations served a range of NPOs, from traditional NPOs to alternatively structured NPOs, to social justice groups and social movements. One organization even worked with both for-profit and nonprofit organizations, requiring only that the NPOs have an arts and culture focus. Other field scan organizations worked mostly with traditional nonprofits. One participant estimated that about 90 percent of their clients were traditionally structured, stating, “I am well matched with more traditional organizational structures that actually want to stretch a little.” Another respondent guessed that less than 10 percent of organizations in their portfolio were alternatively structured, but that most were small traditional nonprofits with operating budgets of less than \$1 million.

Criteria for Partnering and Intake Processes

When considering new partnerships, field scan organizations described a range of criteria for partnering with NPOs. Most commonly, field scan organizations selected partner NPOs with mission alignment, an interest in equity,² and that had the potential to benefit from their services.

Several organizations described an explicit equity focus as a key criterion for partnering with potential NPOs. As one respondent stated, “if they’re not interested in equity, we’re not interested in working with them.” Another organization felt strongly that the NPOs to which they offer services be led by and serve people of color (POC):

The requirement for [NPOs] to be able to work with us, or become partners, is that they have to be POC led. Their board has to be 60 percent POC. And their constituents and most of the stakeholders have to have a pretty high percentage of POC as well.

While some organizations looked for potential partners with an explicit equity focus, other organizations looked for specific criteria, such as an established history of generating income. For example, one field scan organization asked partner organizations for a one-year operating budget that accounted for actual income generation and expenses as opposed to accepting what they termed “aspirational budget,” which would include income sources that organizations hope to secure. Another field scan organization stated that they only work with organizations that are “already past a proof of concept, but they’re still sort of incubating their way toward clarity of their impact model, their business model, and how they organize.”

Beyond specific selection criteria, some respondents described a “gut” feeling that an NPO is or is not a good fit for their services. One participant described a collaborative process to mutually “sense” whether the provider and potential NPO are good fits. Similarly, another respondent observed that bringing on new partners is not always an exact science:

A lot of it is at the unconscious or non-explicit level where you kind of get a sense that this is not gonna work or it will work. And sometimes we'll take an organization that doesn't fit most of our criteria, but they're such a key player in shifting the field. Like a major foundation or a think tank in Washington that, if we can shift them, it'll affect a ton of other organizations and the way the field sees certain issues.

In addition to using various criteria to select potential partners, field scan organizations used different methods for accepting new NPOs. Six organizations did not report using intake methods for new partner NPOs. Five field scan organizations used formal application processes for vetting potential partner NPOs. Alternatively, one participant described a more extensive multistep intake process that involved the input of their staff, their advisory board comprised of current partners, and their executive leadership.

² “Equity is the fair treatment, access, opportunity, and advancement for all people, while at the same time striving to identify and eliminate barriers that have prevented the full participation of some groups. Improving equity involves increasing justice and fairness within the procedures and processes of institutions or systems, as well as in their distribution of resources. Tackling equity issues requires an understanding of the root causes of outcome disparities within our society.” (Kapila, Hines, & Searby; 2016).

Measuring Effectiveness

With one exception, all participants provided insight on how their respective organizations evaluate the effectiveness of their capacity building and fiscal sponsorship services. Nine organizations used surveys to assess their services. One organization hired external evaluators while others used informal methods to collect evaluation data, such as ongoing feedback forms or in-person conversations. Two participants pointed out that because there aren't "generic, one-size-fits-all" approaches to building capacity, evaluating the outcomes of capacity building support is difficult. Every partner organization begins in a different place and the "milestones of progress" will differ from one organization to the next.

In terms of outcomes measured, all organizations assessed either the quality of their service, the size of their influence, or both. Formative feedback surveys measured the quality of service during the intervention so that providers could revise their work. Surveys intended to assess the size of influence asked about fundraising gains, number of people served, and potential revenue realized. One organization measured their project leaders' psychological well-being, in addition to the quality of service and size of influence. The two field scan participants who worked with external evaluators described primarily qualitative evaluations; one external evaluator conducted approximately 60 interviews to gather data on how partners experienced fiscal sponsorship support and where the organization could strengthen its services.

LEARNINGS SUMMARY

Field scan participants shared many ideas regarding the purpose of capacity building. Still, there was variety in the types of organizations they chose to work with, their criteria and processes for selecting organizations, as well as their evaluation methods. However, the unifying thread among all field scan participants they seek to advance the missions of NPOs that seek to promote equity among the populations they serve.

Service Delivery

Service delivery can be understood as approaches that capacity providers and fiscal sponsors use to provide services to NPOs. Service delivery approaches pertain to how organizations partner with NPOs to build capacity, rather than specific strategies for building particular capacity functions. From our findings, two service delivery approaches emerged: deep equity capacity and technical capacity. Field scan participants identified customizing supports, taking a “hands-on approach” and taking a network approach to capacity building as important ways to best partner and serve NPOs. Finally, participants shared that capacity providers can best serve the organizations in their portfolios by engaging in ongoing “networked” and anti-racist professional development.

Deep Equity Capacity and Technical Capacity

With regard to approaches to capacity building, we found that field scan organizations fell into two broad categories of capacity building. The first category consisted of four field scan organizations that focused on building deep equity within partner NPOs. Participants in this group used equity as the primary lens through which they derived capacity building support and strategies with organizations. In addition, participants this group tailored their capacity building services to support alternatively structured NPOs to develop skills to be self-sufficient, and to counter structural racism and other power imbalances in their public-facing work and its internal operations.

The second category consisted of field scan organizations that supported NPOs by offering technical support services such as budgeting, purchasing, and human resources. With some exceptions, the organizations in this group provided fiscal sponsorship. These participants’ services promoted equity by supporting NPOs to focus limited capacity on growing their organizations and carrying out their missions. Regardless of the two categories the field scan organizations fell into, all field scan participants stated that customizing services to fit the needs of the organization is key to effectively supporting NPOs.

Customization

According to field scan participants, each organization, whether a traditionally or alternatively structured NPO, has strengths and capacity needs, values, or leadership models that fiscal sponsors and capacity providers need to assess in order to truly support organizations. Participants shared that assessment includes “deeply” listening to staff to ascertain the needs of the organization, understanding the values and culture of the organization, and collaborating with the organization’s staff to identify and implement approaches to building capacity that are best suited for that organization. Furthermore, participants stated that customizing services demonstrates that the fiscal sponsor or capacity provider is invested in supporting the organization and as a result, NPO staff may be more likely to be invested in making capacity building successful.

“Hands-on” Approach

Field scan participants explained that alternatively structured NPOs have greater financial and human capital needs than traditional NPOs. These organizations need to build organizational infrastructure such as fund development, boards of directors, and leadership teams that have the skills and knowledge to keep the organization running. Participants stated that compared to traditionally structured NPOs, building the skills, knowledge, and organizational infrastructure with alternatively structured NPOs tends to be far more time intensive and “hands-on” because alternatively structured NPOs tend to be less mature or have unique needs (e.g., cultural mismatches with funders).

Taking a hands-on approach that is customized could give alternatively structured NPOs the unique support needed to become thriving organizations. For example, customized support can include mitigating the cultural mismatch between alternatively structured organizations and funders. One participant shared,

You may have an organization that has used co-directorship or, like one of the African organizations I worked with, used ...African traditions of councils and circles for decision making...Their issues would be things like, how do we have credibility with foundations [when] we can't point to one person who is the leader?

Another example includes capacity builders providing hands-on support to organizations through fund development activities such as grant writing. One respondent observed that grant proposals often ask an organization to describe how outcomes will be measured, and that alternatively structured NPOs and funders may not align in what outcomes they find most valuable. For example, a funder may value increased test scores, while the NPO may value increased youth voice. Relatedly, another participant shared a different take on grant writing support, noting that they help less mature organizations put together proposals that will attract the attention of potential funders,

We're there when they're trying to put together a large government grant proposal and they've never done that before. We're there when they want to show up as a robust, well-regarded organization, while they're pretty young and scrappy in their program area.

These hands-on and tailored approaches to support organizations require great effort and time on the part of the capacity building organization. Participants shared that because alternatively structured NPOs require this time-intensive support, capacity providers find it challenging “meeting [alternatively structured NPOs] where they are,” given their own capacity limitations.

According to participants, the time intensive nature of taking a customized hands-on approach directly impacts capacity builders/fiscal sponsor time and capacity on each project, which affects the cost of services. One participant stated, “make sure that your fee structure allows you to be sustainable.” Other participants recommended using a sliding scale cost structure because some alternatively structured NPOs may not be able to afford services. One way to provide customized support while mitigating the costs of resources to support alternatively structured NPOs is building “network support.”

Network Support

Several field scan participants highlighted the use of shared learning communities or network support as a best practice for supporting alternatively structured NPOs. A network of organizations “share common goals, and intentionally exchange information and engage collaboratively in activities to address those goals” (p. 2, Chandler & Scott Kennedy, 2015). By creating opportunities for organizations in their portfolios to gather and share challenges as well as expertise, NPO staff can collectively identify problems and strategies for solutions to those problems. In addition, creating opportunities for NPOs to network allows the capacity providers/fiscal sponsors to counter the power differential between the capacity provider as holders of knowledge and the organizations as deficient in knowledge. One participant’s response exemplifies this idea:

Having thought-leadership, I think is so critical ... and here again is one of the problems with capacity building, you've got the expert, and then you've got this peer group, and it doubles down on the expert, and how they do the work, instead of providing the tools. So maybe peer coaching, and peer support, and peer building... that shared learning journey is pretty powerful.

Participants shared that offering network support to partners in the form of peer coaching and shared learning opportunities is not only financially effective, but also efficient in terms of time and resources.

Network support was not only a best practice for alternatively structured NPOs, but for consultants and fiscal sponsor organizations as well. Effective capacity consultants have networks of colleagues or sister organizations who provide similar services that they can consult with and draw support from (Innovation Network, Inc., 2000). This network support can help providers better meet partners where they are. According to one participant, “...don't think you have to know it all or do it all yourself. Work in a ‘network way’. If you want to build networks, work in a network way.” Drawing upon the support of other capacity consultants will ensure the NPOs get the services that they need in order to serve their target communities. Although participants didn’t explicitly recommend networking among fiscally sponsored projects, working in a network is a best practice for fiscal sponsors as well.

Anti-racist Professional Development

In addition to working in networks, field scan participants identified the need for capacity providers to engage in their own anti-racist³ equity professional development in order to most effectively provide customized support for alternatively structured NPOs. When doing equity work with alternatively structured NPOs, capacity providers must be explicitly anti-racist and culturally responsive with their partners. Consistent with the Learning Lab Literature Review, participants highlighted the need for white capacity providers to possess skill and comfort working in spaces predominantly comprised of people of color. Field scan participants also shared the need for white capacity builders to develop their skills and increase their comfort in helping predominately white traditionally structured organizations shift towards deep equity work.

³ Anti-racism is defined as that “which promotes equality of opportunity among ethn racial groups.” (Berman & Paradies, 2008).

LEARNINGS

Alternatively structured organizations need intensive, customized support from fiscal sponsors and capacity builders. These organizations may not have the same resources as more traditionally structured NPOs. Capacity builders can provide the necessary support for these organizations to flourish by taking a hands-on approach, developing networks, and by engaging in networked, anti-racist, culturally responsive professional development.

Widely Cited Capacities

Organizational capacities generally include resource generation (fund development), operations and management, leadership and governance, program delivery, strategic relationships, and evaluation and learning (Learning for Action, 2017). In this section, we report on three capacity functions that our field scan organizations consistently discussed: fiscal sponsorship, leadership development, and fund development.

Fiscal Sponsorship

All six fiscal sponsor field scan participants offer comprehensive fiscal sponsorship. In a comprehensive fiscal sponsorship relationship, an organization becomes a “sponsored project” of the fiscal sponsor. The fiscal sponsor becomes responsible for the sponsored project’s employees and for maintaining all legal and fiduciary responsibilities for the sponsored project (“National Network of Fiscal Sponsors,” n.d.). Participants highlighted the importance of ensuring that organizational values inform their fiscal sponsor and capacity building practices. In addition, participants cited roles and expectations, and compliance as challenges associated with fiscal sponsorship, and recommended the use of online platforms such as websites for information sharing, communication, and transparency as a best practice for maintaining good fiscal sponsor relationships.

Roles and Expectations

In general, fiscal sponsor field scan participants fell into the “technical capacity” category (see page 9). Fiscal sponsor participants viewed their role as collaboratively supporting alternatively structured NPOs manage financials, comply with legal regulations, and mitigate risk so that NPOs can focus on developing strong programs.

Conversely, two field scan fiscal sponsors participants noted that challenges can arise when capacity building providers and fiscal sponsors view their role differently than how the NPO (both traditionally and alternatively structured) views their role. These field scan participants believed that their role is to support the NPOs to develop skills (e.g., creating and managing budgets), rather than to perform work on behalf of the organization. One field scan participant stated,

We're not here to do this work for you. We're here to walk alongside you and help you do this work. Alleviate some of the burden, take away some pain points so you can focus more on the work, but we're not here to do all of it for you.

Allow Values to Inform Capacity Building Practices

Three field scan participants shared that fiscal sponsors must understand how their organization’s principles and values inform how they support alternatively structured NPOs. Possessing a clear understanding of the values of one’s organization can guide a fiscal sponsor’s approaches when challenges (e.g., missed deadlines) arise. One field scan participant provided an example of how fiscal sponsors’ values inform how they customize supports/services to alternatively structured NPOs. The participant stated,

[At our organization] sacred responsibility to our projects is also a key, a guiding point for us. And so, we're thinking about, 'this project works primarily with young people who are within close proximity or have been involved in the incarceration system' and so having them fill out our Google forms for stipends to participate in these programs is going to be something that is pretty unfamiliar for the most part. And we actually need to dedicate some time to train them on how to [complete] these forms.

Online Platforms

All field scan fiscal sponsorship participants stated that a best practice for information sharing, timely communication, and transparency is to use online platforms, websites, or “password protected shared folders” as vehicles that allow projects to see their grant awards, financial statements, agreements and capacity building resources, such as tip sheets and guides that describe capacity consultants preferred process. One participant shared,

Each of our fiscally sponsored projects gets access to all of their contracts, their grants; it checks that they sent out their financial reports. It's a singular place where they can really see all of these key documents that help make up their fiscal sponsorship. ...it helps to keep our fiscally sponsored projects informed of all the different things that they really rely on [us] for both in a way that helps with transparency. It also helps with accessibility ...

Finally, another participant recommended investing in “a robust accounting system like Sage Intacct,” which would allow NPOs to access to their account balances and generate reports.

Leadership Development

Leadership development is defined as the “identification and development of individuals who will lead the critical functions of an organization and who...will be responsible for its overall health and impact” (Kramer & Nayak, 2013, p. 11-12). Consistent with findings from the Learning Lab Literature Review (Center for Policy, Research, and Evaluation, 2019), 10 of the 11 organizations reported that leadership development was a need among alternatively structured NPOs. Field scan participants identified building effective leadership skills, the need for governance structure for movements, and attracting and retaining staff as key leadership development needs.

Skill Development

According to field scan participants, leaders of alternatively structured NPOs are often passionate “social entrepreneurs” who possess the tenacity, program development, and community outreach skills to start an organization. Yet, these leaders may not possess the requisite skills to effectively lead an NPO (e.g., management, strategic planning). Three participants shared that leaders struggle to effectively manage teams and interpersonal dynamics. Furthermore, they highlighted that leadership trainings do not focus on human resources and shared that leadership development trainings can be “ramped up” by incorporating skill building focused on relationship management. For example, the participant stated,

Having more capacity building resources just in interpersonal communication, team dynamics and team building, community building, different things like that, would be super beneficial to a lot of folks. Super beneficial, because you can have all the other things in place, your system could be top-notch, your marketing could be absolutely wonderful, but internally your organization is a mess, because everyone is not vibing with each other, and how do you fix that? Ultimately, it's going to affect everything else.

Governance Structures for Movements

Leadership development involves expanding the skills and capacities not only of executive leadership, but also of staff and governance bodies. Governance boards promote the overall health of organizations and provide stewardship with functions such as strategic planning, fund development, financial oversight, and public relations (Brown & Guo, 2010). Typically, governance boards provide leadership to a single NPO. However, one participant highlighted the need for governance bodies such as boards of directors to determine how best to support alternatively structured NPOs that function as movement building coalitions. The participant stated,

What governance looks like for organizations that are deeply involved in movement and network spaces is a huge lack. The typical stuff you get from boards just really doesn't cut it, because they're only looking at individual organizations. And the networks and movements spaces, so many of the important decisions about strategy and resource allocation are not made at the individual organization level, they're made at the collective level.

Field scan organizations did not provide governance for movements. However, developing implementation models and strategies that support alternatively structured NPOs, coalitions, and movements through boards or other governance structures is a significant finding that can be explored further through the Learning Lab case study profiles.

Intersections of Leadership Development and Financial Resources

Finally, all field scan participants highlighted that financial resources are essential to cultivating leadership development as well as other organizational capacities (e.g., program delivery). One participant explained that even if executive leadership possessed the skills and knowledge to build a strong team, the persistent lack of funding to retain skilled professionals remains a challenge for alternatively structured NPOs. The participant stated,

I think the biggest [need] is that usually the bench is not that deep within the organization's leadership...Because people need to get paid decent wages. Places like LA and Boston are expensive. So, nonprofits are not always able to offer the kinds of salaries where you can have people committed professionally who are well trained, and experienced, and have the education that's needed ...Not everybody can afford those people, and that makes it hard.

The quote above highlights the intersectional nature between financial resources and leadership development. However, financial resources, or the lack thereof can impact all organizational capacities. In the next section, we report on the fund development needs of alternatively structured NPOs

Fund Development

Fund development is generally understood to involve long-term sustainable relationships that ensure an organization's mission is realized (Development Consulting Solutions, 2012). Fundraising is a technique used to generate monetary income (e.g., donations, grants) for organizations and is considered a fund development strategy (Development Consulting Solutions, 2012). Fund development is a pressing need for both traditional and alternatively structured NPOs (Center for Policy, Research, and Evaluation, 2019). Consistent with the Learning Lab Literature Review findings, field scan participants identified grant writing skills, fund diversification, and fund development as a need and challenge for NPOs, particularly alternatively structured NPOs.

Communicating with Funders

According to field scan participants, leaders of alternatively structured organizations need assistance communicating with funders in such a way that attracts and sustains funding. Participants highlighted that through grant writing skill development, leaders can receive help “articulat[ing] their mission well” and in a fashion that “articulate[s] what makes their approach to the work unique, and then more attractive to funders.” For example, one participant reported that a partner's interpretation of a funder request did not align with the funder's expectations,

We're starting to do a lot on impacts reporting. I read a grant application this summer, the question from the funder was 'how will you be measuring your impact?' and her response was 'just seeing the smiles on the children's faces is one way to measure the impacts, but I will also measure the impacts in the number of hugs I get.' Which was adorable, but she was asking for a substantial amount of money and I wasn't all that surprised when they did not honor her grant request, when she wasn't able to articulate that their funding would go towards producing more hard outcomes.

Although this example may appear hyperbolic, it highlights the need for leaders to develop the skills to communicate how their organization's services will impact their target communities.

Another participant highlighted how the intersection of race and class has manifested itself in leaders' fundraising skills. The participant reported, “We realize that ... the hindrance for a lot of people is the [historical] shame of asking people for money. Especially for a lot of our groups who are led by people of color.” This participant highlighted the need for leaders of color to become comfortable asking institutions outside of their communities for money.

Building a Fundraising Culture

Field scan participants shared that fundraising should be the responsibility of numerous leaders and staff in an organization. Specifically, three participants shared that alternatively structured NPOs need to develop a

governing board with the networks and skills to “attract donors,” write, and win grants, so that the NPO executives are not the sole people writing proposals. In addition, participants shared that alternatively structured NPOs need to “diversify their funding basis.” Many leaders of alternatively structured NPOs believe that nonprofits are funded by grants only, and are unaware that other funding sources include donations and fee-for-service contracts. One participant shared that,

There’s other ways in which you can bring in revenue for your organization. A lot of folks don’t understand that nonprofits can make money, because there’s still this misconception that you’re quote unquote ‘not supposed to make a lot of money as a nonprofit.’

Finally, three participants stated that leaders of alternatively structured NPOs tend to lack access to funder networks, which decreases an organization’s chances of winning grants.

LEARNINGS

Fiscal sponsorship, leadership development, and fund development emerged as major capacity building functions among organizations included in the field scan. Supporting and building these capacities within partner organizations helps to promote growth and allows NPOs to focus on achieving their missions. The forthcoming Learning Lab case studies can deeply explore these capacity building services in specific organizations to learn more about best practices and potential.

Fund development is a need for all NPOs (Camper, 2016; GuideStar, 2005; National Finance Fund, 2018). Supporting alternatively structured NPOs to develop fund development cultures in which executive leadership, governance boards, as well as fund development personnel effectively communicate their missions and impacts to secure diverse forms of revenue is greatly needed. Although participants highlight that organizations need to build a fundraising culture, more information is needed to develop best practices for building fund development with alternatively structured NPOs.

Additional Capacity Building Functions

In this section, we report findings associated with foundations and information technology services. These findings did not fit neatly within the previous section. Nevertheless, we believe these findings to be important considerations for TSNE's Learning Lab and the field of nonprofit capacity building.

Foundations and Funders

Capacity building initiatives are often made possible by the investments of grantmakers. 77% of staffed foundations in the U.S. provide some form of capacity building support to nonprofits (Grantmakers for Effective Organizations, 2014). This support includes investing in leadership development, fundraising capacity, evaluation capacity, and communications and technology (Grantmakers for Effective Organizations, 2014). Although foundations play a central role in funding capacity building initiatives, field scan participants shared several concerns with how foundations provide support to organizations.

Field scan participants stated that there is a need for foundations to financially support more capacity providers and fiscal sponsors to do “deep equity work.” One respondent defined this type of capacity building as helping an organization “practically apply the conceptual frameworks around structural racism and other power systems and do their work differently” in a way that goes beyond short-term “old fashioned diversity efforts.” Furthermore, two participants reported that equity capacity building that transforms organizational culture and “actually goes deep enough to make a difference is not that available” in the nonprofit sector.

According to one participant, “transforming the culture” of an organization is “the most important lever, the greatest opportunity” to change an organization. Yet, participants observed that equity capacity building does not go deep enough due to how foundations construct and implement grants. For example, one participant shared that equity is currently trendy among foundations. However, the requests for proposals are written with short award periods which are not amenable to the deep institutional capacity building required to shift organizational culture. One participant shared,

I also think it's hard to separate where there's depth and where there's just talk. And frankly, I think foundations contribute to that a lot... [Foundations] follow the hot new thing, and so, equity is the hot new thing. Just as an example, I know funders who are very generously saying to their grantees, 'Look, we want you to have an equity retreat and we'll pay for it. Oh, that's wonderful.' And yet, it's like such a superficial container for what's really needed.

As reported in the Learning Lab Literature Review (Center for Policy, Research, and Evaluation, 2019), long-term support would allow equity-centered policy changes and new processes to become institutionalized. First, multi-year (e.g., three years or more) efforts are more successful than short, episodic initiatives (Grantmakers for Effective Organizations, 2014). Second, continuous long-term operational support demonstrates a deep commitment to the organization and its mission and builds trust with communities of color (Inouye, Estrella, Tate, & Law, 2012, p. 19).

Another challenge raised by field scan participants is that foundations write grants with requirements that leave alternatively structured NPOs with little capacity to keep organizational operations running. These participants stated that foundations need to include operational capacity support as a component of the grant application and provide capacity support once the funds are awarded. Operational support gives NPO staff the space to fully engage in capacity building, while ensuring the day-to-day work gets completed (Inouye, Estrella, Tate, & Law, 2012).

Information Technology Services

We asked participants to share any recommendations for building the information technology (IT) systems of organizations in their portfolios. None of the field scan participants offered IT recommendations, because they did not provide those services. In addition, participants shared that the needs of organizations are so varied that it was difficult to share information technology best practices. The needs of community organizing groups (e.g., smart phones and laptops) may be different from the needs of larger, more financially resourced organizations (e.g., accounting systems, bookkeeping).

However, alternatively structured NPOs need access to information technology that allows them to retrieve documents such as budgets, spending reports, and other resources. According to field scan participants, some NPOs do not have typical supplies, such as computers, Internet access, or scanners. Participants shared that many NPOs in their portfolios are staffed by people who work for the NPO part-time or “after hours” in addition to full-time jobs. This dynamic can create challenges associated with accessing automated systems and complying with deadlines. For example, one participant reported,

Understanding our systems, having the technology and the tools to abide by our systems, to compete is the main key, but it's automated, it's online. What if you don't have the Internet at home? What if you don't have a computer? On top of maybe you have a full-time job that you have to shuttle around the city for, then you have to find a library and go...use their computers, use their Internet, hope they have a scanner.

Finally, one fiscal sponsor field scan participant explained that they intentionally chose not to support organizations' information technology needs due to the cost of maintaining those services.

We identified a suite of ... IT vendors that, based on the circumstance, the size of the organization and the capacity needed, that we a) cut preferential rates; b) know these guys are good; and c) trust these people. And said, 'Listen, if you have an IT need, here's a list of any one of five vendors you can call. All of them have a special niche, but here's why we're recommending these two for your issue.'

The Learning Lab case study profiles can be an opportunity to gather more information to better understand the IT needs of alternatively structure NPOs.

LEARNINGS

There is a great need for long-term support from foundations and funders to support the work of alternatively structured NPOs and capacity builders. Foundations can better support the work of alternatively structured NPOs by offering long-term capacity building and operational support to awardees. Without sustained funding, NPOs may not be able to engage in deep equity capacity building that shifts organizational policies and practices. Furthermore, information technology services and support is a need that few capacity building and fiscal sponsorship organization provide comprehensive support. The Learning Lab case study profiles can be an opportunity to gather more information to better understand the funding and IT needs of alternatively structure organizations.

Appendices

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Brief Description of Field Scan Participants

Name of Organization	State	Scope of Outreach	Fiscal Sponsor	Type of Institutions Served
<u>Building Movement Project</u>	NY	National	No	Alternatively Structured
<u>Community Partners</u>	CA	Statewide and Local	Yes	Traditional and Alternatively Structured
<u>CultureWorks Greater Philadelphia</u>	PA	Local	Yes	Alternatively Structured
<u>Hyams Foundation</u>	MA	Local	No	Alternatively Structured
<u>Management Assistance Group (Change Elemental)</u>	DC	National	No	Alternatively Structured
<u>Movement Strategy Center</u>	CA	National	Yes	Alternatively Structured
<u>Open Source Leadership</u>	NC	National	No	Traditional and Alternatively Structured
<u>Rainier Valley Corps.</u>	WA	Local	No	Traditional and Alternatively Structured
<u>Strong City Baltimore</u>	MD	Local	Yes	Traditional and Alternatively Structured
<u>Tides</u>	CA	National	Yes	Traditional and Alternatively Structured
<u>Urban Affairs Coalition</u>	PA	Local	Yes	Alternatively Structured

Notes on Method

Staff from 11 of the 13 organizations agreed to be interviewed by phone (See Appendix A: Table of Field Scan Organizations). Interviewees represented organizations from seven states, and most held managerial or executive titles within their respective organizations (e.g., Director of Financial Operations, Chief Administrative Officer). Five organizations were fiscal sponsors, five were capacity building organizations, and one organization identified as both a fiscal sponsor and capacity builder.

A semi-structured interview protocol explored capacity building definitions; challenges, best practices, service delivery models, and perceived gaps in capacity building services for NPOs associated with traditional and alternatively structured NPOs. Interviews lasted approximately one hour, were audio recorded, and transcribed. Transcripts were uploaded to and analyzed in Dedoose, a qualitative analysis program. Both inductive and deductive themes were identified and analyzed. Our deductive analysis was grounded by the guiding questions and interview protocol; codes and important themes were identified prior to analyzing the data. In our inductive analysis, we closely reviewed the data to identify themes that we did not intentionally seek out, but that emerged from the data we gathered; codes and important themes were identified as part of the iterative analysis process.

We report on themes that emerged from participant responses. Some themes were present among most or all respondents, and other themes were present in only a few or only one respondent. The topics we identified as themes and ultimately chose to report on in this manuscript are based on our knowledge of existing literature in the capacity building and fiscal sponsorship fields (Center for Policy, Research, and Evaluation at NYU Metro Center, 2019), the identified areas of commonality and difference across organizations, and TSNE's priorities for this field scan.



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