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An Examination Of The Use Of Assessing Capacity To Stimulate Capacity Building With Nonprofit Organizations

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An Examination of the Use of Assessing Capacity to Stimulate Capacity Building with Nonprofit Organizations

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Dedication

I dedicate my dissertation to Alan Palmer; my husband, my friend my partner in life. My gratitude and love for the many sacrifices and provisions he has made for our family abound without measure. His quiet patience and unwavering support were undeniably the bedrock upon which these past few years were made possible. He gave me the physical and mental space in which to develop my ideas; and assumed dual roles when needed for our son, Joshua. Alan has inspiringly given me all the support I ever needed to see this journey through to the end and for that I am truly grateful.

I also dedicate my dissertation to my son Joshua, who has inspired me without knowing it with his spirited countenance and true grit. His tenacity and infectious smile would not allow me to give less than a hundred percent. He truly mimics the patience of his father through his understanding of every football and basketball game and Saturday activity he was forced to endure without me. I can now be in the stands cheering you on as you have done for me. Thank you!

Biographical Sketch

Pamela Murrill Palmer was born in Jacksonville, North Carolina and grew up in Lexington, North Carolina. She obtained her undergraduate degree in Business Administration from Winston-Salem State University and Master of Science degree from North Carolina Agricultural & Technical State University in Human Resources. She also holds a Certificate in Nonprofit Management from Duke University.

Pamela is an Assistant Professor in the Human Relations, Sociology and Nonprofit Studies Department at High Point University in High Point, North Carolina. Her professional experience also includes consulting in the areas of leadership and organization development. She is also one of the incorporators of a nonprofit organization that serves as a resource and referral center to “meet the needs of people by linking and connecting them to resources.”

Pamela has served, and continues to serve, on various nonprofit boards and committees in hopes that she will make contributions that foster quality services and integrity to the many individuals impacted by the delivery of human services on a local, state, national, and international level. Some of her board and volunteer commitments have been to her church, the United Way of Greater High Point, Guilford County Area Mental Health Board, Mayor of High Point’s Workforce Preparedness Task Force, and Executive and Program Committee member of the American Friends Service Committee. Other volunteer and board commitments over the years include YMCA of Jamestown, Davidson County Smart Start, Youth Unlimited, North Carolina Institute of Political Leadership, Head Start (Raleigh, NC), the Volunteer Center of Greensboro, and a host of others.

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To my in-laws, Roosevelt and Mary Glover, Ada Palmer, and Wade Palmer, thank you for filling in the gaps and being surrogates at a moment's notice. Knowing Joshua was always in capable and loving hands as I trudged through with my research positively affected the outcome. Your time and support is a treasured gift in which I can never repay.

To my siblings and extended family, I thank each of you for your encouragement and confidence in me—each of you inspired me to keep the faith. Thank you for your love for Joshua

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To many that are not named, I thank and appreciate you all for being with me through this process. You have all served as bright lights as I walked a path I had never been on before. Now I can clearly see that I could not have experienced this achievement without each and every one of you. Keep shining, as I am sure there will be many more to come.

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Abstract

An in-depth examination of the use of assessing capacity to stimulate capacity building was conducted with member nonprofits of the Guilford Nonprofit Consortium, in Guilford County, North Carolina. The primary research question was "to what extent and in what ways does assessing the capacity of a nonprofit organization help that organization's executive director engage in capacity building?"

As an academic and practitioner in nonprofit leadership and management, the researcher was interested in exploring the use of assessing capacity prior to implementing capacity building initiatives. The research question prescribes the mixing of research methods and stipulated a connected mixed methods design due to the need to connect qualitative interview data to quantitative survey data. As a result of this study, the researcher found, when an executive director surveys the capacity of their nonprofit it helps them plan and implement capacity building.

This study is significant for future research and practice of assessing the capacity of nonprofit organizations. More specifically, the results of this study contribute to the current literature and practices on capacity building from both a micro and macro perspective. Executive directors and leaders of nonprofit organizations have insight on how assessing capacity stimulates capacity building in nonprofits. Additionally, the nonprofit sector has knowledge about the significance of assessing capacity to plan and implement capacity building initiatives.

Keywords: nonprofit and nonprofit organization, capacity, capacity building, organization development.

CHAPTER 1

Introduction

The executive directors who lead and manage nonprofit organizations are faced with opportunities and challenges that impact their growth and development in the nonprofit sector. However, their ability to benefit from such endeavors is oftentimes contingent on the capacity of the nonprofits they represent. The capacity needs of nonprofits are urgent, as is the growing need within foundations to justify future funding outlays for organizational capacity and effectiveness (Kibbe, 2004). According to Sherman (2008) nonprofits, in the same manner as for-profits, need to ensure the organization is equipped to engage in growth and development strategies to support quality programs and services. For businesses and corporations, making a profit is first priority; for the nonprofit, the main priority is maintaining the mission. Either way, the imperative to establish a robust organizational structure with substantial capacity is the same. As executive directors strive to achieve substantial capacity, they oftentimes engage in capacity building activities without first verifying the organization's current capacity. This oversight can result in the loss of program funding, day-to-day operations funds and in some cases dissolution of the organization. According to Newborn (2008), receptivity to capacity building has evolved from funders not funding capacity building to funders displaying their support by financing comprehensive capacity building initiatives. Funders have grown to realize that funding programs with low levels of capacity can result in unsuccessful outcomes. She states, "thus, the trend is toward a focus on building capacity" (p. 23). In this regard, this study explores capacity building by examining ways in which assessing capacity fosters capacity building.

Individual nonprofits and the nonprofit sector acknowledge and utilize capacity building as a means to enhance capacity. Nonprofits are facing major challenges as a result of the soft economic climate, changes in the demographics of potential donors and advancements in technology. Nonprofits can minimize the impact of these realities by engaging in strategically planned capacity building activities. As reported by Brussalis (2009), nonprofits are faced with the dilemma of meeting an increased demand for services with declining revenue streams and strained capacity. To survive and succeed in this economy, organizations must find a way to turn challenges into opportunities and position itself to capitalize on its strengths and distinctiveness. As Brussalis (2009) also argues, nonprofits that are stretched to do more with less must take an honest, introspective look at the needs that they are trying to satisfy compared with their ability to meet them. Assessing needs in relation to capacity to deliver is a critical step organizations must take to position themselves to weather turbulent times and to prepare for a rebounding economy. A strategy of using external market intelligence concomitant with an internal assessment of capacity will significantly strengthen any organization's ability to navigate an economic downturn and capitalize on robust periods of growth. Kibbe (2004) postulates that in recent years, a growing number of nonprofit leaders, representing grantmakers and grantseekers alike, have embraced the importance of investing in the capacity and effectiveness of individual organizations and of the sector as a whole. To this end, the purpose of this study was to examine the use of assessing capacity to stimulate capacity building with nonprofits in Guilford County, North Carolina.

The definitions for capacity and capacity building for this study are defined by Deborah Linnell (2003) in her *Evaluation of Capacity Building: Lessons Learned* report. Linnell states capacity building and capacity are related but they are not the same. She refers to capacity as an organization's ability to achieve its mission effectively and to sustain itself over the long term. She describes capacity building as activities that improve an organization's ability to achieve its mission. Linnell further explains that capacity building may relate to almost any aspect of its work: improved governance, leadership, mission and strategy, administration (including human resources, financial management, and legal matters), program development and implementation, fundraising and income generation, diversity, partnerships and collaboration, evaluation, advocacy and policy change, marketing, positioning, planning, etc.

Nonprofit America has confronted a difficult set of challenges over the recent past. Fiscal stress, increased competition, rapidly changing technology, and new accountability expectations have significantly expanded the pressures under which these organizations must work, and this has affected the public support these organizations enjoy and their ability to attract and hold staff (Salamon, 2002). According to Connolly and Lukas (2002), the accelerating rate of change and major restructuring of the nonprofit sector are taking a toll on nonprofit organizations. The distinctions between for-profit, nonprofit, and public sectors are blurring as each sector adapts new approaches and vehicles from the other. Competition among sectors is heightened as managed health care expands, education becomes more privatized, and government outsourcing grows. Stakeholders are calling for more value and accountability from nonprofits. The population is becoming more diverse. Rapid technological progress has allowed larger, well-financed nonprofits to automate, streamline operations, and take advantage of more affordable and efficient telecommunications, while smaller nonprofits, often serving the most pressing social needs, have not been able to do so. Fix and Lewis (as cited in Jones, 2003) argue that human services, heavily funded through governmental channels since the Johnson era’s War on Poverty, are seeing substantial reductions due to changes in governmental policy as well as fee-based, cost-shifting strategies such as managed care and increased reliance on Medicaid funding in mental health, child welfare, and developmental disabilities. Furthermore, as fee-based funding has increased, there has been a significant increase in for-profit and nonprofit human service competition. Many new nonprofit organizations have entered the fund development arena at precisely the time when philanthropic giving to human services is stagnant. Light (2004) explains,

> America's nonprofit organizations face a difficult present and an uncertain future. Money is tight. Workloads are heavy, employee turnover is high and charitable donations have not fully rebounded from the recent economic downturn. Media and political scrutiny remain high, and public confidence in nonprofits has yet to recover from its sharp decline in the wake of well-publicized scandals. Yet the nonprofit sector has never played a more important role in American life. As a generation of nonprofit executives and board members approach retirement, it becomes increasingly important to ensure that their organizations are prepared to continue their missions. (inside cover)

Linnell (2003) reports that nonprofit and funder accountability is being emphasized more than ever before, necessitating the increased involvement of capacity builders to help nonprofits develop systems and expertise to identify indicators, establish processes of measurement, and document outcomes. As well as, the economic environment has produced enormous changes in funding for nonprofits, influencing the demand for capacity building. Venture Philanthropy Partners (2001) also argue that as nonprofit organizations play increasingly important roles in our society, it becomes even more critical for them to perform effectively. In response, nonprofit managers have demonstrated a growing interest in management practices and principles that will help them build high-performing organizations, rather than just strong programs. Traditional foundations and venture philanthropists have also professed a new commitment to investing in the organizational capacity of the nonprofits that they fund. According to Jones (2003), these shifts and challenges are dramatically changing the fundamental assumptions, economic drivers, and very foundation on which many human service organizations, historically undercapitalized and cash flow challenged, were built. Within this context, many nonprofit executives and boards are seeking the tools and strategies to chart a future for their organization and community. Their focus is high performance and organizational excellence through capacity building. Venture Philanthropy Partners (2001) report, while the benefits of capacity may be compelling, the actual effort of building capacity can seem daunting indeed. It takes a long time to implement capacity building and the need is not always apparent to staff, volunteers, board members, or donors. They report, it is critical that in their roles as nonprofit funders, board members, staff and advisors, they support nonprofit managers in their efforts to build organizational capacity. They suggest nonprofit managers take on the difficult and often painful task of assessing their own capacity and identifying the gaps that need to be filled.

While many funding supporters endorse capacity assessment and building within non-profit organizations, other researchers remain somewhat skeptical about its benefits. For example, Light and Hubbard (2004) noted that without evidence demonstrating how capacity building produces stronger organizations, and lacking a baseline against which to declare success or failure, it is difficult for nonprofit executives and funders alike to justify spending scarce resources on capacity building efforts. However, despite existing skepticism, many who support capacity building have assessed capacity needs, and conducted studies to develop and disseminate capacity building resources that nonprofit leaders can use to strengthen their organization’s capacity. In order to identify nonprofit capacity building needs and efforts, The Conservation Company (TCC) surveyed the membership listserv of The Alliance for Nonprofit Management, and interviewed capacity builders, nonprofit leaders, researchers, funders and other experts. Many of those interviewed articulated a wide range of nonprofit capacity needs. As these responses indicate, there are many different levels and types of nonprofit capacity needs. For example, some interviewees stated that nonprofit organizations are struggling with core functions like fundraising, board development, staff retention, and use of technology. Others argued that nonprofits need to improve how they set priorities and manage, share and use their knowledge, act as social entrepreneurs, reflect on their work, and empower staff (Connolly & York, 2003). Recent research by the Global Committee on the Future of Organization Development shows how capacity-building and organization-development practices can strengthen nonprofit organizations. Their survey results revealed, nonprofit leaders see an increasing opportunity for organizational development and capacity-building work that is critical to the nonprofit sector's future. Overall, these leaders agree more than they disagree about what's important and where they most need assistance. They point to five key steps, of a capacity building nature, in which nonprofits need to take: strengthen leadership skills; solve organizational problems systematically; align strategies, people systems, and processes organization-wide; apply organizational change principles; and create an organizational culture that supports collaboration and strategic alliances (Applegate, 2008). Dolan (2002) discovered, after conducting a regional survey in southwest Ohio with over six-hundred nonprofit administrators, that administrators hold a common perception that they need training in generating additional resources, both in fundraising and in grant writing. However, they showed relatively little interest in areas that could help them better manage those resources. Areas such as program evaluation and accounting were well down the list, and budgeting did not even make the cutoff for inclusion. Ironically, each of these areas have components that can assist an organization in a more efficient and effective use of resources. Paarlburg and Owen (2011) report that from 127 nonprofit respondents in southeastern North Carolina, marketing, program planning, implementing strategic change, and developing and maintaining community partnerships as top challenges facing nonprofits. These challenges are typical areas in which nonprofits engage in capacity building.

Collectively, these survey results have set the precedence for assessing the capacity of nonprofit organizations. However, in North Carolina there have been few studies that report surveying capacity before or when planning and implementing statewide capacity building initiatives. More specifically, limited research has been conducted, in Guilford County, North Carolina, relative to surveying the capacity of nonprofits. Thus this study, contributes to the existing literature on surveying capacity of nonprofits and adds to the limited reports about the capacity of nonprofits in North Carolina.

Jones (2003) suggests we understand that America's human service nonprofit sector will be shaped much less by external trends and crises, and much more by the ability of boards and executives to develop new visions of leadership and organizational capacity. Seeking excellence in performance and understanding the basics of effective capacity building is more than a theoretical enterprise. In this environment, it is an organizational imperative that will have a significant impact on organizational survival and the future of the overall nonprofit sector.

Light (2004) concludes that greater capacity leads to increased effectiveness. He proposes a logic model to explain the implications of the link that greater capacity leads to increased effectiveness, which increases public confidence, which in turn results in more discretionary giving and volunteering. Light's solution to diminished public confidence in nonprofits is thus to invest more in building their capacity, thereby increasing their effectiveness and changing the public's perceptions.

The theoretical conceptual frameworks that guide this study are from two bodies of knowledge—organization development and capacity building. Organization development is an academic discipline and a core subject of leadership studies and capacity building is a foundational topic and primary component of nonprofit studies. A primary initial step in organization development and capacity building is organizational diagnosis. In this study the researcher examined the use of surveying organization capacity (organizational diagnosis), a task that happens in the initial stages of both organization development (Gallant & Rios, 2006; Noolan, 2006; Tschudy, 2006) and capacity building (Connolly & Lukas, 2002; De Vita & Fleming, 2001; Sherman, 2008; Venture Philanthropy Partners, 2001). According to these researchers, organizational diagnosis is one of the first steps of organization development and capacity building and this task is oftentimes accomplished through surveying. In this study, feedback from surveying the capacity of a group of nonprofits was essential for an in-depth examination of the investigational topic.

In an effort to systematize capacity building, proponents of capacity building have developed and disseminated capacity building frameworks and models nonprofit leaders can use to strengthen their organization's capacity. The Conservation Company, Center on Nonprofits and Philanthropy at the Urban Institute, Wilder Foundation and Venture Philanthropy Partners in partnership with McKinsey and Company have provided funding and other resources to develop and introduce frameworks for capacity building. The model for organizational effectiveness relative to capacity building developed by the New York-based firm, The Conservation Company (TCC) and reported by Sherman (2008), emphasizes four critical areas leadership capacity, adaptive capacity, management capacity, technical capacity and organizational culture. De Vita and Fleming (2001), in their *Building Capacity in Nonprofit Organizations* report, present a conceptual model for thinking about effective ways to build the capacity of nonprofits. The model consists of five components that are commonly found in all organizations and intermediary structures: vision and mission, leadership, resources, outreach, and products and services. As published by Connolly and Lukas (2002), in *Strengthening Nonprofit Performance: A Funder's Guide to Capacity Building*, organizational capacity is multifaceted and continually evolving. Their model includes six components of organizational capacity that are necessary for high performance: mission, vision, and strategy; governance and leadership; program delivery and impact; strategic relationships; resource development; and internal operations and management. Venture Philanthropy Partners (2001) developed a *"Capacity Framework"* to provide a common vision and vocabulary for nonprofit capacity. The Capacity Framework defines nonprofit capacity in a pyramid of seven essential elements: three higher-level elements—aspirations, strategy, and organizational skills, three foundational elements—systems and infrastructure, human resources, and organizational structure, and a cultural element which serves to connect all the others.

Some of the survey instruments available to nonprofit executives are the McKinsey Capacity Assessment Grid funded by Venture Philanthropy Partners (2001), a Checklist of Nonprofit Organizational Indicators offered by Authenticity Consulting LLC, the Organizational Capacity Assessment Tool authored by Point K, Organizational Assessment—Stepping Back, Taking Stock provided by Fieldstone Alliance and Peter Drucker's Self Assessment Tool (Stern, Drucker, & Hesselbein, 1999).

In this study, the framework used to examine and analyze the capacity of nonprofits was the "Capacity Framework" and the survey instrument was the McKinsey Capacity Assessment Grid (GRID). Both were developed by Venture Philanthropy Partners in partnership with

McKinsey & Company. The Capacity Framework presents nonprofit organizations with the GRID to assess, clarify aspirations, and plan strategic investments in building the organization (Jones, 2003). According to Guthrie and Preston (2005), the GRID grew out of research commissioned in 2001 by Venture Philanthropy Partners to identify successful nonprofit capacity-building experiences. The results published in "Effective Capacity Building in Nonprofit Organizations," presented the framework to conceptualize different components of organizational capacity, and showcased the GRID as a tool to help nonprofits identify strengths and weaknesses across areas of capacity.

According to Raderstrong (personal communication, September 7, 2010), the GRID has been customized for various types of organizations to use in assessing and benchmarking capacity. This includes 41 nonprofits, 10 international nonprofits, 5 foundations, 4 international foundations, 1 corporate foundation, 2 governments, 2 for-profits, 4 consultants, and 8 academics. In addition, the GRID has also, either entirely or partially, been translated into over eleven different languages (included among these eleven are English, Spanish, Korean, Chinese and Hebrew) via the work of organizations that have been given permission to use the GRID.

Definition of Terms

This study defines *nonprofits or nonprofit organizations* as charity based organizations with a 501(c)(3) tax exempt status from the Internal Revenue Service in the United States. *Capacity* is an organization's ability to achieve its mission and sustain itself and capacity building is described as activities that improve an organization's ability to achieve its mission (Linnell, 2003).

Organization development is an effort that is planned organization-wide and managed from the top, to increase an organization's effectiveness and health through interventions in the organization's processes, using behavioral-science knowledge (Beckhard, 2006).

Surveying is a popular research method and surveys are frequently an appropriate and useful means of collecting information. The use of surveying permits researchers to measure the prevalence of attitudes, beliefs, and behavior; to study change in them over time; to examine group differences; and to test causal propositions about the sources of attitudes, beliefs and behavior (Weisberg, Krosnick, & Bowen, 1996).

Purpose of the Study

The purpose of this study was to examine the use of assessing capacity with nonprofit organizations. An in-depth examination of assessing capacity with member nonprofits of the Guilford Nonprofit Consortium, in Guilford County, North Carolina was conducted to determine how assessing the capacity of a nonprofit organization stimulates capacity building.

Research Question

As an educator in nonprofit leadership and management, the researcher was interested in exploring the use of surveying the capacity of nonprofit organizations. The primary research question was "to what extent and in what ways does assessing the capacity of a nonprofit organization help that organization's executive director engage in capacity building?" The research procedures and content of the study reflect the research question and prescribes a mixed methods research approach. According to Creswell (2009), this approach enhances the viewpoint that the study intends to lead to some integration or connection between quantitative and qualitative methodology. In this study, qualitative interview data was connected to quantitative survey data.

Significance of the Study

The quantitative results and qualitative findings of this study contribute to the current literature and practices on capacity building from both a micro and macro perspective. Both individual nonprofits and the nonprofit sector gained insight on the use of surveying capacity from an academic and practitioner perspective. The research based information and knowledge, quantitative results, and qualitative findings from this study are a basis for future research on surveying the capacity of nonprofit organizations.

Delimitations

The primary delimitations that posed concern in the design of this study were relative to the knowledge, availability and accessibility of the executive directors who would complete the survey and participate in the interviews. The challenge was ensuring the executive directors that completed the survey were knowledgeable enough about the organization to give an accurate account of capacity and available and accessible for follow-up interviews four weeks after completing the survey.

Organization of the Study

The present study is organized around five chapters. Chapter One introduces the topic of the study, the primary research question, and the significance of the study. The second chapter reviews the literature that is relevant to the study. Chapter Three explains the research design and methodology which includes a description of the survey respondents and interview informants and the procedures used to collect and analyze the data. The fourth chapter describes the quantitative results and qualitative findings and the final chapter discusses the results and findings and imparts recommendations and implications for future research and practice.

CHAPTER 2

Review of the Literature

This study was designed to examine the use of surveying capacity to stimulate capacity building with nonprofit organizations. More specifically, the study was conducted to explain and identify to what extent and in what ways assessing the capacity of a nonprofit organization helps that organization's executive director engage in capacity building. While Chapter 1 introduced the scope and focus of the research, Chapter 2 is a review of the literature. The literature review was compiled using a thematic approach to summarize and synthesize published information, about significant subject areas, related to examining the use of assessing the capacity of nonprofit organizations. This chapter presents an overview of capacity and capacity building, the relevance of capacity building and organization development as theoretical conceptual frameworks for the study, a synopsis of the need to survey the capacity of nonprofits, a description of capacity building frameworks and survey instruments, the impact of assessing the capacity of nonprofit organizations, and major gaps in the literature related to capacity building (see Figure 2.1).

Capacity and Capacity Building

An essential element, at the onset of this study, is to learn and identify a working definition of capacity and capacity building. The selected working definitions that will be used throughout the study are from Deborah Linnell author of *Evaluation of Capacity Building: Lessons Learned*. Linnell (2003) states "capacity building and capacity are related, but they are not the same" (p. 13). She refers to capacity as "an organization's ability to achieve its mission effectively and to sustain itself over the long term" (p. 13). She describes capacity building as "activities that improve an organization's ability to achieve its mission" (p. 13). According to

Linnell (2003), capacity building emerges in various forms related to the day-to-day operations of nonprofit organizations. Capacity building has taken place through training and technical assistance with nonprofit professionals in the form of the enhancement of governance and oversight, mission and vision, human resources board development, program management and evaluation, fundraising and revenue generating strategies, financial management, advertising and marketing, volunteer recruitment and management, public relations and social media. For nonprofit leaders, capacity building is secured in the form of professional coaching. The focus for professional coaching is primarily associated with personal and professional development on how to establish, maintain and sustain nonprofit organizations.

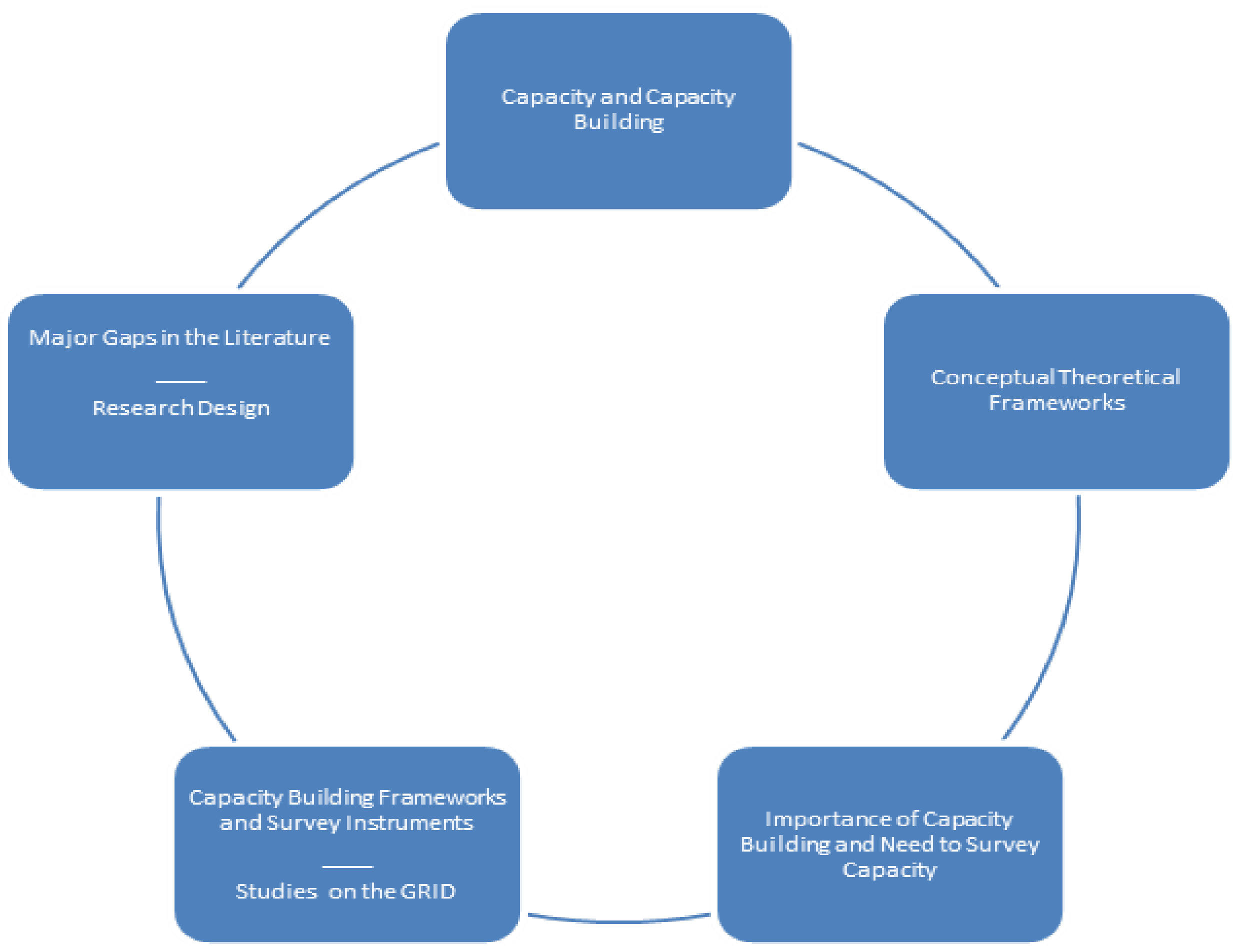

Figure 2.1. Components of Literature Review

Other definitions in the field are consistent with those of Linnell (2003). As described by Hudson (2005), building organization capacity is “about systematically investing in developing an organization’s internal systems (for example, its people, processes, and infrastructure) and its external relationships (for example, with funders, partners, and volunteers) so that it can better realize its mission and achieve greater impact” (p. 1). According to Hudson (2005), capacity building should occur in the context of accomplishing an organization’s goals while maintaining the organization’s mission, values, and beliefs with the intent of enhancing its infrastructure. Hudson (2005) conveys capacity building is about repositioning an establishment’s posture to address issues related to its mission for the purpose of influencing mission-driven outcomes without holistically succumbing to business like techniques.

Connolly and Lukas (2002) explain capacity as “an abstract term that describes a wide range of capabilities, knowledge, and resources that nonprofits need in order to be effective” (p. 15). They describe capacity building as “activities that strengthen a nonprofit organization and help it better fulfill its mission” (p. 19). These activities include, among others, strategic planning, technology upgrades, operational improvements, and board development. They agree, “capacity building can advance an organization’s ability to deliver programs, expand, and be adaptive and innovative” (p. 19).

Kibbe (2004) explains,

> in this less-than-perfect world, populated by complex organizations with multiple goals and varying capabilities, some comfort can be taken in one simple truth and its corollary. The truth: Many types of capacity and many different competencies are useful or essential to helping a nonprofit organization achieve its goals. The corollary: Different organizations, working in different fields, will require different capacities at different

> times and at different stages of development. As stated by Kibbe (2004), many thoughtful leaders and practitioners in the field of nonprofit capacity building, believe three central aspects of organizational capacity are essential to all (or nearly all) successful nonprofit organizations: Planfulness, effective leadership and strong governance. Planfulness is the capacity to revisit the organization's mission, goals, and strategies on a regular basis to make sure they are fresh and appropriate to new opportunities, new challenges, and changes in the wider world. Effective nonprofit leaders are equal parts politician, cheerleader, change agent, and manager. They are capable of marshaling an organization's people and its resources for maximum effect. Strong governance is demonstrated by the exemplary nonprofit board functioning as an essential resource for its organization—a source of knowledge, expertise, vision, resources, and contacts in the community. By developing its board, a nonprofit organization can go a long way toward improving its overall effectiveness as well as its capacity to carry out its plans. (pp. 5-8)

Theoretical Conceptual Framework

As stated in Chapter 1, the theoretical conceptual frameworks that guide this study are from two bodies of knowledge—organization development and capacity building. Organization development is an academic discipline and a core subject of leadership studies and capacity building is a foundational topic and primary component of nonprofit studies. A primary initial step in organization development and capacity building is organizational diagnosis. In this study, diagnosis of the capacity of nonprofits through surveying was viewed as an essential element of examining the use of surveying capacity to stimulate capacity building.

Organization development and capacity building. According to Beckhard (2006), organization development (OD) is "an effort that is planned organization-wide and managed from the top, to increase organization effectiveness and health through interventions in the organization's processes, using behavioral-science knowledge" (p. 3). He describes an "effort planned" as an organization development program that involves a systematic diagnosis of the organization, the development of a strategic plan for improvement, and the mobilization of resources to carry out the effort (p. 3). From a process point of view, OD is the implementation of several phases of development that involves diagnosing an organization, coordinating and facilitating intervention strategies based on the diagnosis, and evaluating progress towards enhancement of the organization (Jones & Brazzel, 2006). Similarly, these components of OD can be used to examine the capacity of nonprofits and implement capacity building (Wirtenberg et al., 2007). Moreover, steps taken by nonprofits to engage in capacity building correspond with phases of organization development (see Table 2.1). Capacity building begins with an initial consultation to build rapport and discuss needs, followed by assessing and analyzing current capacity, then a plan is developed for capacity building and concludes with a review of progress to determine if capacity building is complete or the process has to be restarted (Connolly & Lukas, 2002; De Vita & Fleming, 2001; Sherman, 2008; Venture Philanthropy Partners, 2001).

Table 2.1

Corresponding Theoretical Conceptual Frameworks

Phases of Organization Development	**Capacity Building**
Entry and Contracting	Build Rapport and Discuss Needs
Diagnosis	Survey and Analyze Capacity
Intervention	Develop a Plan and Engage in Capacity Building
Evaluation and Termination	Review Progress and Restart or Finish
Source: Jones and Brazzel (2006). The NTL Handbook of Organization Development Change Principles, Practices, and Perspectives	*Sources*: (Sherman, 2008, De Vita and Fleming, 2001, Connolly and Lukas, 2002, and Venture Philanthropy Partners, 2001)

Organization development is presented as a broad approach to assisting organizations with improvements and change in direction. While organization development helps an organization understand its goals and increases the awareness of resources for change; this approach primarily introduces possibilities for organization enhancement. On this broad level, organization development proves to be an impactful intervention method. However, capacity building affects multiple areas with specificity. Rather than, just make organizations aware of tools that can be used, capacity building gives each nonprofit the opportunity to engage in implementing these tools. After studying the steps and procedures for organization development and capacity building, capacity building offers an action-oriented method for lasting change to a nonprofit organization's vitality and growth.

The Importance of Capacity Building and the Need to Survey Capacity

The research based information and knowledge, quantitative results, and qualitative findings from this study are significant for future research on surveying the capacity of nonprofit organizations. The results and findings can be used to prompt further investigation on using surveying capacity as an essential step in capacity building. Worth (2009), Hudson (2005), De Vita and Fleming (2001), and Connolly and York (2003) indicate through their research that capacity building is important to the growth and longevity of nonprofit organizations.

As explained by Worth (2009), capacity building is essential to an organization's ability to grow and sustain successful programs that deliver positive impactful results. Forfeiting capacity building could result in limited accessibility of human services for people in need and perpetuate issues and problems in communities large and small. He further explains, inadequate capacity intensifies the stress of staff and volunteers who serve diverse populations of people.

According to Hudson (2005), since the early 1980s "there has been a growing realization that nonprofit organizations need significant investment in organization capacity if they are to have greater impact" (p. 3). Grant-making foundations have been among the first to acknowledge this need. These organizations have pioneered and funded capacity building initiatives to grow the ability of nonprofit organizations to continue their work. They have posed questions regarding the achievements of nonprofits and the availability of resources to further their reach.

De Vita and Fleming (2001) report,

> Community structures are generally organized around three realms: the government, business, and nonprofit sectors. Like a three-legged stool, all three sectors must be present, sturdy, and working together to achieve balance and stability. However, in today's rapidly changing environment, there is considerable concern that the third sector—community-based nonprofit entities—may lack the capacity and technical expertise to keep up with change and thereby contribute to an enriched and healthy quality of life. Many small, community-based groups are organizationally fragile. Many large groups are stretched to their limits. As demand from community-based services grows, as new needs are identified, and as new paradigms for exchange and interaction emerge, the nonprofit sector is continually challenged to devise ways to increase and strengthen its capacity. Indeed, capacity building must rest on the notion that change is the norm and not a passing anomaly. (p. 13)

In the executive summary of *Building the Capacity of Capacity Builders: A Study of Management Support and Field-Building Organizations in the Nonprofit Sector*, Connolly and York (2003) report

> there are numerous theories to test, models to refine, outcomes to demonstrate, and ideas to explore. They suggest researchers play a pivotal role in advancing the capacity building field by conducting research that examines what works, what doesn't, and under what circumstances. (p. 19)

Capacity Building Frameworks and Survey Instruments

In an effort to implement capacity building, The Conservation Company (TCC), the Center on Nonprofits and Philanthropy at the Urban Institute, the Amherst H. Wilder Foundation along with Grantmakers for Effectiveness, and Venture Philanthropy Partners in partnership with McKinsey & Company have provided funding and other resources to develop, introduce, and implement frameworks for capacity building in the nonprofit sector (see Table 2.1).

As the field has matured, definitions of nonprofit capacity and ideas about how to measure it have proliferated. One model relative to capacity building, developed by the New York-based firm TCC and reported by Connolly and York (2002), emphasizes four critical areas of capacity: leadership capacity, adaptive capacity, management capacity, and technical capacity. Leadership capacity is the ability of all organizational leaders to create and sustain the vision, inspire, model prioritize, make decisions, provide direction, and innovate, all in an effort to achieve the organizational mission. Adaptive capacity is the ability of a nonprofit organization to monitor, assess, and respond to internal and external changes. Management capacity is the ability of a nonprofit organization to ensure the effective and efficient use of organizational resources. Technical capacity is the ability of a nonprofit organization to implement all the key organizational and programmatic functions. These areas are considered critical to the sustainability of nonprofit organizations. Along with this framework for investigating capacity, TCC has a survey—The Core Capacity Assessment Tool (CCAT) that highlights the organizational capacity of nonprofits by assessing leadership, adaptive, management and technical capacity. CCAT contains a broad group of questions about organizational behaviors administered electronically to a nonprofit's leaders and board members. The data from the survey provide the context and information that guides the design and focus of capacity building for nonprofits.

De Vita and Fleming (2001), explain a conceptual model for thinking about effective ways to build the capacity of nonprofits, in their *Building Capacity in Nonprofit Organizations* report, presented by the Center on Nonprofits at the Urban Institute. They report, capacity building traditionally has occurred primarily at the organizational level. For example, nonprofits have received assistance to develop sound financial management practices or to improve fundraising capabilities. They expand upon this historical paradigm by suggesting that nonprofit capacity also may be conceptualized in collective terms. This new vision of nonprofit development is based on nurturing and growing the sector's capacity as a whole. While the ultimate goal of capacity building is to create safe and productive communities where people can work, live, play, and develop their potentials, the strategies for intervention can be approached from several perspectives—the nonprofit organization, the nonprofit sector, and the community. Although enhancing the capacity of nonprofit groups is not synonymous with building healthy communities, there are important linkages that need to be explored. Their model can serve as a guide in the development of intervention strategies. The model illustrates a common framework for analyzing and assessing potential pathways for addressing the capacity needs of the nonprofit sector. It consists of five components that are commonly found in all organizations and intermediary structures: vision and mission, leadership, resources, outreach, and products and services. These five factors are interrelated and mutually dependent on one another. As a system, each factor reinforces and bolsters the other factors in the model. It is unlikely, however, that all five factors are equally present in any particular organization. Some groups may emphasize one factor over another, but a healthy mix of these five components is necessary for an organization to survive and thrive. Each factor can be viewed as a possible intervention point for enhancing organizational capacity. They recommend the Drucker Foundation's Self-Assessment Tool for Nonprofits to identify the capacity needs of nonprofit organizations.

As published by Connolly and Lukas (2002) in their book *Strengthening Nonprofit Performance: A Funder's Guide to Capacity Building*, organizational capacity is multifaceted and continually evolving. The model in this book, promoted by the Amherst H. Wilder Foundation and Grantmakers for Effective Organizations, includes six components of organizational capacity that are necessary for high performance: mission, vision, and strategy; governance and leadership; program delivery and impact; strategic relationships; resource development; and internal operations and management. These interdependent factors contribute to the health and performance of a nonprofit organization. The model also suggests continual interaction between the organization's external environment and its internal components. Each of the components serves as a critical role in an organization's overall effectiveness. Mission, vision, and strategy are the driving forces that give the organization its purpose and direction. Program delivery and impact are the nonprofit's primary reasons for existence, just as profit is a primary aim for most businesses. Strategic relationships, resource development, and internal operations and management are all necessary mechanisms to achieve the organization's ends. Governance and leadership are the lubricant that keeps all the parts aligned and moving and all of these components are affected by the environment in which the organization exists. For this model, the CCAT, Self-Assessment Tool for Nonprofits and the GRID (see Table 2.2) are recommended by the Amherst H. Wilder Foundation and Grantmakers for Effective Organizations to survey capacity.

Table 2.2

Capacity Building Frameworks and Survey Instruments

Developed by	The Conservation Company	Center on Nonprofits and Philanthropy The Urban Institute	Amherst H. Wilder Foundation And Grantmakers for Effective Organizations	Venture Philanthropy Partners and McKinsey & Company
• **Framework**	**Core Capacities** • Leadership • Adaptive • Management • Technical • Organizational Culture	**Components** • Vision and Mission • Leadership • Resources • Outreach • Products and Services	**Process** • Plan to Plan • Take Stock • Set Direction • Take Action and Evaluate	**Capacity Pyramid** • High Level • Foundational • Cultural
• **Areas of Focus**	• Monitor, Assess, Respond and Stimulate Change • Inspire, Prioritize, make Decisions, provide Direction, and Innovate • Use of Organizational Resources • Implement key Functions and deliver Programs and Services	• Board, Staff and Volunteer Leadership • Financial, Technological, and Human Resources • Dissemination, Public Education, Collaboration, and Advocacy • Outputs, Outcomes and Performance	• Mission, Vision and Strategy • Governance and Leadership • Program Delivery and Impact • Strategic Relationships • Resource Development • Internal Operations and Management	• Aspirations • Strategy • Organizational Skills • Systems and Infrastructure • Human Resources • Organizational Structure • Cultural
• **Survey**	CCAT (Core Capacity Assessment Tool)	Recommend Self-Assessment Tool for Nonprofits (Drucker Foundation)	Recommend CCAT, Self- Assessment Tool for Nonprofits and the GRID	GRID (Capacity Assessment Grid)
• **Website**	www.tccccat.com	www.urban.org/center	www.fieldstonealliance.org	www.vppartners.org

According to Venture Philanthropy Partners (VPP) (2001), capacity is one of those words that has a varied meaning to a diverse audience of people, and nonprofits have approached and interpreted capacity building in many different ways. The team at VPP developed a “Capacity Framework” to provide a common vision and vocabulary for nonprofit capacity. The Capacity Framework, defines nonprofit capacity in a pyramid of seven essential elements: three higher-level elements—aspirations, strategy, and organizational skills—three foundational elements—systems and infrastructure, human resources, and organizational structure—and a cultural element which serves to connect all the others. By combining all the different elements of organizational capacity in a single, coherent diagram, the pyramid emphasizes the importance of examining each element both individually and in relation to the other elements, as well as in context of the whole enterprise. Aspirations are viewed as an organization's mission, vision, and overarching goals, which collectively articulate its common sense of purpose and direction. Strategy is considered the coherent set of actions and programs aimed at fulfilling the organization's overarching goals. Organizational skills are the sum of the organization's capabilities, including such things (among others) as performance measurement, planning, resource management, and external relationship building. Human resources are the collective capabilities, experiences, potential and commitment of the organization's board, management team, staff, and volunteers. Systems and infrastructure are the organization's planning, decision making, knowledge management, and administrative systems, as well as the physical and technological assets that support the organization. Organizational structure is the combination of governance, organizational design, inter-functional coordination, and individual job descriptions that shapes the organization's legal and management structure. Culture is the connective tissue that binds together the organization, including shared values and practices, behaviors norms, and most important, the organization's orientation towards performance. Using this framework, these areas of capacity are surveyed using the Capacity Assessment Grid (GRID).

Studies on the Use of the McKinsey Capacity Assessment Grid

For the purposes of this study, the "Capacity Framework" developed by Venture Philanthropy Partners and McKinsey and Company was used to examine and analyze organizational capacity amongst a group of nonprofit organizations in Guilford County, North Carolina. The McKinsey Capacity Framework for building organizational capacity presents human service organizations with a unique tool to assess, clarify aspirations, and plan strategic investments in building the organization. As previously noted, the assessment tool is the McKinsey Capacity Assessment Grid or GRID (Jones, 2003).

According to Raderstrong (personal communication, September 7, 2010), the McKinsey Assessment GRID has been customized for various types of organizations to use in assessing and benchmarking capacity. Specifically, customization of the GRID has centered around 41 nonprofits, 10 international nonprofits, 5 foundations, 4 international foundations, 1 corporate foundation, 2 governments, 2 for-profits, 4 consultants, and 8 academics. In addition, the GRID has also, been translated, either partially or entirely, into over eleven different languages. Included among these eleven translations are English, Spanish, Korean, Chinese, and Hebrew.

According to Gillis (2010),

> the GRID significantly advanced the nonprofit management field's ability to assess an organization's capacity. Strengths of this approach are that it: Builds capacity while assessing it by providing a four-level rating scale with detailed descriptions of the capacities that an organization at each level has in place. The GRID allows organizations going through the assessment process to see significant detail about where they are, where they are trying to go, and what improvement looks like along the way. It can also be used to involve all of the key stakeholders in an organization (staff and board) in the self-assessment process, requiring the group to come to consensus on a single set of ratings for the organization. Doing so strengthens alignment among key stakeholders and helps to reduce the subjectivity of the final set of ratings, enhancing the ability to compare ratings across organizations. After The Feeding America network undertook a comprehensive strategic planning process in partnership with its members, they favor the Grid over other capacity assessment approaches because it strengthens capacity while

> assessing it and contributes to the work, allows for a deeper understanding of capacity inside and across organizations, has been well received by those who have "assessed" their organizations; and can help track changes in capacity over time. (p. 2)

Guthrie and Preston (2005) examined the results of the GRID completed by three nonprofits. The process helped grantees better understand strengths and weaknesses in their own organizational capacity and also provided the funders valuable data to inform their overall program planning. The three nonprofits were Social Ventures Partners Seattle, the Marguerite Casey Foundation, and the Community Clinics Initiative.

Social Ventures Partners Seattle goals for assessing capacity—"help funder and nonprofit align on goals and resources for annual capacity building plans for individual grantees and measure long term growth in capacity and assess effectiveness of different capacity building resources and strategies" (Guthrie & Preston, 2005, p. 3). Social Venture Partners Seattle state,

> now that we've been using the assessment tool for two consecutive years, it's hard to imagine that we ever did effective capacity building without it. It's proven as essential starting point for discussion and planning, especially among staff and board members who might not otherwise be engaged in conversations about capacity building. The structure provided by the capacity assessment tool is very powerful. It is a well distilled template for thinking about how you plan all aspects of your organization. (Guthrie & Preston, 2005, p. 24)

The goals for the Community Clinics Initiative (CCI) for assessing capacity were "give a portrait of capacity strengths and weaknesses across the field, stimulate dialog in the field about the importance of capacity, provide an initial needs assessment baseline for long-term evaluation, and inform funder's program development" (Guthrie & Preston, 2005, p. 3). The assessment helped Community Clinics Initiative by informing program development and focus. Found some surprises of scale which provided course corrections to their capacity building work. CCI intends to re-administer the assessment over time as part of our program evaluation.

Marguerite Casey Foundation goals for assessing capacity were to increase awareness of capacity issues among grantees, deepen funder's understanding of the strengths and weaknesses in capacity across grantee portfolio, and identify potential opportunities for cross-grantee training and technical assistance (Guthrie & Preston, 2005, p. 3). As a result of the assessment, Marguerite Casey Foundation indicated

> they will use the information to help craft their collective capacity building plan, particularly in sub-regions, and to better understand how they can support a group of movement-building organizations. They further state this allows better understanding of how their dollars might help strengthen grantee organizations as a group, and increase their collective capacity to help families create change. They intend to complete assessments periodically and compare the data against prior results. They also plan to choose a group of cornerstone grantee organizations, to complete assessments so they can compare results. (Guthrie & Preston, 2005, p. 21)

While the previously mentioned reports and reviews on capacity building and the GRID are helpful to individual nonprofits, foundations and the nonprofit sector and contribute to the literature on capacity building. There is still room for more research on the subject. As commented by Hubbard and Light (2004), "What is needed are more comparable and comprehensive findings about the outcomes of capacity building, both to ensure the ongoing commitment of funders to support this work and to demonstrate what kinds of capacity building efforts have the greatest effects and when" (p. 5).

Major Gaps in the Literature on Capacity Building

Venture Philanthropy Partners (2001) found that there is little information about what works and what does not in building organizational capacity in nonprofits. De Vita and Fleming (2001) state the existing literature provides no easy formula for building organizational capacity or achieving favorable outcomes. Worth (2009) purports that indeed, most experts agree with intuition, arguing that capacity and effectiveness are inextricably linked. But solid evidence of the link has proven to be elusive. Light (2004) concludes from results in his study that there is strong enough evidence to make the case that capacity matters to the effectiveness of nonprofit organizations, which is more than enough to justify further analysis of whether and how capacity building efforts work.

Venture Philanthropy Partners (VPP) (2001) suggests it is important for nonprofit organizations to perform effectively because they moderate discussions on social issues, coordinate events and movements for change, and develop and manage programs that address major issues in our society. As a result of the engagement of nonprofits, nonprofit managers have requested training and development, technical assistance and professional coaching to help them build high-performing organizations, rather than just strong programs. Traditional foundations and venture philanthropists have funded the design and implementation of capacity building initiatives demonstrating their commitment to enhance the organizational capacity of the nonprofits they fund. Although funders are committed to capacity building, the sector is challenged by the lack of a widely shared definition of the term. As well as, VPP reports, there is limited research about what works and what does not in building the capacity of nonprofits. These realities exist in regard to the sector from a micro and macro perspective. Respectively, nonprofit managers have historically displayed little interest in capacity building and funders have viewed capacity building low in their funding priorities. This research study will provide information to address VPP's noted concerns regarding what works and what does not in capacity building by offering assessing capacity as a salient component to jumpstart capacity building with nonprofits.

De Vita and Fleming (2001) report, capacity building is an involved process with less than specific guidelines to facilitate the identification of capacity building needs. They also report, the existing literature is limited in communicating practical procedures for building the capacity of nonprofits. This study presents a replicable research process related to assessing the capacity of nonprofits while giving a practical approach to surveying capacity building needs and contributes to the literature.

Worth (2009) conveys, indeed most experts agree with intuition, arguing that capacity and effectiveness are inextricably linked. But solid evidence of the link has proven to be elusive. This study responds to the capacity part of Worth's argument. However, in order to address the effectiveness part of his argument, the capacity part has to be addressed. Thus, this study offers an approach to organizational diagnosis and a necessary first step to understanding capacity for nonprofit organizations.

In his book *Sustaining Nonprofit Performance*, Light (2004) indicates a high level of capacity leads to a more effective nonprofit organization. He implies, the degree of public confidence in a nonprofit impacts its effectiveness therefore we should invest more in capacity building to increase public confidence. This study supports capacity building for nonprofit organizations with an emphasis on surveying capacity to identify level of capacity with nonprofit organizations.

Together, Venture Philanthropy Partners (2001), De Vita and Fleming (2001), Worth (2009), and Light (2004) describe various gaps in the literature and their perspectives suggest opportunities for research on capacity building. As a response to these contributors, the researcher designed and implemented this study on surveying the capacity of nonprofits to stimulate capacity building. As previously stated, this research has implications for organization development which is a core subject of leadership studies and capacity building which is a foundational topic of nonprofit studies.

Summary

In this chapter the researcher provided background information about capacity building with nonprofit organizations. Most importantly, published research on pertinent topics related to the investigational topic of surveying capacity was explained in the context of the research question. Major gaps in the literature were identified and this study was presented as a salient contribution to research about engaging nonprofit organizations in capacity building. The next chapter, Chapter 3, provides an explanation of the research design and methodology.

CHAPTER 3

Research Design and Methodology

Chapter 3 includes the research design and methodology for this study. The research design includes the intent of the study, a description of the researcher's philosophical worldview, basis for this research, and rationale for strategies of inquiry. The methodology is mixed and embodies two phases of research which is comprised of quantitative (Phase I) and qualitative (Phase II) research methods with emphasis on the qualitative phase. An explanation of the methodology for each phase of research entails a description of the population and sample, instrumentation, data collection procedures, data analysis, explanation of reliability and validity of the GRID, and protocol for trustworthiness of the qualitative methodology.

Research Design

The intent of this study was to examine the use of assessing capacity to stimulate capacity building with nonprofits. More specifically, the primary research question was – "to what extent and in what ways does assessing the capacity of a nonprofit organization help that organization's executive director engage in capacity building?" This two part research question—"to what extent" and "in what ways" is addressed respectively through quantitative and qualitative research methodology.

Pragmatism is the philosophical worldview and basis for the research that guides this study and is built on the researcher's desire to identify what works and to report results and findings to both academics and practitioners (Creswell, 2009). From this view, academics and practitioners can obtain a better understanding of the applicability and use of surveying capacity as a stimulant for engagement in capacity building. This pragmatic perspective was fitting, based on the nature of the research question, design, and emphasis on qualitative inquiry. Also, pragmatism allowed the researcher to inductively explore the topic thus framing the research process. Through inductive reasoning, the research topic was examined by surveying the capacity of nonprofit organizations, investigating the degree of engagement in capacity building after surveying capacity, explaining emerging thoughts and ideas about to what extent assessing capacity stimulates capacity building, and identifying conclusive tenets about ways assessing capacity stimulates capacity building.

To address the research question, a group of executive directors of nonprofit organizations has to first assess the capacity of their organizations using a quantitative survey. Engaging executive directors in this activity was thus the first phase of the research design. A subgroup of these directors was then interviewed to yield qualitative data about their experience of assessing their organization’s capacity and their subsequent use of the information and insights that the assessment generated.

In these two sequential phases (see Table 3.1), the capacity of 54 nonprofit organizations was assessed by the executive director of each organization, and 12 of these executive directors were interviewed. In Phase I executive directors of nonprofit organizations were surveyed to determine their organization’s capacity, and this group formed the population for selecting a sample to participate in Phase II. In Phase II qualitative data were collected via phone interviews to ascertain the degree of engagement in capacity building and to identify ways in which surveying capacity stimulated capacity building. The findings from Phase II ultimately facilitated full examination of “to what extent” and enabled the identification of “in what ways” assessing capacity stimulates capacity building.

Table 3.1

Phases of Research

Research Phases	**Methodology**	**Instrumentation**	**Time**
Phase I	Quantitative	Survey	October 2011
Phase II	Qualitative	Interview	Dec 2011

Phase I—Quantitative Survey

In the first phase of the research, a quantitative survey of organizational capacity was completed by a group of nonprofit executive directors. The survey has a long and varied history. As defined by Neuman (2006), survey research is quantitative research in which the researcher systematically asks a large number of people the same questions and then records their answers. In this study, executive directors of nonprofits were surveyed to document the individual capacity of nonprofit organizations. More specifically, the McKinsey Capacity Assessment Grid (GRID), a tool designed to help nonprofit organizations assess their organizational capacity, was used to survey and document the current capacity of member nonprofits of the Guilford Nonprofit Consortium. The Guilford Nonprofit Consortium (GNC) is established to plan and coordinate capacity building activities for its nonprofit members in Guilford County, North Carolina.

Population and sample. The targeted population was executive directors of nonprofit organizations in Guilford County, who were members of the Guilford Nonprofit Consortium and volunteered to complete the GRID. The Guilford Nonprofit Consortium, a collaborative group of nonprofits, is established to foster mutual assistance and support within the nonprofit community to create a more efficient and effective nonprofit sector. In addition, the Guilford Nonprofit

Consortium plans, coordinates and facilitates a variety of capacity building activities for nonprofit professionals (www.guilfordnonprofits.org).

Upon selection of the survey instrument, the requirements for survey participants were defined and established. Requirements for survey participants were that they held the position of Executive Director with a GNC agency, volunteered to participate, communicated a willingness to be open and honest in responding to the survey questions, and were agreeable to spend at least an hour of their time to complete the assessment. The requirements were explained, in the informed consent to participate, approved by the North Carolina Agricultural and Technical State University Internal Review Board (see Appendix A). Fifty-eight members of GNC volunteered, met the requirements, and submitted a survey. However, four were eliminated because their surveys were incomplete. Consequently, the population to explore engagement in capacity building in Phase II of the study consisted of executive directors representing 54 nonprofits. It is important to understand that the primary function of surveying in the first phase of the study was to assess the current organizational capacity of a segment of nonprofit organizations and form the population in which the qualitative sample would be selected.

Instrumentation. The quantitative instrument used in this study to survey the current capacity of each nonprofit organization was the McKinsey Capacity Assessment Grid (GRID) (see Appendix B). This instrument of choice was preferred based on the literature in Chapter 2. The quantitative approach to assessing capacity by Gillis (2010) and Guthrie and Preston (2005) influenced the review of the instrument and ultimately validated the selection of the GRID. The GRID is designed by Venture Philanthropy Partners (VPP) and McKinsey & Company (M&C) to help nonprofit organizations assess their organizational capacity. The mission of VPP is to concentrate investments of money, expertise, and personal contacts to improve the lives and boost the opportunities of children and youth of low-income families. M&C is a global management consulting firm—a trusted advisor to the world's leading businesses, governments, and institutions.

The GRID is comprised of 58 items (attributes) categorized in 7 areas (variables). The areas are aspirations, strategy, organizational skills, systems and infrastructure, human resources, organizational structure, and culture (see Table 3.2 for a summary of variables). These areas are defined as follows:

- *Aspirations*: An organization's mission, vision, and overarching goals, which collectively articulate its common sense of purpose and directions
- *Strategy*: The coherent set of actions and programs aimed at fulfilling the organization's overarching goals
- *Organizational Skills*: The sum of the organization's capabilities, including such things (among others) as performance measurement, planning, resource management, and external relationship building
- *Human Resource*: The collective capabilities, experiences, potential and commitment of the organization's board, management team, staff, and volunteers
- *Systems and Infrastructure*: The organization's planning, decision making, knowledge management, and administrative systems, as well as the physical and technological assets that support the organization
- *Organizational Structure*: The combination of governance, organizational design, inter-functional coordination, and individual job descriptions that shapes the organization's legal and management structure

Table 3.2

Summary of Variables—McKinsey Capacity Assessment GRID

Variables	Attributes	Variables	Attributes
1. Aspirations – an organization's mission, vision, and overarching goals, which collectively articulate its common sense of purpose and directions **2. Strategy** - coherent set of actions and programs aimed at fulfilling the organization's overarching goals	• Mission • Vision – Clarity • Vision – Boldness • Overarching Goals • Overall Strategy • Goals/Performance Targets • Program Relevance & Integration • Program Growth & Replication • New Program Development • Funding Model	**4. Human Resources** - collective capabilities, experiences, potential and commitment of the organization's board, management team, staff, and volunteers	• Staffing Levels • Board—Composition & Commitment • Board—Involvement & Support CEO/Exec Director and/or Sr Mgmt Team • Passion and Vision • Impact Orientation • People and Organizational leadership/effectiveness • Personal and Interpersonal effectiveness • Analytical and Strategic Thinking • Financial Judgment • Experience and Standing • Management Team and Staff – Dependence on CEO/Exec Director • Senior Management Team • Staff • Volunteers
3. Organizational Skills – sum of the organization's capabilities, including such things (among others) as performance measurement, planning, resource management, and external relationship building	• Performance Management – Performance Measurement – Performance Analysis & Program Adjustments • Planning – Monitoring of Landscape – Strategic Planning – Financial Planning/Budgeting – Operational Planning – Human Resources Planning • Fundraising & Revenue Generation – Fundraising – Revenue Generation • External Relationship Building & Management – Partnership, Alliances Development & Nurturing – Local Community Presence & Involvement • Other Organizational Skills – Public Relations & Marketing – Influencing of Policy Making	**5. Systems and Infrastructure** - organization's planning, decision making, knowledge management, and administrative systems, as well as the physical and technological assets that support the organization	• Systems • Planning Systems • Decision Making Framework • Financial Operations Management • Human Resources Management – Management Recruiting, Development & Retention • Human Resources Management – General Staff Recruiting, Development & Retention • Human Resources Management – Incentives • Knowledge Management • Infrastructure • Physical Infrastructure – Buildings & office space • Technological Infrastructure – Telephone/Fax • Technological Infrastructure – Computers, Applications, Network & Email • Technological Infrastructure – Website • Technological Infrastructure – Databases & Management Reporting Systems

Table 3.2 *(cont.)*

Variables	Attributes	Variables	Attributes
	– Management of Legal & liability Matters Organizational Processes Use & Development		
		6. Organizational Structure - combination of governance, organizational design, inter-functional coordination, and individual job descriptions that shape the organization's legal and management structure	• Board Governance • Organizational Design • Inter-functional Coordination • Individual Job Design
		7. Culture - connective tissue that binds together the organization, including shared values and practices, behavior norms, and most important, the organization's orientation towards performance.	• Performance as Shared Value • Other Shared Beliefs & Values • Shared References & Practices

- *Culture*: The connective tissue that binds together the organization, including shared values and practices, behavior norms, and most important, the organization’s orientation towards performance.

The attributes for each variable are scored on a continuum from “1” to “4.” The number 1 = clear need for increased capacity, 2 = basic level of capacity in place, 3 = moderate level of capacity in place, and 4 = high level of capacity in place. According to VPP (2001), the scores are meant to provide a general indication—a “temperature” taking, of an organization’s capacity level. The GRID can be used by nonprofit managers for the purpose of identifying areas of capacity that are strongest and those that need improvement. This was precisely the purpose for which the instrument was used in this study. Surveying capacity using the GRID was strategically used to facilitate Phase II of the study.

The researcher contacted VPP to seek permission and acquire protocol to use the GRID. Vrana (personal communication, July 21, 2009) explained that since there were no changes to the instrument, the researcher need only add attribution language to the instrument prior to distribution. Vrana (2009) forwarded the attribution language via email and the researcher added the language prior to disseminating the instrument. In addition, the researcher requested and received a formal letter (see Appendix C) granting permission to copy, distribute, and use the GRID for this research study.

In addition to rating items in the GRID, questions were included to collect demographic information about each respondent and basic information about the nonprofit organization. Collectively, the executive director and nonprofit data aided in developing a profile for both the executive directors and the nonprofit organizations they represent. The following information was requested about each executive director and their nonprofit organization:

Executive Director

- name of the executive director
- gender
- years with the organization
- years working in the nonprofit sector as an employee
- educational level
- a phrase reflective of how they would define capacity building

Nonprofit

- name of the organization
- number of years in operation
- size of staff
- budget
- volunteers

Data collection and procedures. Prior to disseminating the GRID, the GNC announced the survey project to its nonprofit membership. The announcement (see Appendix D) noted the arrival of the survey, purpose of the survey, important dates relative to survey completion and submission, an invitation to executive directors to volunteer to complete the survey electronically, informed consent to participate, and a helpdesk email address. The informed consent to participate was approved by the North Carolina Agricultural and Technical State University Internal Review Board (see Appendix E). The email address was for respondents to email any questions they had about completing the GRID and obtain answers to their questions electronically.

SurveyMonkey an electronic survey distribution service, compatible with Microsoft Excel (Excel)—an electronic program used for storing, organizing, graphing and charting data, was used to disseminate the GRID to the GNC members. A fee was paid to use the SurveyMonkey system. Once the service was acquired, the GRID was uploaded into SurveyMonkey along with the additional questions pertaining to the executive directors and their nonprofits.

The Guilford Nonprofit Consortium emailed the executive directors a link to the GRID, and the executive directors were asked to complete the GRID by scoring each of the 58 items on a continuum of "1" to "4." As previously stated, the number 1 = clear need for increased capacity, 2 = basic level of capacity in place, 3 = moderate level of capacity in place and 4 = high level of capacity in place. The capacity data was used to develop a capacity profile of the collective group of executive directors and nonprofit organizations. Upon submission of the GRID, each organization was assigned a number in ascending order as a mechanism for confidentiality. The researcher also mailed each respondent a thank you note and informed them that they may receive a follow-up telephone call.

Data analysis. Again, it is important to acknowledge that emphasis was on the qualitative findings and that the survey was used to prompt the qualitative research phase of the study. In order to study the use of surveying capacity, the current capacity of each nonprofit had to be surveyed and identified initially. Analysis of the quantitative data was of a descriptive nature with a focus on describing basic patterns in the numerical data using frequency distributions (Neuman, 2006). In particular, the quantitative data were used to provide basic descriptive information about the executive directors who completed the survey and their organizations and to summarize the current levels of capacity in the study's population of nonprofit organizations. The survey data was further described by cross-tabulating level of capacity of the nonprofits with characteristics of the executive directors and nonprofits. Using Excel, descriptive data analysis consisted of calculating average level of capacity and generating frequency distributions. Average level of capacity was calculated for each of the seven variables of organizational capacity as well as for an overall average capacity level. The data was summarized using frequency distributions and measures of central tendency (i.e., the mean, median, and mode). This data provided a capacity profile about the nonprofit organizations.

Collectively, the results from the analysis described the qualitative population for sampling and prompted the second phase of the study. In addition, the results could be used to suggest fruitful directions for future research and practice about surveying capacity.

Reliability and validity. The use of the GRID, in this study, was administered and the results documented in parallel with other survey studies in the field (O'Leary, 2004). According to Raderstrong (personal communication, September 7, 2010) the McKinsey Capacity Assessment GRID has been used by various types of nonprofit organizations to assess and benchmark capacity. These organizations include 41 nonprofits, 10 international nonprofits, 5 foundations, 4 international foundations, 1 corporate foundation, 2 governments, 2 for-profits, 4 consultants, and 8 academics. The GRID has either entirely or partially been translated into over eleven different languages (included among these eleven are English, Spanish, Korean, Chinese and Hebrew) via the work of organizations that have been given permission to use the GRID. A detailed account of the GRID's use is explained in Chapter 2. Developers of the GRID view the instrument as a mechanism to generate reflection and dialogue in an organization rather than a measurement tool. Thus traditional evidence of its reliability and validity was less crucial because the primary use of the GRID was to fulfill the imperative to first identify the capacity of a segment of nonprofit organizations.

Phase II—Qualitative Method

Further examination of the investigative topic was doable once surveying capacity in Phase I formed a population of nonprofits to examine in Phase II. Emphasis was on the qualitative phase because the findings would solidify an answer to the research question— "to what extent and in what ways does assessing the capacity of a nonprofit organization help that organization's executive director engage in capacity building?"

This phase of the study prescribed the use of qualitative research methodology and was examined by interviewing executive directors. According to Fontana and Frey (2005), both qualitative and quantitative researchers tend to rely on the interview as the basic method of data gathering. They postulate the most common forms of interviewing involves individual, face-to-face verbal interchange, face-to-face group interchange, and telephone surveys. For this study, telephone interviews were utilized as the qualitative data gathering method. Patton (2002) puts interviews into three general categories: the informal, conversational interview; the general interview guide approach; and the standardized, open-ended interview. The general interview guide approach was applied to conduct the interviews, document the degree of capacity building, and note ways surveying capacity stimulates capacity building as reported by the executive directors. The interviews were significant in explaining suppositions and reporting findings about the use of surveying capacity.

Selection of informants. As stated previously in this chapter, surveying the capacity of a segment of nonprofits formed the population in which the qualitative sample of informants was selected. Thus, the target population consisted of the 54 executive directors who completed the

GRID in Phase I. Requirements for informants included the following: executive director of a nonprofit organization who completed the GRID, voluntary participation, willing to answer questions openly and honestly and amiable to complete the interview within an hour by telephone. From this population, a purposeful sample of 12 informants from the Guilford Nonprofit Consortium membership were identified and selected to participate in a telephone interview.

According to Patton (2002), the logic and power of purposeful sampling lies in selecting information-rich cases for in-depth study. The individual executive directors were capable of providing a rich account of capacity building, based on their roles as CEO of a nonprofit, and their unique perspectives and knowledge surrounding the investigational topic. Furthermore, these 12 informants are information-rich cases in that the researcher could learn a great deal about the use of surveying capacity from the perspective of the executive directors (Patton, 2002). Each executive director's interest in capacity building is symbolized by their support of the Guilford Nonprofit Consortium through their paid membership with the organization.

The sample size and selection of the sample followed guidelines purported by qualitative researchers who have provided detailed and descriptive accounts about particular qualitative phenomena (O'Leary, 2004; Patton, 2002). In determining this sample size, what the researcher wanted to know, what would be useful for both academics and practitioners, and what would be credible were the impetus to validate the actual size of the sample (Patton, 2002). As conveyed by O'Leary (2004), sample size very much depends on the nature of the research and the shape and form of the collected data. The qualitative sample was selected via a random purposeful sampling of 12 executive directors who completed the GRID in Phase I. This sample was selected using the Microsoft Excel random selection function. Excel is an electronic statistical data analysis software and database system. After the selecting the informants, the researcher contacted them by phone and an appointment was scheduled for their interview. It is important to note, the original research proposal included the dissemination of a follow-up questionnaire to obtain feedback from all of the respondents of the GRID. Inquiry with the respondents in this manner was to ascertain their degree of engagement in capacity building after completing the GRID. Unfortunately, the researcher was unable to follow-up due to the weariness of the respondents completing the GRID.

Instrumentation. The qualitative research instruments used in this study was interviewing and the researcher. After the executive directors completed and submitted the GRID, a semi-structured phone interview was conducted by the researcher to collect subjective data about the degree of engagement in capacity building and ways surveying capacity stimulates capacity building.

Interview. The scope of the semi-structured interviews in this study was to capture the knowledge, experience, and behavior of the executive directors regarding surveying the capacity of their nonprofits. The interviews were framed using the general interview guide approach and identified as semi-structured due to the use of open and closed-end questions (Patton, 2002). The general interview guide approach aided in determining the nature of the interview questions. The primary focus was to discuss, in the interview, to what extent and in what ways did each executive director engage their nonprofit in capacity building after surveying capacity. The focal interview topic was the capacity building that took place after an executive director completed the GRID. An interview protocol (see Appendix F) was used for asking questions and recording answers and an observational protocol (see Appendix G) was used to record observational data (Creswell, 2009). This allowed the same basic line of inquiry in each executive director's interview. According to Patton (2002), this also ensured the researcher would make good use of limited time and the guide helped make interviewing more systematic and comprehensive by delineating in advance the areas to be explored. Interviews with the executive directors provided essential information to describe and explain ways in which surveying capacity stimulated capacity building.

The questions for the interview were sequenced, with a noncontroversial inquiry about experience surveying capacity as the first question, followed by knowledge, experience, and behavior questions (Patton, 2002). The questions were as follows:

1. Prior to the assessment you completed in connection with this study, have you ever completed a nonprofit capacity assessment? If so, please describe that experience.
2. What were your thoughts during and after completing this assessment?
3. What did you learn and what new insights did you gain from completing this capacity assessment?
4. What did you do as a result of completing the capacity assessment?
    a. I completed the assessment and reviewed the results.
    b. I shared the capacity results with others but have not yet engaged in any capacity building activities.
    c. I have begun to plan some capacity building activities, but have not yet put those plans into action
    d. I have already started implementing capacity building activities.
5. If you shared the capacity results with others, who did you include?
    a. Staff
    b. Board of Directors (individual members or as a whole)

c. Volunteers

d. Other Stakeholders

6. If you are planning some capacity building activities, in which areas do these activities fall?
   - Aspirations
   - Strategies
   - Organizational Skills
   - Human Resources
   - Systems and Infrastructure
   - Organizational Structure
   - Culture
7. If you have already started implementing capacity building activities, in which areas do these activities fall?
   - Aspirations
   - Strategies
   - Organizational Skills
   - Human Resources
   - Systems and Infrastructure
   - Organizational Structure
   - Culture
8. Do you have any questions or additional comments? Thank you for your time.

The observational elements of the interview were descriptive and reflective. Both the descriptive and reflective features of the interview were documented to capture the context in which the interviews took place. The descriptive and reflective elements of the interview were as follows:

Descriptive

- Personality and Mood
- Voice Tone
- Location and Setting
- Activities and Events occurring during the Interview

Reflective

- Speculation (contemplation, consideration of the subject and reasoning)
- Ideas (plans, opinions and convictions)
- Problems (barriers, objections and complaints)
- Impressions (effect or feelings)

To ensure confidentiality, the use of the mask number assigned to each nonprofit during Phase I of the study was the mechanism used for confidentiality during the facilitation of qualitative inquiry in Phase II. The Internal Review Board (IRB), at North Carolina Agricultural and Technical State University, approved and granted permission to conduct the interviews (see Appendix H). The IRB approval process included a review of the steps taken by the researcher to protect the rights of human participants.

Researcher. The researcher is currently an assistant professor of nonprofit leadership and management at a private liberal arts university in North Carolina and the executive director of a small grassroots nonprofit organization that is a member of the Guilford Nonprofit Consortium. She has been an educator in the field of nonprofit studies for fourteen years, a recognized leader and facilitator of capacity building for nearly 20 years and in the position of Executive Director of a nonprofit for three years.

The researcher's concern about identifying what works and desire to report results and findings to academics and practitioners guides this study and provides direction for this connected mixed-methods strategy of inquiry. Both as an academic and practitioner the researcher aimed to maintain integrity of the research process by yielding to the ethical responsibilities of researchers. Therefore, during the interview, the researcher was intentional about expressing appreciation for a difference in realities between researcher and the researched, communicating respect towards each informant and their contribution to the study, and restating their responses for clarity and accuracy (O'Leary, 2004). As instructed by Marshall and Rossman (2006), the researcher was explicit about explaining the role of the researcher through informed consent, when setting up the interview appointments and before, during and after asking questions at the time of the interviews.

Data collection and procedures. Qualitative data collection was conducted by the researcher via telephone interviews. Each executive director was contacted, by phone at least four weeks after completing the GRID, to set up their appointment for a telephone interview. In the interview, the researcher documented the informants' responses to each question and noted descriptive and reflective elements of the interview. The informants' responses were scribed on interview and observation note-taking forms and voice recorded.

The executive directors' interview responses were hand-written on a note-taking form and voice recorded. The note-taking form was designed based on the interview questions (see Appendix I). This produced eight primary categories of data that were sorted relative to (a) prior experience completing a capacity assessment, (b) thoughts during and after completing the

GRID, (c) knowledge and insight gained from completing this assessment, (d) degree of engagement in capacity building, (e) who they shared their GRID results with, (f) whether they had planned and/or (g) implemented capacity building activities relative to the seven elements of the GRID, and (h) questions and comments about the interview. Each set of data was grouped accordingly and designated a title matching each question. Hence, key words and phrases were categorized based on the interview questions.

Likewise, during each phone interview, observation data was hand-written on a note-taking form (see Appendix J). This shaped two secondary categories of data that were sorted according to contextual elements of the interview—identified as descriptive and reflective. The descriptive contextual categories of the interview included personality and mood, voice tone, location and setting, and activities and events occurring during the time of the interview. The reflective categories were comprised of speculations, ideas, problems, and impressions voiced by the executive directors. Both sets of data were grouped accordingly and designated a title matching the observation categories. Thus, key words and phrases were categorized based on the observation data sets.

Data analysis. Using Microsoft Word, the interview notes from each interview were typed and compiled into one note-taking form and the voice recordings were transcribed into 12 individual documents. The procedure for analyzing the qualitative interview data involved both (a) a thematic analysis that examined responses to each interview question and the contextual notes taken by the researcher, and (b) a content analysis of the overall stories told by the informants and derived from the interview transcripts. These two approaches were complementary, the first providing a more analytic search for categories in the data and the second providing a more integrative understanding of the experience through the narrative voice of the informants.

Thematic analysis involved organizing, coding, and assigning themes to the data based on key words and phrases from the interview responses and contextual notes from the interview. The data was coded and assigned themes by the researcher and another person. This encouraged higher-level thinking about each theme and a cross-check of codes for intercoder agreement (Creswell, 2009). Thematic analysis moved the researcher from the raw data to meaningful understanding and coding allowed for reduction in the data and analytic categorization of the data (Neuman, 2006).

Thematic analysis of the responses to the interview questions began with coding the interview responses, from the interview notes and transcriptions, around the eight questions explained in the instrumentation section. The answers to question one provided data about the informants' previous experience completing a capacity assessment. Question two, highlighted the thoughts of each participant during and after completing the GRID. Question three, specified learning that took place. Question four, documented the degree of engagement in capacity building after completing the GRID. Question five, noted with whom the executive director shared the results. Respectively, questions six and seven, detailed an account of capacity building activities that were planned and/or implemented relative to the seven areas of the GRID. As noted in Phase I (see Table 3.2, Summary of Variables), those areas are aspiration, strategies, organizational skills, human resources, systems and infrastructure, organizational structure and culture. The last question gave the executive directors an opportunity to ask questions and share additional comments. The researcher concluded the interviews by expressing appreciation for the informants' participation.

The data collected from the open-ended interview responses were coded using acronyms based on words written in the questions (see Table 3.3). For example, the question "What were your thoughts during and after completing this assessment?" was coded with the acronym "THO." After coding the interview data, data relative to each question were assigned thematic titles. Questions 1, 2, 3, 6, 7, and 8 were assigned a thematic title based on key words and phrases from the responses of the open-ended interview questions (see Table 3.3). The themes were related to the executive directors' knowledge about capacity assessments, learning that occurred, thoughts and insights that arose while completing the GRID, and plans and implementation of capacity building activities. Questions 1, 4, 5, 6, and 7 were assigned a specified title based on the focus of the closed-ended interview questions (see Table 3.4). These questions were associated with the experience and behavior of executive directors' degree of engagement in capacity building after completing the GRID. In addition, emerging themes were identified during this process.

Table 3.3

Open-Ended Response Codes from Interview Notes

Open-Ended Questions (Knowledge)	**Response Codes (Coder I)**	**Response Codes (Coder II)**	**Same/Similar Codes**
1. Description of Previous Capacity Assessment	EXP = x	EXP = x	EXP = x
2. Thoughts During and After	THO = x	THO = x	THO = x
3. Learning and Insight	LI = x	LI = x	LI = x
6. Planning Capacity Building	PL = x	PL = x	PL = x
7. Implementing Capacity Building	IMP = x	IMP = x	IMP = x
8. Questions/Comments	QC = x	QC = x	QC = x

Table 3.4

Closed-Ended Responses from Interview Notes

Closed-Ended Questions	Response Choices
1. Previous Experience Completing Capacity Assessment	Yes No
4. Result of Completing the GRID	a. Completed the Assessment and Reviewed the Results b. Shared the Capacity Results w/others but not yet engaged in Capacity Building c. Begun to Plan Some Capacity Building d. Already Implementing Capacity Building
5. Shared the Capacity Results	a. Staff b. Board of Directors c. Volunteers d. Other Stakeholders
6. Planning Capacity Building	a. Aspirations b. Strategy c. Organizational Skills d. Human Resource e. Systems and Infrastructure f. Organizational Structure g. Culture
7. Already Started Implementing Capacity Building	a. Aspirations b. Strategy c. Organizational Skills d. Human Resource e. Systems and Infrastructure f. Organizational Structure g. Culture

Further analysis entailed coding data gathered from the written observation notes about the descriptive and reflective elements of the interview. The data collected from the observation notes were coded using acronyms based on the words used to describe the observation elements of the interview (see Tables 3.5 and 3.6). For example, the observation data set that captured the personality and mood of the executive director was coded with the acronym “PM.” As previously noted, the descriptive contextual elements of the interview were personality and mood, voice tone, setting, and activities and events occurring during the time of the interview and the reflective components were speculations, ideas, problems and impressions (see Tables 3.5 and 3.6). This fostered the creation of eight observation data sets. Subsequently, the observation data sets were assigned a title matching the specified data sets and emerging themes were identified during this process.

Table 3.5

Descriptive Codes from Observation Notes

Descriptive	**Response Codes (Coder I)**	**Response Codes (Coder II)**	**Same/Similar Codes**
1. Personality and Mood	PM = x	PM = x	PM = x
2. Voice Tone	VT = x	VT = x	VT = x
3. Location and Setting	LS = x	LS = x	LS = x
4. Activities and Events During Interview	AE = x	AE = x	AE = x

Table 3.6

Reflective Codes from Observation Notes

Reflective	**Response Codes (Coder I)**	**Response Codes (Coder II)**	**Same/Similar Codes**
5. Speculation	SP = x	SP = x	SP = x
6. Ideas	ID = x	ID = x	ID = x
7. Problems	PR = x	PR = x	PR = x
8. Impressions	IM = x	IM = x	IM = x

Thematic analysis concluded with scanning for interconnections between and among themes derived from the interview responses and contextual elements of the interview (see Figure 3.1). The interview responses themes were scanned for connections between knowledge and experience and behavior of the executive directors while completing the GRID. The contextual elements were scanned for connections between descriptive and reflective themes from the interview. The interview responses themes were scanned for connections to the contextual elements themes. In addition, how characteristics of the executive directors vary on any of these dimensions was explored (O'Leary, 2004).

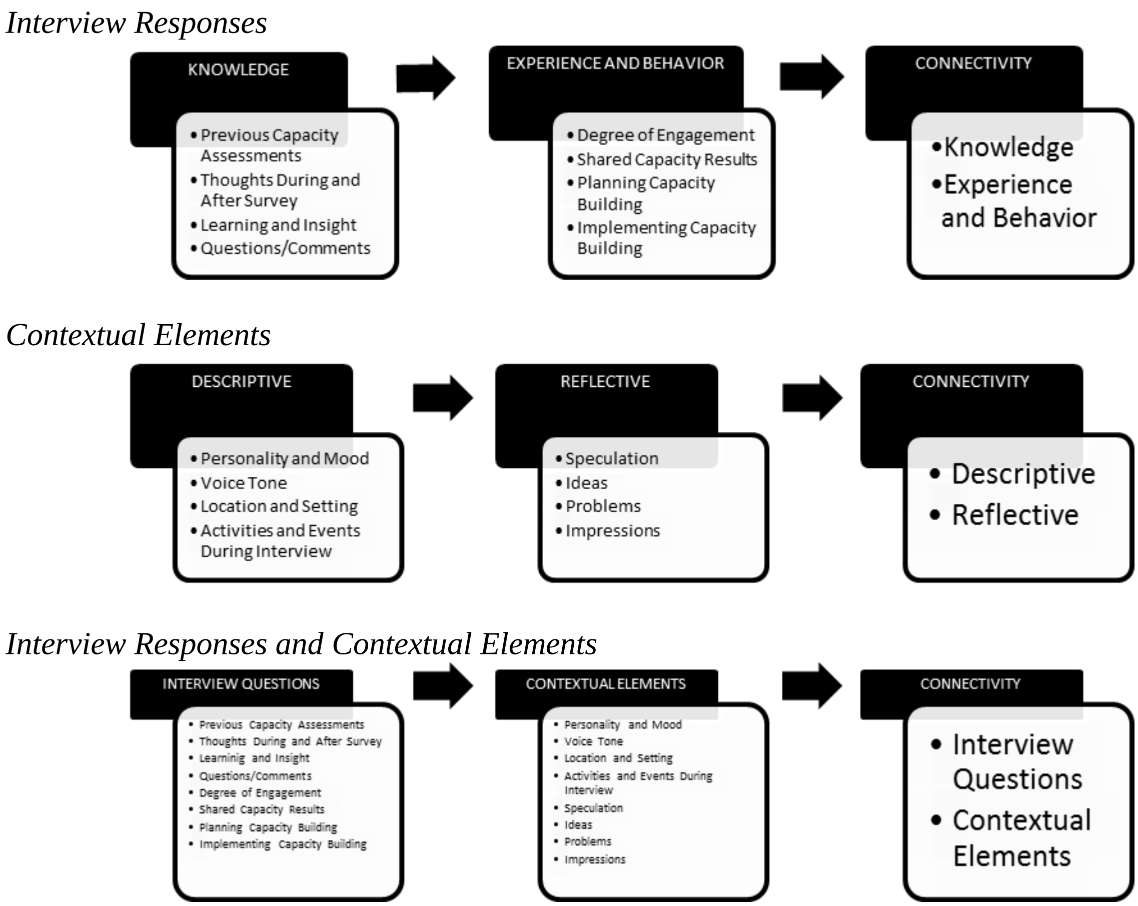

Figure 3.1. Interconnections between Themes across Qualitative Data Sets

Content analysis of the transcripts began with creating stories from the 12 interview conversations to capture the richness of detail indicative of qualitative research. The stories were written from the transcripts to create storylines that conveyed the experience of the executive directors who completed the GRID. After the stories were written, the researcher analyzed the storylines by reading and re-reading each story to lift from the text inferences of to what extent and in what ways capacity building could have taken place as a result of completing the GRID.

Trustworthiness of the study. Dependability of the research was ensured relative to the explicitness and appropriateness of the research design, methods, and relevance of the research questions to the scholarly community on capacity building for nonprofits (Marshall & Rossman, 2006). Thus, the mixed methods research design and qualitative method of interviewing was explicitly detailed so readers can judge the adequacy and sense of the inquiry. Interviews were conducted by the researcher and interview notes were checked for mistakes and corrected. Relevance of the research question in the capacity building field is affirmed by Worth (2009), Hudson (2005), De Vita and Fleming (2001) and Connolly and York (2003). Soundness of the qualitative data collection procedures and analysis was assured by implementing more than one strategy to check the accuracy of the data (Marshall & Rossman, 2006). Interview notes were shared with informants, for clarification throughout the interview conversation, to member check accuracy and the researcher debriefed with the director of the Guilford Nonprofit Consortium so that the account would resonate with people other than the researcher (Creswell, 2009).

Summary

Chapter 3 provided an explanation for the mixed methods research design and presented a detailed account of data collection and analysis procedures. The research design which includes a description of the survey instrument and the nature of the interviews were approved by the North Carolina Agricultural and Technical State University Internal Review Board (see Appendix K). The analysis of quantitative and qualitative data yielded vital information for addressing the research question. The results and findings are presented in Chapter 4, and the interpretation of the entire analysis and conclusions of the study are provided in Chapter 5.

CHAPTER 4

Quantitative Results and Qualitative Findings

Chapter 4 consists of a presentation and explanation of the quantitative results and qualitative findings of the research study. Systemized into two sequential phases, a mixed methods research strategy was the overarching design for this study. In Phase I the capacity of 54 nonprofit organizations was assessed by the organization's executive director, and in Phase II 12 executive directors were interviewed by the researcher. The 54 nonprofit organizations surveyed in Phase I provided a population for selecting a purposeful random sample of executive directors to interview in Phase II.

The analysis of data generated from this mixed methods study yielded vital information necessary to examine the research question—"to what extent" and "in what ways" does assessing the capacity of a nonprofit organization stimulate capacity building?" Emphasis was on the analysis of the qualitative data; however, quantitative data from the survey completed by the executive directors were also examined. This data included the demographics of the respondents, the characteristics of the nonprofits they represent, and the capacity scores generated from the GRID survey. The qualitative findings describe reoccurring patterns from stories created about the informants' experience completing the capacity assessment and common themes among and between the interview responses and contextual elements of the interview.

Results

Phase I—Quantitative survey. The quantitative survey provided data on the demographics of the respondents, characteristics of the nonprofits they represent, and capacity scores. The respondents were surveyed using the McKinsey Capacity Assessment Grid (GRID).

The GRID is a tool, utilized by nonprofit professionals, to determine level of capacity and identify areas of capacity that need improvement.

Description of respondents. In Phase I the capacity of 54 nonprofit organizations that were members of the Guilford Nonprofit Consortium (GNC) was assessed by their executive directors. Fifty-eight members of GNC volunteered, met the requirements, and submitted a survey. However, four were eliminated because their surveys were incomplete. Three of the four respondents did not complete any of the items in the contact information section of the survey, and one provided their contact information but did not finish completing the GRID. The 54 members were from the approximately 188 members of the GNC. This resulted in an equal response rate of 29% for the executive directors and 29% for the nonprofits that participated. Though the response rate was moderate, a segment of nonprofits with a current capacity assessment was established, and these respondents formed the population necessary for sampling in the qualitative phase of the study. Table 4.1 highlights the demographics of the executive directors and Table 4.2 provides characteristics of the nonprofit organizations in which the executive directors represent.

The demographics of the executive directors provide the gender, educational level, years working with their nonprofit, and number of years working in the nonprofit sector. The number of females completing the GRID was 33 along with 18 males. Three of the respondents did not provide an answer to this survey item. Fifty-two (52) respondents obtained degrees beyond high school, 2 respondents' highest educational level was high school and 25 held masters degrees. The majority or 24 of the respondents reported 4 years or less working with their nonprofit organization, 20 reported between 5 and 15 years, and 8 reported between 16 and 30 years. Two respondents did not answer this item. As employees, the executive directors have been working in the sector up to 40 years. Most of them have worked in the sector from 0 to 25 years with a few 26 years and above.

Table 4.1

Demographics of Executive Directors

Demographic	Group	Number of Respondents
Gender	**Male**	18
	Female	33
	Did not answer	3
Education	**High School**	2
	Associates	0
	Bachelors	19
	Masters	25
	Doctorate	4
	Did not answer	4
# of Years with this Organization	**0-4**	24
	5-10	10
	11-15	10
	16-20	4
	21-25	2
	26-30	2
	Did not answer	2
# of Years in Nonprofit Sector as an Employee	**0-4**	9
	5-10	6
	11-15	8
	16-20	10
	21-25	10
	26-30	1
	31-35	1
	36-40	4
	Did not answer	5

Table 4.2

Characteristics of Nonprofit Organizations

Characteristic	Group	Number of Respondents
# of Years in Operation	**1-10**	17
	11-20	13
	21-30	5
	31-40	5
	41-50	6
	51-60	3
	61-70	1
	71-80	1
	81-90	0
	91-100	1
	101-110	1
	Did not answer	1
Budget in Dollars	**0-499,999**	22
	500,000-999,999	13
	1,000,000-1,499,999	3
	1,500,000-1,999,999	3
	2,000,000-2,499,999	3
	2,500,000-2,999,999	0
	3,000,000-3,499,999	0
	3,500,000-3,999,999	0
	4,000,000-4,499,999	2
	4,500,000-4,999,999	0
	5,000,000-5,499,999	1
	5,500,000-5,999,999	0
	6,000,000-6,499,999	0
	Over 6,499,999	5
	Did not answer	2
Staff Size	**0-49**	48
	50-99	1
	100-149	0
	150-199	0
	200-249	1
	250-300	2
	Did not answer	2
# of Volunteers	**0-9**	7
	10-19	8
	20-29	6

Table 4.2 *(cont.)*

Characteristic	Group	Number of Respondents
# of Volunteers (cont.)	**30-39**	2
	40-49	2
	50-59	3
	60-69	1
	70-79	1
	80-89	3
	90-99	1
	Over 100	18
	Did not answer	2
		54 Total

Characteristics of the nonprofit respondents include the number of years in operation, annual budget, size of paid staff, and number of volunteers. Together, the nonprofit organizations represent hundreds of years of service in Guilford County. The annual budgets are under $1,000,000 for 35 of these nonprofits and 12 have budgets from $1,000,000 to $6,500,000. The majority have less than 50 paid staff and a varied number of volunteers across the 54 organizations.

Capacity scores. The GRID was used to survey capacity and as shown in Table 2.1, the GRID is comprised of 58 attributes categorized under seven variables pertaining to capacity. The attributes are scored on a continuum from “1” to “4.” The four scores are defined as follows:

- 1 = clear need for increased capacity
- 2 = basic level of capacity in place
- 3 = moderate level of capacity in place
- 4 = high level of capacity in place

The variables are aspirations, strategy, organizational skills, systems and infrastructure, human resources, organizational structure and culture. As noted in Chapter 3, these areas are defined as follows:

- *Aspirations*: An organization's mission, vision, and overarching goals, which collectively articulate its common sense of purpose and directions
- *Strategy*: The coherent set of actions and programs aimed at fulfilling the organization's overarching goals
- *Organizational Skills*: The sum of the organization's capabilities, including such things (among others) as performance measurement, planning, resource management, and external relationship building
- *Human Resource*: The collective capabilities, experiences, potential and commitment of the organization's board, management team, staff, and volunteers
- *Systems and Infrastructure*: The organization's planning, decision making, knowledge management, and administrative systems, as well as the physical and technological assets that support the organization
- *Organizational Structure*: The combination of governance, organizational design, inter-functional coordination, and individual job descriptions that shapes the organization's legal and management structure
- *Culture*: The connective tissue that binds together the organization, including shared values and practices, behavior norms, and most important, the organization's orientation towards performance.

The bar chart in Figure 4.1 shows the frequency of the organizations' overall average capacity score. This overall capacity was calculated by averaging an organization's capacity ratings across the 58 attributes. The overall capacity scores was considered “clear need” if the average was between 1.0 and 1.9, “basic” if the average was between 2.0 and 2.9, “moderate” if the average was between 3.0 and 3.9, and “high” if the average was 4. The arithmetic average for the group of 54 organizations was 2.8. This score indicates that on average the nonprofit organizations have a basic, almost moderate level of capacity in place.

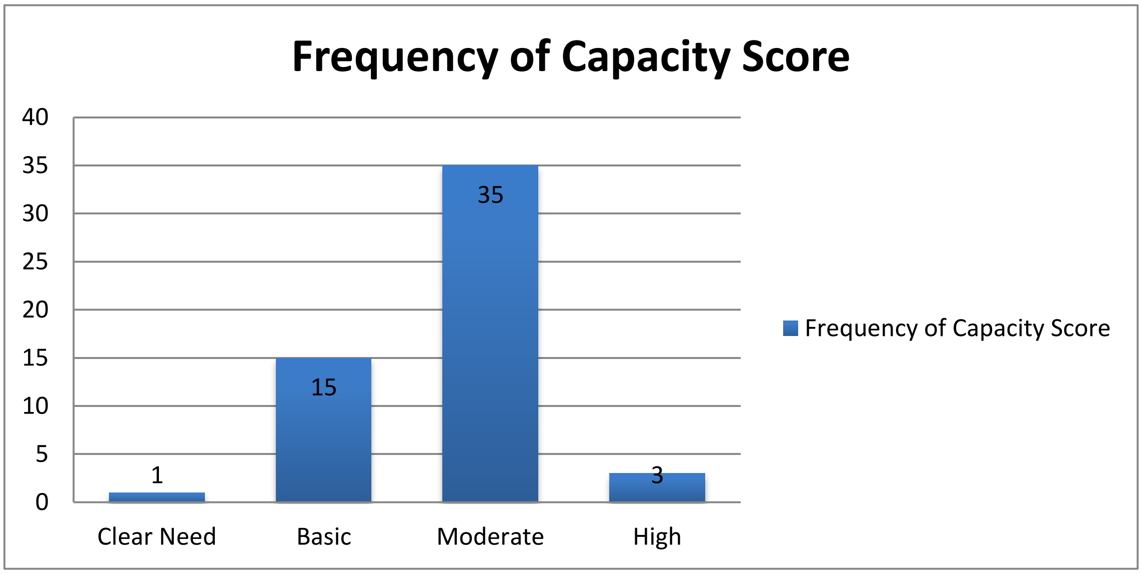

Figure 4.1. Frequency Distribution of Average Level of Capacity (Surveys)

Figure 4.2 shows the frequency of averages across the continuum of capacity scores for each of the seven areas of organizational capacity. As shown, capacity needs from greatest to least based on number of nonprofits reported for each area and level of capacity are organizational skills, systems and infrastructure, strategy, human resources, organizational structure, aspirations, and culture. The greatest need is in the areas of organizational skills (s = 2.6) and systems and infrastructure (s = 2.7). The capacity in these areas is a basic level of capacity in place. This shows there is a need for capacity building to enhance performance, planning, resource management, and external relationship building for 23 out of the 54 nonprofits surveyed. These nonprofits show average scores for organizational skills below the corporate average of 3. As well as, the need for capacity building to improve decision making strategies, knowledge management, administrative systems, and physical and technological assets for 20 out of the 54. They also show an average score below the corporate average of 3. The least need is in the areas of aspirations and culture with an average level of capacity of 3 in both areas. This score reveals there is a moderate level of capacity in place pertaining the organizations' ability to articulate their nonprofit's mission and vision and demonstrate shared values and practices amongst stakeholders. In addition, a slight difference in the arithmetic average, across the areas of capacity is shown in Table 4.3.

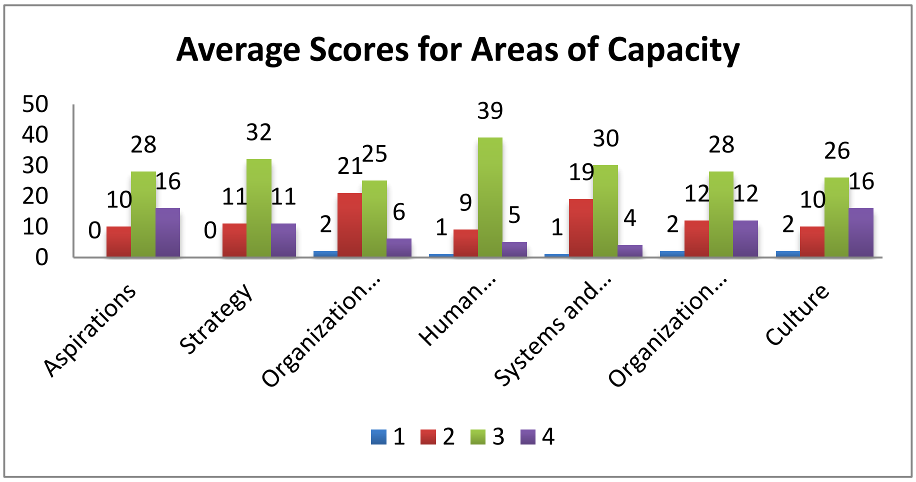

Figure 4.2. Frequency Distribution for Areas of Capacity Scores

Table 4.3

Averages for Variables of Capacity

Areas of Capacity	Aspirations	Strategy	Organizational Skills	Human Resources	Systems and Infrastructure	Organizational Structure	Culture	Sample Average (n = 54)
Average	3	2.8	2.6	2.8	2.7	2.9	3	2.8

Capacity scores by demographics and organizational characteristics. Tables 4.4–4.11 detail an account of the average level of capacity based on the gender, education level, number of years with their organization, and number of years in the nonprofit sector for the executive directors and number of years in operation, budget, staff size and number of volunteers for the nonprofits that were queried using the GRID.

As indicated in Table 4.4, none of the female respondents were associated with a nonprofit that scored a 4. However, there were three executive directors reporting a score of 4. Two of these executive directors were males. A score of 4 indicates the organization has a high level of capacity.

Table 4.4

Gender of Executive Directors and Average Level of Capacity

Demographic	**Group**	**Number of Respondents**	**1**	**2**	**3**	**4**	**Rating for Entire Sample (*n* = 54)**
Gender	**Male**	18	0	6	10	2	3
	Female	33	1	8	24	0	3
	Did not answer	3	0	1	1	1	3
	Total	54	1	15	35	3	3

The capacity scores related to *educational level* showed more variability across the continuum of scores for executive directors with bachelors and masters degrees (see Table 4.5).

Table 4.5

Education of Executive Directors and Average Level of Capacity

Demographic	**Group**	**Number of Respondents**	**1**	**2**	**3**	**4**	**Rating for Entire Sample (*n* = 54)**
Education	**High School**	2	0	2	0	0	2
	Associates	0	0	0	0	0	0
	Bachelors	19	1	4	13	1	3
	Masters	25	0	6	18	1	3
	Doctorate	4	0	1	3	0	3
	Did not answer	4	0	2	1	1	3
	Total	54	1	15	35	3	3

The number of years an executive director has been *employed with their organization* is indicated in Table 4.6, and the number of years an executive director has *worked in the nonprofit sector* is displayed in Table 4.7. Tables 4.8, 4.9, 4.10, and 4.11 present capacity levels by the organization's years in operation, budget, staff size, and number of volunteers.

Table 4.6

Years with Organization and Average Level of Capacity

Demographic	**Group**	**Number of Respondents**	**1**	**2**	**3**	**4**	**Rating for Entire Sample (*n* = 54)**
# of Years with this Organization	**0-4**	24	1	6	16	1	3
	5-10	10	0	3	5	1	3
	11-15	10	0	3	7	0	3
	16-20	4	0	1	3	0	3
	21-25	2	0	0	2	0	3
	26-30	2	0	1	2	0	3
	Did not answer	2	0	1	0	1	3
	Total	54	1	15	35	3	3

Table 4.7

Years in the Nonprofit Sector and Average Level of Capacity

Demographic	**Group**	**Number of Respondents**	**1**	**2**	**3**	**4**	**Rating for Entire Sample (*n* = 54)**
# of Years in Nonprofit Sector as an Employee	**0-4**	9	1	3	5	0	2
	5-10	6	0	1	5	0	3
	11-15	8	0	3	4	1	3

Table 4.7 *(cont.)*

Demographic	**Group**	**Number of Respondents**	**1**	**2**	**3**	**4**	**Rating for Entire Sample (*n* = 54)**
	16-20	10	0	2	8	0	3
	21-25	10	0	1	8	1	3
	26-30	1	0	1	0	0	2
	31-35	1	0	0	1	0	3
	36-40	4	0	2	2	0	3

Table 4.8

Years in Operation and Average Level of Capacity

Characteristic	**Group**	**Number of Respondents**	**1**	**2**	**3**	**4**	**Rating for Entire Sample (*n* = 54)**
# of Years in Operation	1-10	17	1	6	10	0	3
	11-20	13	0	3	10	0	3
	21-30	5	0	2	3	0	3
	31-40	5	0	1	4	0	3
	41-50	6	0	2	3	1	3
	51-60	3	0	1	2	0	3
	61-70	1	0	0	1	0	3
	71-80	1	0	0	1	0	3
	81-90	0	0	0	0	0	0
	91-100	1	0	0	0	1	4
	101-110	1	0	0	1	0	3
	Did not answer	1	0	0	0	1	4
	Total	54	1	15	35	3	3

Table 4.9

Budget and Average Level of Capacity

Characteristic	**Group**	**Number of Respondents**	**1**	**2**	**3**	**4**	**Rating for Entire Sample (*n* = 54)**
Budget in Dollars	0-499,999	22	1	7	14	0	3
	500,000-999,999	13	0	6	7	0	3
	1,000,000-1,499,999	3	0	0	3	0	3
	1,500,000-1,999,999	3	0	0	3	0	3
	2,000,000-2,499,999	3	0	0	3	0	3
	2,500,000-2,999,999	0	0	0	0	0	0
	3,000,000-3,499,999	0	0	0	0	0	0
	3,500,000-3,999,999	0	0	0	0	0	0
	4,000,000-4,499,999	2	0	0	0	2	4
	4,500,000-4,999,999	0	0	0	0	0	0
	5,000,000-5,499,999	1	0	1	0	0	2
	5,500,000-5,999,999	0	0	0	0	0	0
	6,000,000-6,499,999	0	0	0	0	0	0
	Over 6,499,999	5	0	0	5	0	3
	Did not answer	2	0	1	0	1	3
	Total	54	1	15	35	3	3

Table 4.10

Staff Size and Average Level of Capacity

Characteristic	**Group**	**Number of Respondents**	**1**	**2**	**3**	**4**	**Rating for Entire Sample (*n* = 54)**
Staff Size	0-49	48	1	14	31	2	3
	50-99	1	0	1	0	0	2
	100-149	0	0	0	0	0	0
	150-199	0	0	0	0	0	0
	200-249	1	0	0	1	0	3
	250-300	2	0	0	2	0	3
	Did not answer	2	0	0	1	1	3
	Total	54	1	15	35	3	3

Table 4.11

Volunteers and Average Level of Capacity

Characteristic	**Group**	**Number of Respondents**	**1**	**2**	**3**	**4**	**Rating for Entire Sample (*n* = 54)**
# Of Volunteers	**0-9**	7	1	2	3	1	3
	10-19	8	0	5	3	0	3
	20-29	6	0	2	4	0	3
	30-39	2	0	1	1	0	3
	40-49	2	0	0	2	0	3
	50-59	3	0	2	1	0	3
	60-69	1	0	0	1	0	3
	70-79	1	0	1	0	0	2
	80-89	3	0	2	1	0	3
	90-99	1	0	0	1	0	3
	Over 100	18	0	0	17	1	3
	Did not answer	2	0	0	1	1	4
	Total	54	1	15	35	3	3

Summary of the survey results. The 54 survey respondents provided a population from which to draw a sample for the second qualitative phase of the study. This population consisted of 33 female and 18 male executive directors and the organizations they represent were small to medium size nonprofits with hundreds of years in service in Guilford County, North Carolina. In accordance with the GRID, the results also revealed the greatest need for capacity building in the areas of organizational skills and systems and infrastructure.

The results from Phase I informed Phase II of the research strategy. In essence, the quantitative results aided significantly in the quest to answer the research question and provided an essential component necessary to examine to what extent and in what ways assessing capacity helps executive directors engage in capacity building. The essential component, as mentioned throughout the research design and methodology chapter, was the identification of a population of executive directors that had assessed the capacity of their nonprofit organization. Phase I fulfilled this imperative and provided research based knowledge on the dispensation of the GRID.

Phase II—Qualitative. The qualitative findings are based on interviews with a subgroup of executive directors who had completed the GRID survey in Phase I. Common themes from the interview responses and contextual elements of the interview were identified and reoccurring patterns were noted in the stories these executive directors told about their experience with the assessment process

Description of the informants and their organizations. Phase II consisted of interviews with 12 executive directors who were randomly selected from the 54 members of the Guilford Nonprofit Consortium (GNC) who completed the GRID in Phase I. This resulted in a purposeful sample of executive directors, and the nonprofits they represent. These informants volunteered and met the requirements to participate in a phone interview. Table 4.12 highlights the demographics of the executive directors and Table 4.13 provides characteristics of the nonprofit organizations in which the executive directors represent.

The demographics of the executive directors, presented in Table 4.12, provide the gender, educational level, years working with their nonprofit, and number of years working in the nonprofit sector. The number of females interviewed was 9 along with 3 males. All 12 respondents obtained degrees beyond high school, 6 informants obtained a bachelor degree and 6 held a master degree. The majority or 7 of the respondents reported 0-10 years with their nonprofit organization, 4 reported 11-20 years, and 1 between 26-30 years. As employees, the executive directors have been working in the sector up to 40 years. Most of them have worked in the sector from 0 to 20 years with a few 21 years and above.

Table 4.12

Demographics of Executive Directors

Demographic	**Group**	**Number of Respondents**
Gender	Male	3
	Female	9
	Did not answer	0
Education	High School	0
	Associates	0
	Bachelors	6
	Masters	6
	Doctorate	0
	Did not answer	0
# of Years with this Organization	0-4	3
	5-10	4
	11-15	1
	16-20	3
	21-25	0

Table 4.12 (cont.)

Demographic	Group	Number of Respondents
	26-30	1
	Did not answer	0
# of Years in Nonprofit Sector as an Employee	0-4	3
	5-10	2
	11-15	1
	16-20	2
	21-25	1
	26-30	0
	31-35	1
	36-40	2
	Did not answer	0

Characteristics of the nonprofit informants, shown in Table 4.13, include the number of years in operation, annual budget, size of staff and volunteers. Together, the nonprofit organizations represent nearly 400 years of service in Guilford County. The annual budgets are $0-$499,000 for 5 of the nonprofits, 4 with close to $1,000,000 budgets, 2 between $2,000,000-$2,499,999 and 1 at $18,500,000. The majority of these nonprofits have 0-49 staff with 1 reporting 250 employees. The population of volunteers is varied across the 12 organizations.

Table 4.13

Characteristics of Nonprofit Organizations

Characteristic	Group	Number of Respondents
# of Years in Operation	1-10	3
	11-20	3
	21-30	2
	31-40	0
	41-50	1
	51-60	2
	61-70	0

Table 4.13 (cont.)

Characteristic	Group	Number of Respondents
	71-80	0
	81-90	0
	91-100	0
	101-110	1
	Did not answer	0
Budget in Dollars	0-499,999	5
	500,000-999,999	4
	1,000,000-1,499,999	0
	1,500,000-1,999,999	0
	2,000,000-2,499,999	2
	2,500,000-2,999,999	0
	3,000,000-3,499,999	0
	3,500,000-3,999,999	0
	4,000,000-4,499,999	0
	4,500,000-4,999,999	0
	5,000,000-5,499,999	0
	5,500,000-5,999,999	0
	6,000,000-6,499,999	0
	Over 6,499,999	1
	Did not answer	0
Staff Size	0-49	11
	50-99	0
	100-149	0
	150-199	0
	200-249	0
	250-300	1
	Did not answer	0
# Of Volunteers	0-9	1
	10-19	0
	20-29	3
	30-39	1
	40-49	0
	50-59	2
	60-69	2
	70-79	0
	80-89	1
	90-99	0
	Over 99	2
	Did not answer	0

Capacity scores of informants. The GRID was used to assess capacity and as shown in Table 2.1, the GRID is comprised of 58 attributes categorized under 7 variables pertaining to capacity. As reported in Chapter 2, the attributes are scored on a continuum from “1” to “4.” The four scores are defined as follows:

- 1 = clear need for increased capacity
- 2 = basic level of capacity in place
- 3 = moderate level of capacity in place
- 4 = high level of capacity in place

The variables are aspirations, strategy, organizational skills, systems and infrastructure, human resources, organizational structure and culture. As noted in Chapter 3, these areas are defined as follows:

- *Aspirations*: An organization’s mission, vision, and overarching goals, which collectively articulate its common sense of purpose and directions
- *Strategy*: The coherent set of actions and programs aimed at fulfilling the organization’s overarching goals
- *Organizational Skills*: The sum of the organization’s capabilities, including such things (among others) as performance measurement, planning, resource management, and external relationship building
- *Human Resource*: The collective capabilities, experiences, potential and commitment of the organization’s board, management team, staff, and volunteers
- *Systems and Infrastructure*: The organization’s planning, decision making, knowledge management, and administrative systems, as well as the physical and technological assets that support the organization

- *Organizational Structure*: The combination of governance, organizational design, inter-functional coordination, and individual job descriptions that shapes the organization's legal and management structure
- *Culture*: The connective tissue that binds together the organization, including shared values and practices, behavior norms, and most important, the organization's orientation towards performance.

The bar chart in Figure 4.3 shows the frequency of the overall average capacity scores for the 12 organizations whose executive directors participated in Phase II. The arithmetic average level of capacity for the 12 informants was 2.69. One nonprofit reported a capacity score in the range of 1.0 to 1.9 which shows a clear need for increased capacity. The majority or 6 of the nonprofits had capacity scores in the range of 2.0 to 2.9. These scores indicate half of these nonprofits had a basic level of capacity in place. Five nonprofits had capacity scores in the range of 3.0 to 3.9. Their scores show a moderate level of capacity in place. Overall, none of the informants were associated with a nonprofit that scored a 4. A score of 4 indicates the organization has a high level of capacity.

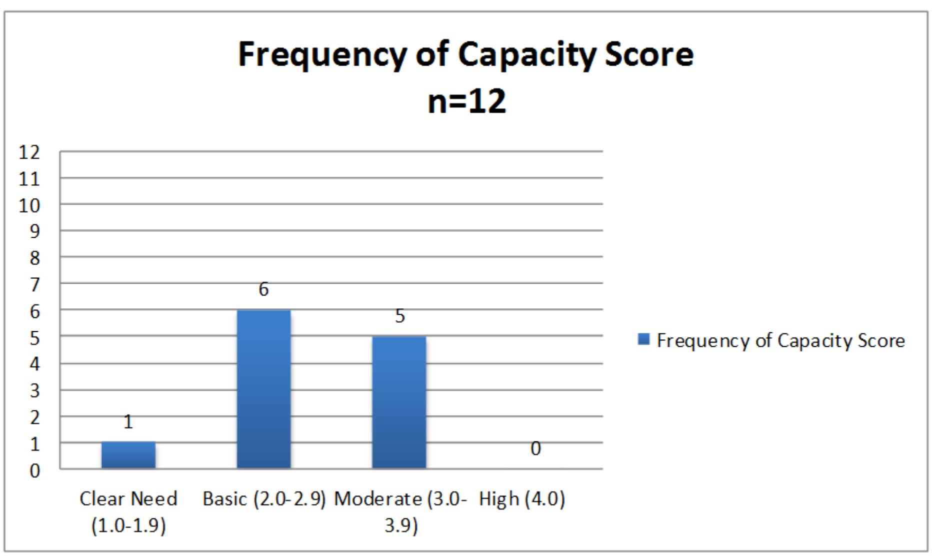

Figure 4.3. Frequency Distribution of Average Level of Capacity (Interviews)

The average level of capacity, for each of the seven variables of organizational capacity, is shown in Table 4.14. Capacity needs from greatest to least are systems and infrastructure, organizational skills, human resources, strategy, organizational structure, culture and aspirations. The greatest need is in the areas of systems and infrastructure (*s* = 2.58) and organizational skills (*s* = 2.59). Likewise, the respondents in the quantitative phase reported both of these areas as having the greatest need. This suggests there is a basic to moderate level of capacity in place and a need for capacity building to improve decision making strategies, knowledge management, administrative systems, and physical and technological assets as well as the need for capacity building to enhance performance, planning, resource management, and external relationship building for this sample of nonprofits. The least need is in the area of aspirations with an average level of capacity of 3. This communicates there is a moderate level of capacity in place and these nonprofits understand their organization’s mission, vision, overarching goals, and collectively articulate a common sense of purpose and direction.

Table 4.14

Average Level of Capacity for Variables of Capacity

Capacity Level	Aspirations	Strategy	Organizational Skills	Human Resources	Systems and Infrastructure	Organizational Structure	Culture	Sample Average (n = 12)
Score	3.04	2.74	2..59	2.70	2.58	2.81	2.81	2.69

Findings from qualitative data analysis. The process for analyzing the qualitative data involved thematic and content analysis. In-depth thematic analysis was used to note common themes across the responses from the interview notes and transcripts. Content analysis was conducted to determine emerging patterns of the informants’ personal accounts about completing the GRID storied by the researcher. Respectively, this approach allowed the researcher to study the qualitative data in the form of words and phrases and storylines. The frame for identifying common themes and writing stories was conducted around the open and closed-ended interview questions and contextual elements of the interview. The interview questions were as follows:

1. Prior to the assessment you completed in connection with this study, have you ever completed a nonprofit capacity assessment? If so, please describe that experience.
2. What were your thoughts during and after completing this assessment?
3. What did you learn and what new insights did you gain from completing this capacity assessment?
4. What did you do as a result of completing the capacity assessment?
    a. I completed the assessment and reviewed the results.
    b. I shared the capacity results with others but have not yet engaged in any capacity building activities.
    c. I have begun to plan some capacity building activities, but have not yet put those plans into action
    d. I have already started implementing capacity building activities.
5. If you shared the capacity results with others, who did you include?
    a. Staff
    b. Board of Directors (individual members or as a whole)
    c. Volunteers
    d. Other Stakeholders
6. If you are planning some capacity building activities, in which areas do these activities fall?
    - Aspirations
    - Strategies

- Organizational Skills
- Human Resources
- Systems and Infrastructure
- Organizational Structure
- Culture

7. If you have already started implementing capacity building activities, in which areas do these activities fall?
    - Aspirations
    - Strategies
    - Organizational Skills
    - Human Resources
    - Systems and Infrastructure
    - Organizational Structure
    - Culture
8. Do you have any questions or additional comments? Thank you for your time.

The descriptive and reflective elements of the interview were as follows:

<u>Descriptive</u>

- Personality and Mood
- Voice Tone
- Location and Setting
- Activities and Events occurring during the Interview

<u>Reflective</u>

- Speculation (contemplation, consideration of the subject and reasoning)

- Ideas (plans, opinions and convictions)
- Problems (barriers, objections and complaints)
- Impressions (effect or feelings)

Thematic analysis. Thematic analysis primarily involved coding key words and phrases with inter-coder agreement and identifying and assigning themes to coded data that were the same or similar (see Appendixes L and M). Thematic analysis of key words and phrases from the responses was conducted around open and closed-ended interview questions and the contextual elements of the interview.

As shown in Table 4.15, questions 2, 3, 6, 7, and 8 were assigned a thematic title based on key words and phrases, from the open-ended responses documented in both the handwritten notes and transcriptions from the interviews. The responses to question one about the informants' previous experience completing a capacity assessment were not thematically labeled due to the limited key words and phrases in the responses. These responses were a definitive "yes" or "no" with little to no specificity about the completion of past capacity assessments. However, specific themes emerged from questions 2, 3, 6, 7, and 8 as a result of coding informants' responses.

Question two highlighted "capacity needs" as thoughts of the informants during and after completing the GRID. Question three, specified "capacity building needed" as learning that took place. Question six, detailed "development and fundraising and planning" as specific plans for capacity building activities. Question seven identified "planning" as implementation of capacity building activities. At the conclusion of the interview, responses to the last question pertained to additional questions and closing comments from the executive directors. Their questions and comments focused on “board development.” The common themes across the open-ended questions were “capacity needs” and “planning.”

Table 4.15

Emerging Themes from Interview Responses

Interview Questions	**Emergent Themes**
Thoughts During and After	Capacity Needs
Learning and Insight	Capacity Building Needed
Planned Capacity Building	Development and Fundraising Planning
Implemented Capacity Building	Planning
Questions and Comments	Board Development
Common Themes	**Capacity Needs** **Planning**

As shown in Table 4.16, questions 1, 4, 5, 6, and 7 were categorized and titled based on the closed-ended questions and responses documented from the interviews. The responses to question one indicated 9 informants had completed a capacity assessment prior to completing the GRID for this study and 3 had not completed a capacity assessment in the past. Question four, revealed 5 executive directors completed the assessment and reviewed the results, 2 shared the capacity results with others but had not yet engaged in capacity building, 5 had begun to plan some capacity building activities and none of them had already started implementing capacity building activities. Question five specified 5 shared the capacity results with staff, 7 with their board of directors, none shared results with volunteers or other stakeholders. Question six, designated strategy, organizational skills, human resources, systems and infrastructure, organizational structure and culture as areas in which they were planning capacity building. Question seven, indicated human resources and organizational structure as areas in which implementation of capacity building had started.

Table 4.16

Interview Responses from Closed-Ended Questions

Closed-Ended Questions	Responses
1. Previous Experience Completing Capacity Assessments	Yes = 9 No = 3
4. Result of Completing the GRID	Completed the Assessment and Reviewed the Results = 5 Shared the Capacity Results w/others but not yet Engaged in Capacity Building = 2 Begun to Plan Some Capacity Building = 5 Started Implementing Capacity Building = 0
5. Shared the Capacity Results	Staff = 5 Board of Directors = 7 Volunteers = 0 Other Stakeholders = 0
6. Planning Capacity Building	Aspirations = 0 Strategy = 3 Organizational Skills = 7 Human Resources = 3 Systems and Infrastructure = 2 Organizational Structure = 5 Culture = 1
7. Already Started Implementing Capacity Building	Aspirations = 0 Strategy = 0 Organizational Skills = 0 Human Resources = 1 Systems and Infrastructure = 0 Organizational Structure = 3 Culture = 0

It is important to note that questions 6 and 7 have open- and closed-ended responses. This is due to the informants sharing their feedback in both ways. The questions queried the informants for capacity building they planned and/or implemented in the areas of aspirations, strategy, organizational skills, human resources, systems and infrastructure, organizational structure, and culture. However, most of them were unable to recall the specific areas. Instead, they explicitly stated capacity building activities and the researcher matched the activities to the areas of capacity as described by the GRID. For example, an informant shared “we will use the tool and assessment at our upcoming retreat.” This was matched with organizational skills.

Table 4.17 denotes themes assigned to the contextual elements of the interview based on key words and phrases from the observation data. The contextual elements are descriptive and reflective and were documented from the handwritten interview notes. The descriptive contextual elements of the interviews described the personality and mood of the executive directors as “friendly, positive and cooperative,” with “positive” voice tones, occurring from their “home or office” while “multi-tasking.” The common theme across the descriptive elements was “positive.” The first reflective component about the executive directors was associated with speculation or consideration of the GRID and was themed “relevant.” The second component, ideas or plans, opinions, and/or convictions about the GRID were noted as “planning.” The third component, problems or barriers, objections and/or complaints about the GRID were described as “too long” and the fourth component, impressions or effects and/or feelings of the executive directors were described as “useful.” The common themes across the contextual elements of the interview were “relevant” and “useful.”

Table 4.17

Emerging Themes from Contextual Elements of the Interview

Contextual Elements	Common Themes
Descriptive • Personality and Mood • Voice Tone • Location and Setting • Activities/Events During the Interview	**Positive**

Table 4.17 *(cont.)*

Contextual Elements	**Common Themes**
Reflective • Speculation • Ideas • Problems • Impression	**Relevant and Useful**

Connections between themes across responses to the interview questions and contextual elements of the interview were examined and explained according to the nature of the questions and descriptive and reflective components of the interview. The primary connection between the knowledge (open-ended) and experience and behavior (closed-ended) responses were that 5 executive directors began to plan capacity building after completing the GRID connects with the common theme of “planning capacity building” as a thought during and after completing the GRID. The “planning capacity building” theme around thoughts during and after completing the GRID and the “capacity building needed” theme around learning and insight are both relative to 7 out of the 12 executive directors sharing results of the GRID with the board of directors. The Board of Directors would need to be aware of the organization’s capacity because they have the responsibility of developing short and long-term plans for the nonprofits they represent. This coincided with the majority of the executive directors sharing the results of the GRID with at least one board member. “Planning” was a common theme derived from the open-ended interview responses and affirmed in the closed-ended responses from question number 6. Some of the open-ended responses were “helpful to frame what we need to do,” “use to set goals,” and “indication of where we need to focus.” Responses from question 6, reported by the executive directors show planning for capacity building in six out of the seven areas of capacity. The capacity area of Aspirations was the only area not noted for planning capacity building. When given the opportunity to ask additional questions or share closing comments, the 2 executive directors who responded inquired about board development.

Overall connections between the descriptive and reflective themes were not identifiable, mostly due to the nature of each set of questions having little to no association. The main connection between all the interview responses and themes and the contextual elements was “planning.” The concept of planning was in common with the reflective contextual element, of ideas or plans, opinions and/or convictions about completing the GRID, and the open and closed-ended interview responses.

Content analysis. The 12 interview conversations were written as stories to capture the richness of detail indicative of qualitative research (Appendixes N–Y). The stories illuminated the context of the interviews and gave voice to the informants’ personal accounts of to what extent and in what ways assessing capacity stimulates capacity building.

The stories were written from the transcripts to create storylines that conveyed the experience of the executive directors who completed the GRID. After the stories were written, the researcher analyzed the storylines by reading and re-reading each story to lift from the text inferences of to what extent and in what ways capacity building could have taken place as a result of completing the GRID. Information from the stories was recorded in a matrix (see Table 4.18), with columns representing fictional names of the interviewees, what the executive director did after completing the assessment, examples of capacity building after completing the assessment, and quotes from the transcripts. In column one, the fictional names were assigned to each informant to mask their identity. Column 2 provided responses derived from questions 4 and 5, of the interview, as to the degree of engagement that resulted from completing the GRID.

Table 4.18

Content Analysis of Stories (“to what extent” and “in what ways”)

Informant	“to what extent”	“in what ways”	Quotes
Frances	Planned for Staff and Board to complete the GRID	• accentuated not doing well • solidified importance to work together • decided to plan more capacity building • planned for staff and board to complete the GRID	“I did make a plan to implement more-I want the board and the staff, that’s my plan for them to take this survey”
Adam	Shared with Team	• cause to pause and assess internally • reflect on the thoughts of the team about capacity • pause to think about improvement	“gave us cause to pause to think about what the organization would do to improve the areas of human resources” “gave us cause to pause to think about what the organization would do to improve the areas of human resources” “cause to pause to assess internally some of the things we did this past year”
Betty	Shared with Board Chair and Board Committees	• encouraged in work already doing • discouraged in have much more work to do • helped frame what need to improve	“we have so much work to do”
Helen	Shared with Board	• disclosed what nonprofit lacked • identified areas of strength • helped reflect on the “whys” • pinpointed areas of capacity to focus on • recognized GRID as useful at board retreat	“I just about cried knowing how deficient we were” “the insight was—we really need to focus on board involvement, staff cohesion, dispersion of information, and fundraising”
Ken	Shared with Staff and Board	• reality check about where the organization is • affirmed and confirmed moving in the right direction • opportunity to step back and get a global view of the org • acknowledged level of performance • used to talk to the staff about capacity	“I understand what I needed to do next” “a little reality check about where we are at.”

Table 4.18 *(cont.)*

Informant	"to what extent"	"in what ways"	Quotes
Linda	Shared with Board President	• recognized GRID as useful information for planning	"this was useful information that we might be able to bring into our planning in some way"
Cindy	Reviewed the Results	• none	
Debra	Reviewed the Results	• emphasized things they need • reminded of things needed to get back on track	"these are definitely things that we need" "I was reminded of the things that we need to look at to get back on our feet," I am painfully aware of where we need to grow and change"
Eddie	Reviewed the Results	• reflected on what org is about • an eye-opener to things need to do to increase capacity • reaffirmed direction of the nonprofit	"a good chance for me to reflect on what my organization is all about"
Gloria	Reviewed the Results	• none	"with just a part-time staff, I don't think we are in a position to rate ourselves as high level of capacity"
Irene	Reviewed the Results	• gave things to think about • reflected on team's thoughts about internal capacity	"we're hosting an organizational retreat . . . we're going to deal with a lot more of these kind of deeper structural issues"
Jacquelyn	Reviewed the Results	• affirmed where need to grow and change	"it was a good review"

Column 3 noted in what ways assessing the capacity of their organization impacted the executive director’s subsequent capacity building. Column four provided quotes from the informants that coincided with examples, of capacity building shared by the executive directors, noted in column three. The response data in column two and column three were examined for reoccurring patterns. Column 2 was checked for patterns of the degree of engagement in capacity building based on what the executive directors did as a result of completing the assessment. Thus, this was a preset category.

This feedback was essential to answer part one of the research question and questions of this nature were included in the interview. Column three was examined for reoccurring patterns across the 12 interview stories to identify examples of capacity building. This was an effort to explore emerging categories that would contribute significantly to answering part two of the research question. The researcher categorized the data from both columns, separately, to identify reoccurring patterns in the two data sets. The extent in which capacity building took place was ascertained from the preset category and the ways in which capacity building occurred was noted in one emergent category. The researcher noted the following overarching categories:

- Degree of Engagement in Capacity Building
- Use of the Capacity Assessment Experience

The extent in which the executive directors engaged in capacity building after completing the GRID was they reviewed the results, shared the results with others, and planned for some capacity building activities. The ways in which executive directors engaged in capacity building was uncovered and illustrated in three emerging patterns—identification of capacity needs, reflection on current state of capacity, and affirmation of the executive director’s view of the current capacity their organization.

Degree of engagement in capacity building. The extent in which executive directors engaged in capacity building was acquired from the interview questions that queried the informants of their degree of engagement. Informants were asked to select one of four options: (a) I completed the assessment and reviewed the results, (b) I shared the capacity results with others but have not yet engage in any capacity building activities, (c) I have begun to plan some capacity building activities, but have not yet put those plans into action, and (d) I have already started implementing capacity building activities. The responses from the informants included options 1, 2, and 3. Six out of the 12 executive directors completed the assessment and reviewed the results, 5 shared the results with staff and board of directors, and 1 planned for their staff and board to complete the GRID. Half of the informants did not share their results or experience with others. However, these informants indicated the GRID revealed areas in which they need to focus on capacity. Of those who shared their results or experience with others, they shared with at least one board member and/or the board president. Interestingly, most of them shared their results and/or experience with their board first rather than staff. However, considering the leadership hierarchy in a nonprofit, the order is the board of directors, executive director, staff, and service volunteers. Only one executive director reported plans for capacity building and none reported implementing capacity building as a result of completing the GRID.

To further understand the degree of engagement, the demographics and capacity level of the executive directors in Appendix Z and the organizational characteristics and capacity level of the nonprofits in Appendix AA were examined for patterns of difference between the categories. This profile data revealed, patterns amongst two of the categories of data—one in which the executive directors reviewed the results only and another, they went the next steps and shared with others (board and/or staff). Five of the 6 nonprofits in operation the longest were in the “shared” category. Four of the 5 organizations that had the largest operating budgets were also in the “shared” category. Four of the 5 organizations with the smallest operating budgets were in the “reviewed only” category. These findings suggest, more established nonprofits and those with more resources may more readily move beyond “review only.”

Use of the capacity assessment experience. The ways in which executive directors engaged in capacity building was gathered from the descriptions and examples voiced by the informants storied in the interviews (see Table 4.19).

Table 4.19

Emergent Patterns of Capacity Building

Emergent Patterns	Descriptions and Examples
Identification of Capacity Needs	• Affirmed where need to grow and change • Affirmed and confirmed moving in the right direction • Reaffirmed direction of the nonprofit • Disclosed what nonprofit lacked • Helped frame what need to improve • Pinpointed areas of capacity to focus on • Discouraged in have much more work to do • Emphasized things they need • Reminded of things needed to get back on track • Accentuated not doing well • An eye-opener to things need to do to increase capacity • Identified areas of strength • Encouraged in work already doing • Solidified importance to work together
Reflection on Current State of Capacity	• Helped reflect on the “whys” • Reflect on the thoughts of the team about capacity • Pause to think about improvement • Cause to pause and assess internally • Reality check about where the organization is • Reflected on what org is about • Reflected on team’s thoughts about internal capacity • Gave things to think about • Opportunity to step back and get a global view of the org • Acknowledged level of performance

Table 3.19 *(cont.)*

Emergent Patterns	Descriptions and Examples
Affirmation of the Executive Director's View of their Current Capacity	• Planned for staff and board to complete the GRID • Decided to plan more capacity building • Recognized GRID as useful information for planning • Recognized GRID as useful at board retreat • Used to talk to the staff about capacity

In addition to sharing the use of the GRID they expressed attributes of the experience of assessing the capacity of their organization. Again, the patterns that emerged were identification of capacity needs, reflection on current level of capacity according to the GRID, and affirmation of the executive director's view of their current capacity. The quotes that coincided with these patterns are as follows:

- The identification of capacity needs were stated as "these are definitely things that we need," "I just about cried knowing how deficient we were," "the insight was—we really need to focus on board involvement, staff cohesion, dispersion of information, and fundraising," "gave us cause to pause to think about what the organization would do to improve the areas of human resources," and "I understand what I needed to do next."
- Their reflection on current state of capacity based on the GRID was articulated as "cause to pause to assess internally some of the things we did this past year," "we have so much work to do," "a good chance for me to reflect on what my organization is all about," "with just a part-time staff, I don't think we are in a position to rate ourselves as high level of capacity," and "a little reality check about where we are at."
- Affirmation of the executive director's view of their current capacity was disclosed in comments such as "I was reminded of the things that we need to look at to get back on

our feet," "I am painfully aware of where we need to grow and change," and "it was a good review."

In the event there was a significant capacity building activity already planned or in progress at the time the GRID was completed, the executive directors who shared the experience with others routinely indicated plans to utilize their capacity assessment experience and/or results as helpful and supportive information to impart into their capacity building efforts. Several of these informants reported plans to use the capacity information and attributes of the experience during discussions about strategic planning and during their board retreats. They communicated "we're hosting an organizational retreat . . . we're going to deal with a lot more of these kind of deeper structural issues" and "we are going to our board retreat this weekend and I want to use that for our talk about strategic plan."

Summary of qualitative findings. The qualitative findings were derived from an in-depth thematic and content analysis of the response data from the open-ended and closed-ended responses and contextual elements of the interviews. The handwritten interview notes disclosed common themes across the responses to the open-ended questions as "capacity needs" and "planning." The executive directors acknowledged what their capacity needs were and areas in which they needed to engage in capacity building. The analysis also revealed, from the executive directors' responses to the closed-ended questions, that their degree of engagement consisted of several of them not sharing their results and some sharing the results and experience completing the GRID with staff and the board of directors. As well as, some executive directors reported they planned capacity building activities within the 7 areas of capacity depicted in the GRID and implemented capacity building activities relative to Human Resources and Organizational Structure. Through content analysis, the stories revealed and gave voice to the informants. The extent in which the executive directors engaged in capacity building after completing the GRID consisted of them only reviewing the results and mostly sharing the results and/or the capacity assessment experience with their board of directors. It is important to note and explain the inconsistent results obtained from the written notes versus the interview transcripts. The inconsistencies were a consequence of conducting the thematic analysis on the handwritten notes written by the researcher during the interview and the content analysis on the stories created by the researcher using the verbatim transcripts. Since the verbatim transcripts are a more dependable source of data, the content analysis results are considered more trustworthy. The ways in which executive directors engaged in capacity building included the identification of capacity needs related to their strengths and weaknesses, their reflections on their nonprofit's level of capacity, and affirmation of their view of the current capacity of their nonprofit.

Summary

Overall, quantitative and qualitative data analysis made it possible for the researcher to determine to what extent and in what ways assessing capacity helps executive directors engage nonprofit organizations in capacity building. The results and findings generated the necessary information, explained in Chapter 5, to produce a conclusive account and report on the use of assessing the capacity of a nonprofit organization. Chapter 5 elaborates on the results and findings in the discussion and implications sections of the study.

CHAPTER 5

Discussion, Implications, and Conclusion

The quantitative survey results and qualitative interview findings were essential to shaping the discussion, implications, and conclusion of the study. Chapter 5 expounds on the results and findings of the study, compares the findings with information in the literature review, details implications for practice in the field of capacity building with nonprofit organizations and opportunities for future research, explains limitations to the study, and concludes with a synopsis of the study.

The purpose of the study was to provide an in-depth examination of the use of assessing capacity with nonprofit organizations. The research question was "to what extent and in what ways does assessing the capacity of a nonprofit organization help that organization's executive director engage in capacity building?" The researcher found that after completing the GRID executive directors reviewed their capacity results and shared their experience and/or results with their board of directors. The researcher also discovered executive directors engaged in capacity building by identifying their capacity needs, reflecting on the current state of their nonprofit's capacity, and affirming their existing view of their nonprofit's capacity.

Furthermore, the qualitative findings provided research based information to describe and explain the thoughts, insights, and learning that took place during and after completing the GRID. Executive directors thought about their capacity needs and plans to meet those needs, and learned and shared with their Board of Directors specific areas in which their organizations needed capacity building. Responses pertaining to the executive directors' thoughts during and after completing the GRID were "definitely things we need," "reflect on capacity internally and externally," "painfully aware of where we need to grow and change," "more work to do," "will use at organization retreat," and "deficient in technology." Their comments about what they learned consisted of "need to make changes," "helpful to frame what we need to do," "leadership should work towards strategic planning," "gave an indication of where we need to focus—staff cohesion, board development and fundraising," and "helped put finger on pulse of ability."

Discussion and Interpretation of the Quantitative Results and Qualitative Findings

The quantitative phase of the study was strategically positioned in the research process to survey the capacity of a segment of nonprofits using the McKinsey Capacity Assessment GRID and form the population for qualitative sampling. This resulted in a sample of executive directors and the nonprofit organizations they represent from the membership of the Guilford Nonprofit Consortium (GNC) in Guilford County, North Carolina. In this mixed methods study, the identification of the level of capacity and demographics of 54 executive directors and the nonprofits they represent was determined in the quantitative phase. Collectively, the executive directors consisted of women and men, with up to 40 years of experience working in the nonprofit sector and hundreds of years of service in the sector by the nonprofits they represent. After the quantitative phase was complete, the results showed the greatest need for capacity building in the areas of organizational skills and systems and infrastructure. The qualitative phase connected with the quantitative phase at the point in which the researcher was able to select a purposeful random sample of 12 executive directors.

The qualitative findings of this mixed methods study solidified the researcher's answer to the research question. The researcher was able to pinpoint, through interviews with 12 executive directors, to what extent and in what ways assessing capacity helps executive directors engage nonprofit organizations in capacity building. This was shown in the findings that resulted from content and thematic analysis of the transcripts, open and closed-ended interview responses, and contextual elements of the interview. *The research revealed that the experience of an executive director assessing the capacity of their nonprofit does stimulate the engagement of that executive director in the initial phase of capacity building.* Capacity building begins with an initial consultation to build rapport and discuss needs, followed by surveying and analyzing current capacity, then a plan is developed for capacity building and concludes with a review of progress to determine if capacity building is complete or the process has to be restarted (Sherman, 2008, De Vita and Fleming, 2001, Connolly and Lukas, 2002, and Venture Philanthropy Partners, 2001).

Also, the qualitative findings offered examples of how assessing the capacity of a nonprofit stimulates capacity building. This presented the researcher with descriptions and examples of the ways in which capacity building took place as result of completing a capacity assessment. The primary insight about the interviews is relative to preparing the informants for the interview. It would have been more seamless if the informants could have been given an orientation on the variables of capacity and their meaning. During the interviews the executive directors seemed to be challenged at times with recalling the variables of capacity. A brief orientation of the definition of the variables before asking the interview questions could be incorporated in the interview protocol. This would give them a point of reference related to areas of capacity.

The extent and ways of engagement in capacity building, as reported by the executive directors, was after they completed the GRID they reviewed the results, shared the capacity results and experience completing the GRID with staff and members of their board of directors, and began thinking about planning and implementing capacity building activities. The executive directors stated, “was a good review was not time wasted,” “this reaffirmed the direction of the organization, useful experience," "I took ideas to share with the Board," and "will plan after this weekend at the board retreat."

Relationship to Prior Research

In this study, diagnosis of the capacity of nonprofits through surveying the capacity of nonprofits was viewed as an essential element of examining the use of assessing capacity as a stimulant for capacity building. According to Beckhard (2006), organization development (OD) involves a systematic diagnosis which parallels with the focus of the examination of the investigational topic to examine the use of assessing the capacity of nonprofits. The quantitative results from surveying capacity provided information about the nonprofits that could be used to identify, coordinate, and facilitate intervention strategies based on the diagnosis (Jones and Brazzel, 2006). This was shown in the qualitative findings when the executive directors reported planning and implementing capacity building activities after completing the GRID.

The GRID proved to be helpful to examine and analyze organizational capacity amongst the nonprofits in Guilford County, North Carolina. As reported by Gillis (2010), the GRID significantly advances the ability to assess an organization's capacity. Guthrie and Preston (2005) expressed satisfaction with the GRID through their examination of results from the GRID administered with three nonprofit organizations.

As a result of this study, the researcher contributes information about what works in building the capacity of nonprofits. Venture Philanthropy Partners (2001) report there is little information about what works and what does not in building the organizational capacity of nonprofits. We now know that when an executive director assesses the capacity of their nonprofit it helps them engage in the initial phase of capacity building.

Researcher Insights about the Capacity Survey Process

This study also provided the research with experience administering and disseminating the GRID survey. Participants' reactions to the survey process yielded additional insights about effective approaches to administering capacity surveys. From the study, the researcher ascertained when electronically administering and disseminating the GRID, the researcher should consider modifying the length of the instrument to reduce the time necessary to complete it, ensure a copy of the GRID can be disseminated to the respondents in a usable form, provide a way for respondents to ask questions electronically, expect respondents to inquire about capacity building resources and opportunities and be prepared to respond, decide how to reply to respondents who express a concern about their level of capacity, and anticipate the GRID may not be embraced by the population of inquiry. These elements were noted in the feedback from the executive directors during and immediately following their completion of the GRID. Feedback was captured in emails submitted by some of the respondents via the helpdesk and director of GNC email addresses. Some of their immediate feedback was as follows:

> I was hoping to share this with my staff as a series of growth objectives and measures.
>
> Could u share a copy of your questions with me?
>
> Wow, that was daunting. Discouraging, too. I better get my act together.
>
> I decided not to respond to the survey because many of the questions aren't suitable for a private foundation and our situation. Respectfully, this survey is way too wordy, long, and academic to collect meaningful data from the majority of our rank and file, in my opinion. I would suggest something much shorter and easier to read.
>
> Oh dear God—that survey exceeded my attention span!!!"

Implications for Practice and Future Research

The study's quantitative results and qualitative findings put forward the following implications for practice and future research:

Practice

- Encourage executive directors to survey capacity with staff and board of directors and use the results of the survey to plan for the growth and development of nonprofit organizations.
- Use the GRID to survey and identify level of capacity when planning and implementing capacity building activities with nonprofits.
- Share and explain level of capacity with staff and board of directors as supporting information to consider when making decisions about enhancing the growth and development of a nonprofit organization.

Future Research

- Explore what happens to the level of capacity when there is a change in leadership within a nonprofit organization.
- Investigate the difference in the characteristics of nonprofit organizations based on each level of capacity (1, 2, 3, and 4) categorized in the GRID to ascertain the features of a nonprofit with a capacity level of 4 (high level of capacity).
- Examine the use of other aspects of organization development with nonprofit organizations to broaden the knowledge on the significance of organization development in the nonprofit sector.
- Assess the capacity of nonprofits across the state of North Carolina, by surveying the capacity of member nonprofits with the other four nonprofit consortiums in the state, to

show how the results can guide funding decisions by foundations that support capacity building activities.

Limitations to the Study

Although the study makes contributions to future research and practice, limitations to the study do exist. The first pertains to the length of time needed to complete the GRID. The capacity assessment instrument could have possibly been modified to reduce the completion time. Also, the GRID could have been administered using focus groups. This would have permitted the researcher to answer questions in real time and capture immediate feedback on their thoughts and insight relative to their experience completing the GRID.

A second limitation was also revealed pertaining to interviewing the informants at one point in time about their thoughts, insight and learning after completing the GRID. In doing so, as indicated in their open-ended responses, the informants communicated some challenges with memory of their experience after completing the GRID. They indicated there were earlier aspects of their experience that were beginning to fade for them and there were aspects of their experience that was still unfolding -- there may not have been enough time for them to go beyond planning.

Conclusion

Regardless of the limitations, the research based outcomes of this study contribute to the current literature and practices on capacity building from both a micro and macro perspective. Respectively, individual nonprofits now have insight of how assessing capacity can be used to stimulate capacity building and the nonprofit sector has evidence to substantiate the use of surveying capacity to plan and implement capacity building initiatives. The design of the study also offers procedures that can be replicated in other geographic areas in North Carolina and throughout the United States.

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Appendix A

Survey Consent

INFORMED CONSENT TO PARTICIPATE IN A RESEARCH STUDY

An Examination of the Use of Surveying Capacity to Stimulate Capacity Building with Nonprofit Organizations

Study Title: An Examination of the Use of Surveying Capacity to Stimulate Capacity Building with Nonprofit Organizations
PI: Pamela Palmer

Dear Respondent,

I am inviting you to participate in a research project to study capacity building with nonprofit organizations. Along with this letter is a survey link to a capacity assessment for nonprofit organizations. The assessment asks a variety of questions about level of capacity. I am asking you to look over the assessment and, if you choose to do so, complete it and submit it electronically using the link. It should take you about one hour to complete. You must be 18 years of age to participate.

The results of this project will be used to assess the level of capacity of nonprofit organizations that are a member of the Guilford Nonprofit Consortium. Through your participation I hope to better understand capacity building. I hope that the results of the survey will be useful for both individual nonprofits and the nonprofit sector and I hope to share my results by informing nonprofits of their capacity and publishing them as a part of writing my dissertation.

I do not know of any risks to you if you decide to participate in this survey and I guarantee that your responses will not be identified with you personally. I promise not to share any information that identifies you with anyone outside my research group which consists of me and the Guilford Nonprofit Consortium.

I hope you will take the time to complete this assessment and return it. Your participation is voluntary [and there is no penalty if you do not participate]. Regardless of whether you choose to participate, please let me know if you would like a summary of my findings. To receive a summary, contact me at admin@capacitybuilderstraining.com.

If you have any questions or concerns about completing the assessment or about being in this study, you may contact me at admin@capacitybuilderstraining.com. You may also contact my research advisor, Dr. Forest Toms at fdtoms@ncat.edu or by phone 336-285-2142. This project has been approved by the Institutional Review Board (IRB) at North Carolina A&T State University.

If you have any questions about your rights as a research study participant, you may contact the chair of the IRB through Compliance Office at (336) 334-7995 or rescomp@ncat.edu.

If you agree to participate, you may keep this form and complete the assessment. Also, if you feel the need to discontinue completing the assessment, feel free to do so at any time.

Sincerely,

Pamela Palmer, Researcher

Approved Exempt
9-5-2011

Appendix B

McKinsey Assessment Tool

APPENDIX:
CAPACITY ASSESSMENT GRID

DESCRIPTION

- The McKinsey Capacity Assessment Grid is a tool designed to help nonprofit organizations assess their organizational capacity. The grid should be used in conjunction with the Capacity Framework, which explains the seven elements of organizational capacity and their components. The grid asks the reader to score the organization on each element of organizational capacity, by selecting the text that best describes the organization's current status or performance. The framework and the descriptions in the grid were developed based on our team's collective experience as well as the input of many nonprofit experts and practitioners.

- The grid may be used by nonprofit managers, staff, board members and external capacity builders and funders with the following objectives:

  - To identify those particular areas of capacity that are strongest and those that need improvement
  - To measure changes in an organization's capacity over time
  - To draw out different views within an organization regarding its capacity; different responses to the grid among staff, Board members and funders, for example, can be a valuable discussion-starter within an organization

- The grid is not a scientific tool, and should not be used as one. It is very difficult to quantify the dimensions of capacity, and the descriptive text under each score in the grid is not meant to be exact. The scores are meant to provide a general indication – a "temperature" taking, if you will – of an organization's capacity level, in order to identify potential areas for improvement. Furthermore, the results of the exercise should be interpreted in the context of the organizatins stage of development. For example, a score of "2" on organizational processes may be sufficient for a new organization, and this area may not merit immediate attention. In fact, many organizations may never get to level 4 on many elements.

- This tool is meant to be a starting point only. We encourage you to adapt the grid to meet your own organization's capacity assessment needs.

INSTRUCTIONS

GUIDELINES FOR SURVEY ADMINISTRATORS

Decide for which point(s) in time you want to assess the nonprofit's organizational capacity – e.g., today, beginning of last year, 3 years ago, etc. You may choose to assess the organization at two different points in time, in order to measure changes in capacity.

Select the people whom you want to assess the nonprofit (assessors); these can include nonprofit staff members, board members, or external parties. Ideally, assessors should have a good knowledge of the organization for all points in time chosen for the assessment.

For the human resources section, decide whom you wish to evaluate in the set of rows pertaining to "CEO/ED and/or senior management team." Options include 1) CEO/ED only; 2) CEO/ED and senior management team considered collectively; 3) CEO/ED on the one hand and senior management team on the other; or 4) individuals taken separately. If you choose option 3 or 4, you may need to copy the relevant section for each separate person or group of persons covered by the assessment.

GUIDELINES FOR THOSE FILLING OUT THE SURVEY (ASSESSORS)

For each row, determine the description most suitable for the point in time chosen and write the date (e.g., 6/99) in that box. If you are also conducting the assessment for a second point in time, repeat the procedure with the corresponding date (e.g., 6/01).

Mark the box that is closest to describing the situation at hand; descriptions will rarely be perfect. Interpret the text loosely when necessary and keep in mind that you are trying to score your organization on the continuum of "1" to "4." You may select the limit between two boxes if this seems most accurate.

If a row is not relevant to the organization assessed, designate the row "N/A"; if you simply have no knowledge, mark the row "N/K."

A PDF file of the Capacity Assessment Grid can be obtained on Venture Philanthropy Partners' Web site, www.venturepp.org

CONTENTS

- Other organizational skills
  - Public relations and marketing
  - Influencing of policy-making
  - Management of legal and liability matters
  - Organizational processes use and development

IV. Human resources

- Staffing levels
- Board – composition and commitment
- Board – involvement and support
- CEO/executive director and/or senior management team
  - Passion and vision
  - Impact orientation
  - People and organizational leadership/effectiveness
  - Personal and interpersonal effectiveness
  - Analytical and strategic thinking
  - Financial judgment
  - Experience and standing
- Management team and staff – dependence on CEO/executive director
- Senior management team (if not previously covered)
- Staff
- Volunteers

V. Systems and infrastructure

- Systems
  - Planning systems
  - Decision making framework
  - Financial operations management
  - Human resources management – management recruiting, development, and retention

- Human resources management – general staff recruiting, development, and retention
- Human resources management – incentives
- Knowledge management

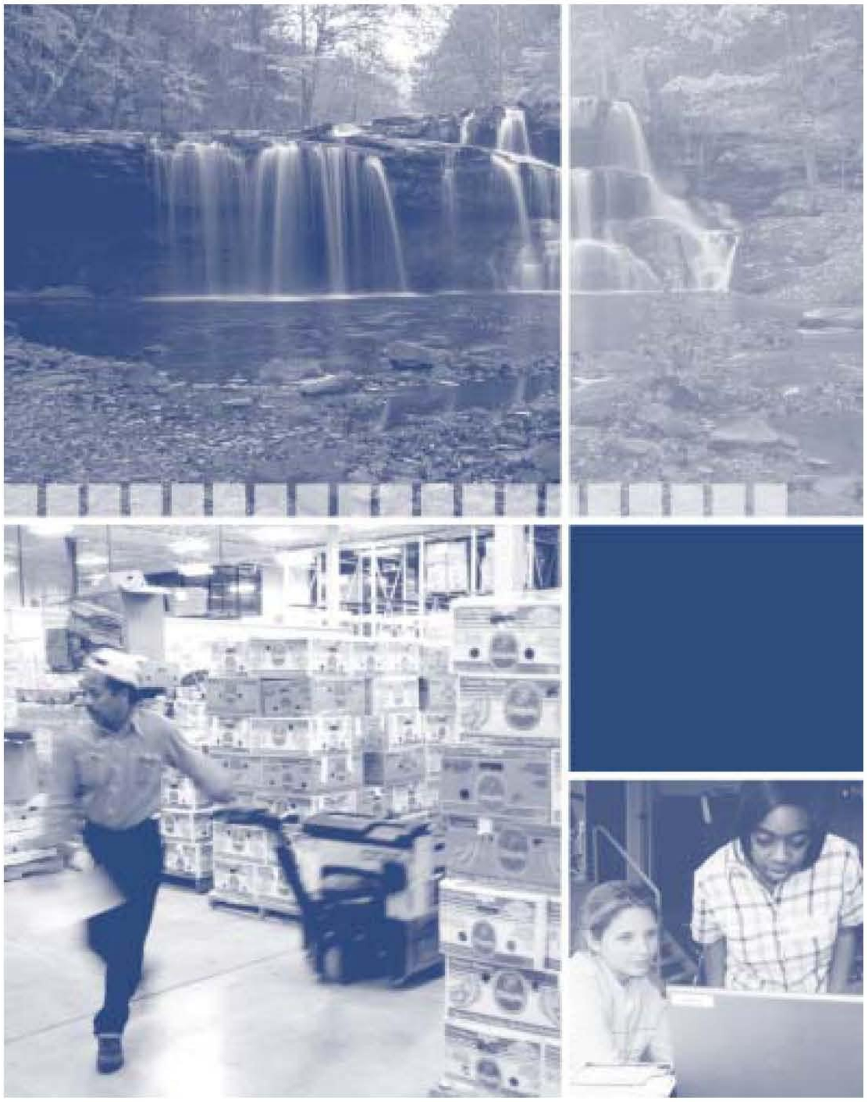
- Infrastructure
  - Physical infrastructure – buildings and office space
  - Technological infrastructure – telephone/fax
  - Technological infrastructure – computers, applications, network, and e-mail
  - Technological infrastructure – Web site
  - Technological infrastructure – databases and management reporting systems

VI. Organizational structure

- Board governance
- Organizational design
- Interfunctional coordination
- Individual job design

VII. Culture

- Performance as shared value
- Other shared beliefs and values
- Shared references and practices



McKinsey Capacity Assessment Grid

I. ASPIRATIONS	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Mission	No written mission or limited expression of the organization's reason for existence; lacks clarity or specificity; either held by very few in organization or rarely referred to	Some expression of organization's reason for existence that reflects its values and purpose, but may lack clarity; held by only a few; lacks broad agreement or rarely referred to	Clear expression of organization's reason for existence which reflects its values and purpose; held by many within organization and often referred to	Clear expression of organization's reason for existence which describes an enduring reality that reflects its values and purpose; broadly held within organization and frequently referred to
Vision – clarity	Little shared understanding of what organization aspires to become or achieve beyond the stated mission	Somewhat clear or specific understanding of what organization aspires to become or achieve; lacks specificity or clarity; held by only a few; or "on the wall," but rarely used to direct actions or set priorities	Clear and specific understanding of what organization aspires to become or achieve; held by many within the organization and often used to direct actions and set priorities	Clear, specific, and compelling understanding of what organization aspires to become or achieve; broadly held within organization and consistently used to direct actions and set priorities
Vision – boldness	No clear vision articulated	Vision exists but falls short of reflecting an inspiring view of the future and of being demanding yet achievable	Vision is distinctive along only one of following two attributes: reflects an inspiring view of future; demanding yet achievable	Vision reflects an inspiring view of future and is demanding but achievable

Overarching goals	Vision (if it exists) not explicitly translated into small set of concrete goals, though there may be general (but inconsistent and imprecise) knowledge within organization of overarching goals and what it aims to achieve	Vision translated into a concrete set of goals; goals lack at least two of following four attributes: clarity, boldness, associated metrics, or time frame for measuring attainment; goals known by only a few, or only occasionally used to direct actions or set priorities	Vision translated into small set of concrete goals, but goals lack at most two of following four attributes: clarity, boldness, associated metrics, or time frame for measuring attainment; goals are known by many within organization and often used by them to direct actions and set priorities	Vision translated into clear, bold set of (up to three) goals that organization aims to achieve, specified by concrete to measure success for each criterion, and by well-defined time frames for attaining goals; goals are broadly known within organization and consistently used to direct actions and set priorities

McKinsey Capacity Assessment Grid

II. STRATEGY	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Overall strategy	Strategy is either nonexistent, unclear, or incoherent (largely set of scattered initiatives); strategy has no influence over day-to-day behavior	Strategy exists but is either not clearly linked to mission, vision, and overarching goals, or lacks coherence, or is not easily actionable; strategy is not broadly known and has limited influence over day-to-day behavior	Coherent strategy has been developed and is linked to mission and vision but is not fully ready to be acted upon; strategy is mostly known and day-to-day behavior is partly driven by it	Organization has clear, coherent medium- to long-term strategy that is both actionable and linked to overall mission, vision, and overarching goals; strategy is broadly known and consistently helps drive day-to-day behavior at all levels of organization
Goals/performance targets	Targets are non-existent or few; targets are vague, or confusing, or either too easy or impossible to achieve; not clearly linked to aspirations and strategy, and may change from year to year; targets largely unknown or ignored by staff	Realistic targets exist in some key areas, and are mostly aligned with aspirations and strategy; may lack aggressiveness, or be short-term, lack milestones, or mostly focused on "inputs" (things to do right), or often renegotiated; staff may or may not know and adopt targets	Quantified, aggressive targets in most areas; linked to aspirations and strategy; mainly focused on "outputs/outcomes" (results of doing things right) with some "inputs"; typically multiyear targets, though may lack milestones; targets are known and adopted by most staff who usually use them to broadly guide work	Limited set of quantified, genuinely demanding performance targets in all areas; targets are tightly linked to aspirations and strategy, output/outcome-focused (i.e., results of doing things right, as opposed to inputs, things to do right), have annual milestones, and are long-term nature; staff consistently adopts targets and works diligently achieve them
Program relevance and integration	Core programs and services vaguely defined and lack clear alignment with mission and goals; programs seem scattered and largely unrelated to each other	Most programs and services well defined and can be solidly linked with mission and goals; program offerings may be somewhat scattered and not fully integrated into clear strategy	Core programs and services well defined and aligned with mission and goals; program offerings fit together well as part of clear strategy	All programs and services well defined and fully aligned with mission and goals; program offering are clearly linked to one another and to overall strategy; synergies across programs are captured

Program growth and replication	No assessment of possibility of scaling up existing programs; limited ability to scale up or replicate existing programs	Limited assessment of possibility of scaling up existing programs and, even when judged appropriate, little or limited action taken; some ability either to scale up or replicate existing programs	Occasional assessment of possibility of scaling up existing programs and when judged appropriate, action occasionally taken; able to scale up or replicate existing programs	Frequent assessment of possibility of scaling up existing programs and when judged appropriate, action always taken; efficiently and effectively able to grow existing programs to meet needs of potential service recipients in local area or other geographies
New program development	No assessment of gaps in ability of current program to meet recipient needs; limited ability to create new programs; new programs created largely in response to funding availability	Limited assessment of gaps in ability of existing program to meet recipient needs, with little or limited action taken; some ability to modify existing programs and create new programs	Occasional assessment of gaps in ability of existing program to meet recipient needs, with some adjustments made; demonstrated ability to modify and fine-tune existing programs and create new programs	Continual assessment of gaps in ability of existing programs to meet recipient needs and adjustment always made; ability and tendency efficiently and effectively to create new, truly innovative programs to the needs of potential service recipients in local area or other geographies; continuous pipeline of new ideas

McKinsey Capacity Assessment Grid

II. STRATEGY	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Funding model	Organization highly dependent on a few funders, largely of same type (e.g., government or foundations or private individuals)	Organization has access to multiple types of funding (e.g., government, foundations, corporations, private individuals) with only a few funders in each type, or has many funders within only one or two types of funders	Solid basis of funders in most types of funding source (e.g., government, foundations, corporations, private individuals); some activities to hedge against market instabilities (e.g., building of endowment); organization has developed some sustainable revenue-generating activity	Highly diversified funding across multiple source types; organization insulated from potential market instabilities (e.g., fully developed endowment) and/or has developed sustainable revenue-generating activities; other nonprofits try to imitate organization's fund-raising activities and strategies

McKinsey Capacity Assessment Grid

III. ORGANIZATIONAL SKILLS	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Performance management				
Performance measurement	Very limited measurement and tracking of performance; all or most evaluation based on anecdotal evidence; organization collects some data on program activities and outputs (e.g., number of children served) but has no social impact measurement (measurement of social outcomes, e.g., drop-out rate lowered)	Performance partially measured and progress partially tracked; organization regularly collects solid data on program activities and outputs (e.g., number of children served) but lacks data-driven, externally validated social impact measurement	Performance measured and progress tracked in multiple ways, several times a year, considering social, financial, and organizational impact of program and activities; multiplicity of performance indicators; social impact measured, but control group, longitudinal (i.e., long-term) or third-party nature of evaluation is missing	Well-developed comprehensive, integrated system (e.g., balanced scorecard) used for measuring organization's performance and progress on continual basis, including social, financial, and organizational impact of program and activities; small number of clear, measurable, and meaningful key performance indicators; social impact measured based on longitudinal studies with control groups, and performed or supervised by third-party experts
Performance analysis and program adjustments	Few external performance comparisons made; internal performance data rarely used to improve program and organization	Some efforts made to benchmark activities and outcomes against outside world; internal performance data used occasionally to improve organization	Effective internal and external benchmarking occurs but driven largely by top management and/or confined to selected areas; learnings distributed throughout organization, and often used to make adjustments and improvements	Comprehensive internal and external benchmarking part of the culture and used by staff in target-setting and daily operations; high awareness of how all activities rate against internal and external best-in-class benchmarks; systematic practice of making adjustments and improvements on basis of benchmarking

Planning				
Monitoring of landscape	Minimal knowledge and understanding of other players and alternative models in program area	Basic knowledge of players and alternative models in program area but limited ability to adapt behavior based on acquired understanding	Solid knowledge of players and alternative models in program area; good ability to adapt be-havior based on acquired understanding, but only occasionally carried out	Extensive knowledge of players and alternative models in program area; refined ability and systematic tendency to adapt behavior based on understanding
Strategic planning	Limited ability and tendency to develop strategic plan, either internally or via external assistance; if strategic plan exists, it is not used	Some ability and tendency to develop high-level strategic plan either internally or via external assistance; strategic plan roughly directs management decisions	Ability and tendency to develop and refine concrete, realistic strategic plan; some internal expertise in strategic planning or access to relevant external assistance; strategic planning carried out on a near-regular basis; strategic plan used to guide management decisions	Ability to develop and refine concrete, realistic and detailed strategic plan; critical mass of internal expertise in strategic planning, or efficient use of external, sustainable, highly qualified resources; strategic planning exercise carried out regularly; strategic plan used extensively to guide management decisions
Financial planning/ budgeting	No or very limited financial planning; general budget developed; only one budget for entire central organization; performance against budget loosely or not monitored	Limited financial plans, ad hoc update; budget utilized as operational tool; used to guide/assess financial activities; some attempt to isolate divisional (program or geographical) budgets within central budget; performance-to-budget monitored periodically	Solid financial plans, regularly updated; budget integrated into operations; reflects organizational needs; solid efforts made to isolate divisional (program or geographical) budgets within central budget; performance-to-budget monitored regularly	Very solid financial plans, continuously updated; budget integrated into full operations; as stra-tegic tool, it develops from process that incorpo-rates and reflects organiza-tional needs and objectives; well-understood divisional (pro-gram or geographical) bud-gets within overall central budget; performance-to-bud-get closely and regularly monitored

McKinsey Capacity Assessment Grid

III. ORGANIZATIONAL SKILLS	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Planning				
Operational planning	Organization runs operations purely on day-to-day basis with no short- or longer-term planning activities; no experience in operational planning	Some ability and tendency to develop high-level operational plan either internally or via external assistance; operational plan loosely or not linked to strategic planning activities and used roughly to guide operations	Ability and tendency to develop and refine concrete, realistic operational plan; some internal expertise in operational planning or access to relevant external assistance; operational planning carried out on a near-regular basis; operational plan linked to strategic planning activities and used to guide operations	Organization develops and refines concrete, realistic, and detailed operational plan; has critical mass of internal expertise in operational planning, or efficiently uses external, sustainable, highly qualified resources; operational planning exercise carried out regularly; operational plan tightly linked to strategic planning activities and systematically used to direct operations
Human resources planning	Organization uncovers and/ or addresses HR needs only when too large to ignore; lack of HR planning activities and expertise (either internal or accessible external); no experience in HR planning	Some ability and tendency to develop high-level HR plan either internally or via external assistance; HR plan loosely or not linked to strategic planning activities and roughly guides HR activities	Ability and tendency to develop and refine concrete, realistic HR plan; some internal expertise in HR planning or access to relevant external assistance; HR planning carried out on near-regular basis; HR plan linked to strategic planning activities and used to guide HR activities	Organization is able to develop and refine concrete, realistic, and detailed HR plan; has critical mass of internal expertise in HR planning (via trained, dedicated HR manager), or efficiently uses external, sustainable, highly qualified resources; HR planning exercise carried out regularly; HR plan tightly linked to strategic planning activities and systematically used to direct HR activities

Fund-raising and revenue generation				
Fund-raising	Generally weak fund-raising skills and lack of expertise (either internal or access to external expertise)	Main fund-raising needs covered by some combination of internal skills and expertise, and access to some external fund-raising expertise	Regular fund-raising needs adequately covered by well developed internal fund-raising skills, occasional access to some external fund-raising expertise	Highly developed internal fund-raising skills and expertise in all funding source types to cover all regular needs; access to external expertise for additional extraordinary needs
Revenue generation	No internal revenue-generation activities; concepts such as cause-related marketing, fee-for-services and retailing are neither explored nor pursued	Some internal revenue-generation activities, however financial net contribution is marginal; revenue-generation activities distract from programmatic work and often tie up senior management team	Some proven internal revenue-generation activities and skills; these activities provide substantial additional funds for program delivery, but partially distract from programmatic work and require significant senior management attention	Significant internal revenue-generation; experienced and skilled in areas such as cause-related marketing, fee-for-services and retailing; revenue-generating activities support, but don't distract from focus on creating social impact
External relationship building and management				
Partnerships and alliances development and nurturing	Limited use of partnerships and alliances with public sector, nonprofit, or for-profit entities	Early stages of building relationships and collaborating with other for-profit, nonprofit, or public sector entities	Effectively built and leveraged some key relationships with few types of relevant parties (for-profit, public, and nonprofit sector entities); some relations may be precarious or not fully "win-win"	Built, leveraged, and maintained strong, high-impact, relationships with variety of relevant parties (local, state, and federal government entities as well as for-profit, other nonprofit, and community agencies); relationships deeply anchored in stable, long-term, mutually beneficial collaboration

McKinsey Capacity Assessment Grid

III. ORGANIZATIONAL SKILLS	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Local community presence and involvement	Organization's presence either not recognized or generally not regarded as positive; few members of local community (e.g., academics, other nonprofit leaders) constructively involved in the organization	Organization's presence somewhat recognized, and generally regarded as positive within the community; some members of larger community constructively engaged with organization	Organization reasonably well-known within community, and perceived as open and responsive to community needs; members of larger community (including a few prominent ones) constructively involved in organization	Organization widely known within larger community, and perceived as actively engaged with and extremely responsive to it; many members of the larger community (including many prominent members) actively and constructively involved in organization (e.g., board, fund-raising)
Other organizational skills				
Public relations and marketing	Organization makes no or limited use of PR/marketing; general lack of PR/marketing skills and expertise (either internal or accessible external or expertise	Organization takes oppor-tunities to engage in PR/marketing as they arise; some PR/marketing skills and experience within staff or via external assistance	Organization considers PR/marketing to be useful, and actively seeks opportunities to engage in these activities; critical mass of internal expertise and experience in PR/marketing or access to relevant external assistance	Organization fully aware of power of PR/marketing activities, and continually and actively engages in them; broad pool of nonprofit PR/marketing expertise and experience within organization or efficient use made of external, sustainable, highly qualified resources
Influencing of policy-making	Organization does not have ability or is unaware of possibilities for influencing policy-making; never called in on substantive policy-discussions	Organization is aware of its possibilities in influencing policy-making; some readiness and skill to participate in policy-discussion, but rarely invited to substantive policy discussions	Organization is fully aware of its possibilities in influencing policy-making and is one of several organizations active in policy-discussions on state or national level	Organization pro-actively and reactively influences policy-making, in a highly effective manner, on state and national levels; always ready for and often called on to participate in substantive policy discussion and at times initiates discussions

Management of legal and liability matters	Organization does not anticipate legal issues, but finds help and addresses issues individually when they arise; property insurance includes liability component	Legal support resources identified, readily available, and employed on "as needed" basis; major liability exposures managed and insured (including property liability and workers compensation)	Legal support regularly available and consulted in planning; routine legal risk management and occasional review of insurance	Well-developed, effective, and efficient internal legal infrastructure for day-to-day legal work; additional access to general and specialized external expertise to cover peaks and extraordinary cases; continuous legal risk management and regular adjustment of insurance
Organizational processes use and development	Limited set of processes (e.g., decision making, planning, reviews) for ensuring effective functioning of the organization; use of processes is variable, or processes are seen as ad hoc requirements ("paperwork exercises"); no monitoring or assessment of processes	Basic set of processes in core areas for ensuring efficient functioning of organization; processes known, used, and truly accepted by only portion of staff; limited monitoring and assessment of processes, with few improvements made in consequence	Solid, well-designed set of processes in place in core areas to ensure smooth, effective functioning of organization; processes known and accepted by many, often used and contribute to increased impact; occasional monitoring and assessment of processes, with some improvements made	Robust, lean, and well-designed set of processes (e.g., decision making, planning, reviews) in place in all areas to ensure effective and efficient functioning of organization; processes are widely known, used and accepted, and are key to ensuring full impact of organization; continual monitoring and assessment of processes, and systematic improvement made

McKinsey Capacity Assessment Grid

IV. HUMAN RESOURCES	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Staffing levels	Many positions within and peripheral to organization (e.g., staff, volunteers, board, senior management) are unfilled, inadequately filled, or experience high turnover and/or poor attendance	Most critical positions within and peripheral to organization (e.g., staff, volunteers, board, senior management) are staffed (no vacancies), and/or experience limited turnover or attendance problems	Positions within and peripheral to organization (e.g., staff, volunteers, board, senior management) are almost all staffed (no vacancies); few turnover or attendance problems	Positions within and peripheral to organization (e.g., staff, volunteers, board, senior management) are all fully staffed (no vacancies); no turnover or attendance problems
Board – composition and commitment	Membership with limited diversity of fields of practice and expertise; drawn from a narrow spectrum of constituencies (from among nonprofit, academia, corporate, government, etc.); little or no relevant experience; low commitment to organization's success, vision and mission; meetings infrequent and/or poor attendance	Some diversity in fields of practice; membership represents a few different constituencies (from among nonprofit, academia, corporate, government, etc.); moderate commitment to organization's success, vision and mission; regular, purposeful meetings are well-planned and attendance is good overall	Good diversity in fields of practice and expertise; membership represents most constituencies (nonprofit, academia, corporate, government, etc.); good commitment to organization's success, vision and mission, and behavior to suit; regular, purposeful meetings are well-planned and attendance is consistently good, occasional subcommittee meetings	Membership with broad variety of fields of practice and expertise, and drawn from the full spectrum of constituencies (nonprofit, academia, corporate, government, etc.); includes functional and program content-related expertise, as well as high-profile names; high willingness and proven track record of investing in learning about the organization and addressing its issues; outstanding commitment to the organization's success, mission and vision; meet in person regularly, good attendance, frequent meetings of focused subcommittees

Board – involvement and support	Provide little direction, support, and accountability to leadership; board not fully informed about 'material' and other major organizational matters; largely "feel-good" support	Provide occasional direction, support and accountability to leadership; informed about all 'material' matters in a timely manner and responses/decisions actively solicited	Provide direction, support and accountability to programmatic leadership; fully informed of all major matters, input and responses actively sought and valued; full participant in major decisions	Provide strong direction, support, and accountability to programmatic leadership and engaged as a strategic resource; communication between board and leadership reflects mutual respect, appreciation for roles and responsibilities, shared commitment and valuing of collective wisdom
CEO/executive director and/ or senior management team				
Passion and vision	Low energy level and commitment; little continued attention to organizational vision	Good energy level; visible commitment to organization and its vision	Inspiringly energetic; shows constant, visible commitment to organization and its vision; excites others around vision	Contagiously energetic and highly committed; lives the organization's vision; compellingly articulates path to achieving vision that enables others to see where they are going

McKinsey Capacity Assessment Grid

IV. HUMAN RESOURCES	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
CEO/executive director and/ or senior management team				
Impact orientation	Focused purely on social impact; financials viewed as an unfortunate constraint; fails to deliver impact consistently; delays decision making; reluctant to change status quo; mandates rather than leads change	Focused on social impact with some appreciation for cost-effectiveness when possible; constantly delivers satisfactory impact given resources; promptly addresses issues; understands implications and impact of change on people	Sees financial soundness as essential part of organizational impact, together with social impact; focuses on ways to better use existing resources to deliver highest impact possible; has a sense of urgency in addressing issues and rapidly moves from decision to action; develops and implements actions to overcome resistance to change	Guides organization to succeed simultaneously in dual mission of social impact and optimal financial efficiency; constantly seeks and finds new opportunities to improve impact; anticipates possible problems; has sense of urgency about upcoming challenges; communicates compelling need for change that creates drive; aligns entire organization to support change effort
People and organizational leadership/ effectiveness	Has difficulty building trust and rapport with others; micromanages projects; shares little of own experiences as developmental/coaching tool	Is responsive to opportunities from others to work together; expresses confidence in others' ability to be successful; shares own experience and expertise	Actively and easily builds rapport and trust with others; effectively encourages others to succeed; gives others freedom to work their own way; gives people freedom to try out ideas and grow	Constantly establishing successful, win-win relationships with others, both within and outside the organization; delivers consistent, positive and reinforcing messages to motivate people; able to let others make decisions and take charge; finds or creates special opportunities to promote people's development

Personal and interpersonal effectiveness	Fails to show respect for others consistently, may be openly judgmental or critical; has difficulty influencing without using power, limited charisma or influence; limited curiosity about new ideas and experiences	Earns respect of others, takes time to build relationships; has presence, is able to influence and build support using limited communication style; accepts learning and personal development opportunities that arise	Is respected and sought out by others for advice and counsel; has strong presence and charisma; uses multiple approaches to get buy-in, appreciates the impact of his/her words or actions; seeks new learning and personal development opportunities	Is viewed as outstanding "people person"; uses diversity of communication styles, including exceptional charisma, to inspire others and achieve impact; continually self-aware, actively works to better oneself; outstanding track record of learning and personal development
Analytical and strategic thinking	Is uncomfortable with complexity and ambiguity and does whatever possible to reduce or avoid it; relies mainly on intuition rather than strategic analysis	Is able to cope with some complexity and ambiguity; able to analyze strategies but does not yet generate strategies	Quickly assimilates complex information and able to distill it to core issues; welcomes ambiguity and is comfortable dealing with the unknown; develops robust strategies	Has keen and exceptional ability to synthesize complexity; makes informed decisions in ambiguous, uncertain situations; develops strategic alternatives and identifies associated rewards, risks, and actions to lower risks
Financial judgment	Has difficulty considering financial implications of decisions	Draws appropriate conclusions after studying all the facts; understands basic financial concepts and drives for financial impact of major decisions	Has sound financial judgment; consistently considers financial implications of decisions	Has exceptional financial judgment; has keen, almost intuitive sense for financial implications of decisions

McKinsey Capacity Assessment Grid

IV. HUMAN RESOURCES	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
CEO/executive director and/ or senior management team				
Experience and standing	Limited experience in nonprofit management and few relevant capabilities from other field(s); little evidence of social entrepreneur-like qualities; limited recognition in the nonprofit community	Some relevant experience in nonprofit management; some relevant capabilities from other field(s); emerging social entrepreneur-like qualities; some local recognition in the nonprofit community	Significant experience in nonprofit management; many relevant capabilities from other field(s); significant evidence of social entrepreneur-like qualities; some national recognition as a leader/shaper in particular sector	Highly experienced in nonprofit management; many distinctive capabilities from other field(s) (e.g., for-profit, academia); exceptional evidence of social entrepreneur-like qualities; possesses a comprehensive and deep understanding of the sector; recognized nationally as a leader/shaper in particular sector
Management team and staff – dependence on CEO/executive director	Very strong dependence on CEO/executive director; organization would cease to exist without his/her presence	High dependence on CEO/ executive director; organization would continue to exist without his/her presence, but likely in a very different form	Limited dependence on CEO/executive director; organization would continue in similar way without his/her presence but areas such as fund-raising or operations would likely suffer significantly during transition period; no member of management team could potentially take on CEO/ED role	Reliance but not dependence on CEO/ executive director; smooth transition to new leader could be expected; fund-raising and operations likely to continue without major problems; senior management team can fill in during transition time; several members of management team could potentially take on CEO/ED role

Senior management team	Team has no or very limited experience in nonprofit or for-profit management; team represents few constituencies (nonprofit, academia, corporate, government, etc.) and has no or very limited capabilities and track record from other fields; limited track record of learning and personal development; mostly energetic and committed	Team has some experience in nonprofit or for-profit management; team represents some constituencies (nonprofit, academia, corporate, government, etc.); some relevant capabilities and track record from other fields; good track record of learning and personal development; energetic and committed	Team has significant experience in nonprofit or for-profit management; team represents most constituencies (nonprofit, academia, corporate, government, etc.); significant relevant capabilities and track record from other fields; good track record of learning and personal development; highly energetic and committed	Team highly experienced in nonprofit or for-profit management; drawn from full spectrum of constituencies (nonprofit, academia, corporate, government, etc.); outstanding capabilities and track record from other fields; outstanding track record of learning and personal development; contagiously energetic and committed
Staff	Staff drawn from a narrow range of backgrounds and experiences; interest and abilities limited to present job; little ability to solve problems as they arise	Some variety of staff back-grounds and experiences; good capabilities, including some ability to solve problems as they arise; many interested in work beyond their current jobs and in the success of the organization's mission	Staff drawn from diverse back-grounds and experiences, and bring a broad range of skills; most are highly capable and committed to mission and strategy; eager to learn and develop, and assume increased responsibility	Staff drawn from extraordinarily diverse backgrounds and experiences, and bring broad range of skills; most staff are highly capable in multiple roles, committed both to mission/ strategy and continuous learning; most are eager and able to take on special projects and collaborate across divisional lines; staff are frequent source of ideas and momentum for improvement and innovation

McKinsey Capacity Assessment Grid

IV. HUMAN RESOURCES	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Volunteers	Limited abilities; may be unreliable or have low commitment; volunteers are poorly managed	Good abilities; mostly reliable, loyal, and committed to organization's success; volunteers managed but without standards and little accountability	Very capable set of individuals, bring required skills to organization; reliable, loyal and highly committed to organization's success and to "making things happen"; work easily with most staff, but do not generally play core roles without substantial staff supervision; volunteers are managed and contribute to the overall success of the organization	Extremely capable set of individuals, bring complementary skills to organization; reliable, loyal, highly committed to organization's success and to "making things happen"; often go beyond call of duty; able to work in a way that serves organization well, including ability to work easily with wide range of staff and play core roles without special supervision; volunteers managed very well and significantly contribute to overall success of organization

McKinsey Capacity Assessment Grid

IV. SYSTEMS AND INFRA-STRUCTURE	**1 Clear need for increased capacity**	**2 Basic level of capacity in place**	**3 Moderate level of capacity in place**	**4 High level of capacity in place**
Systems				
Planning systems	Planning happens on an ad hoc bases only and is not supported by systematically collected data	Planning done regularly and uses some systematically collected data	Regular planning complemented by ad hoc planning when needed; some data collected and used systematically to support planning effort and improve it	Regular planning complemented by ad hoc planning when needed; clear, formal systems for data collection in all relevant areas; data used systematically to support planning effort and improve it
Decision making framework	Decisions made largely on an ad hoc basis by one person and/or whomever is accessible; highly informal	Appropriate decision makers known; decision making process fairly well established and process is generally followed, but often breaks down and becomes informal	Clear, largely formal lines/ systems for decision making but decisions are not always appropriately implemented or followed; dissemination of decisions generally good but could be improved	Clear, formal lines/ systems for decision making that involve as broad participation as practical and appropriate along with dissemination/ interpretation of decision
Financial operations management	Gifts and grants deposited and acknowledged, bills paid, supporting documentation collected/retained	Financial activities transparent, clearly and consistently recorded and documented, include appropriate checks and balances, and tracked to approve budget	Formal internal controls governing all financial operations; fully tracked, supported and reported, annually audited fund flows well managed; attention is paid to cash flow management	Robust systems and controls in place governing all financial operations and their integration with budgeting, decision making, and organizational objectives/strategic goals; cash flow actively managed

Human resources management – management recruiting, development, and retention	Standard career paths in place without considering managerial development; no or very limited training, coaching, and feedback; no regular performance appraisals; no systems/processes to identify new managerial talent	Some tailoring of development plans for brightest stars; personal annual reviews incorporate development plan for each manager; limited willingness to ensure high-quality job occupancy; some formal recruiting networks are in place	Recruitment, development, and retention of key managers is priority and high on CEO/executive director's agenda; some tailoring in development plans for brightest stars; relevant training, job rotation, coaching/feedback, and consistent performance appraisal are institutionalized; genuine concern for high-quality job occupancy; well connected to potential sources of new talent	Well-planned process to recruit, develop, and retain key managers; CEO/executive director takes active interest in managerial development; individually tailored development plans for brightest stars; relevant and regular internal and external training, job rotation, coaching/feedback, and consistent performance appraisal are institutionalized; proven willingness to ensure high-quality job occupancy; well-connected to potential sources of new talent
Human resources management – general staff recruiting, development, and retention	Standard career paths in place without considering staff development; limited training, coaching and feedback; no regular performance appraisals; no systems/processes to identify new talent	No active development tools/ programs; feedback and coaching occur sporadically; performance evaluated occasionally; limited willingness to ensure high-quality job occupancy; sporadic initiatives to identify new talent	Limited use of active development tools/programs; frequent formal and informal coaching and feedback; performance regularly evaluated and discussed; genuine concern for high-quality job occupancy; regular concerted initiatives to identify new talent	Management actively interested in general staff development; well-thought-out and targeted development plans for key employees/positions; frequent, relevant training, job rotation, coaching/ feedback, and consistent performance appraisal institutionalized; proven willingness to ensure high-quality job occupancy; continuous, proactive initiatives to identify new talent

IV. SYSTEMS AND INFRA-STRUCTURE	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Systems				
Human resources management – incentives	No incentive system to speak of; or incentive system that is ineffective and/or generates bad will	Some basic elements of incentive system in place; may include one of following: competitive salary (possibly partly performance-based), attractive career development options, or opportunities for leadership and entrepreneurship; some evidence of motivational effect on staff performance	Many elements of incentive system in place; includes a few of following: competitive salary (partly performance-based), attractive career development options, opportunities for leadership and entrepreneurship; obvious effect in motivating staff to overdeliver	Well-designed, clear, and well-accepted incentive system; includes competitive salary (partly performance-based), attractive career development options, opportunities for leadership and entrepreneurship; system effective in motivating staff to overdeliver in their job
Knowledge management	No formal systems to capture and document internal knowledge	Systems exist in a few areas but either not user-friendly or not comprehensive enough to have an impact; systems known by only a few people, or only occasionally used	Well-designed, user-friendly systems in some areas; not fully comprehensive; systems are known by many people within the organization and often used	Well-designed, user-friendly, comprehensive systems to capture, document, and disseminate knowledge internally in all relevant areas; all staff is aware of systems, knowledgeable in their use, and make frequent use of them

Infrastructure				
Physical infrastructure – buildings and office space	Inadequate physical infrastructure, resulting in loss of effectiveness and efficiency (e.g., unfavorable locations for clients and employees, insufficient workspace for individuals, no space for teamwork)	Physical infrastructure can be made to work well enough to suit organization's most important and immediate needs; a number of improvements could greatly help increase effectiveness and efficiency (e.g., no good office space for teamwork, no possibility of holding confidential discussions, employees share desks)	Fully adequate physical infrastructure for the current needs of the organization; infrastructure does not impede effectiveness and efficiency (e.g., favorable locations for clients and employees, sufficient individual and team office space, possibility for confidential discussions)	Physical infrastructure well-tailored to organization's current and anticipated future needs; well-designed and thought out to enhance organization's efficiency and effectiveness (e.g., especially favorable locations for clients and employees, plentiful team office space encourages teamwork, layout increases critical interactions among staff)
Technological infrastructure – telephone/fax	Status, lack of sophistication, or limited number of telephone and fax facilities are an impediment to day-to-day effectiveness and efficiency	Adequate basic telephone and fax facilities accessible to most staff; may be moderately reliable or user-friendly, or may lack certain features that would increase effectiveness and efficiency (e.g., individual voice-mail), or may not be easily accessible to some staff (e.g. front-line deliverers)	Solid basic telephone and fax facilities accessible to entire staff (in office and at front line); cater to day-to-day communication needs with essentially no problems; includes additional features contributing to increased effectiveness and efficiency (e.g., individual, remotely accessible voice-mail)	Sophisticated and reliable telephone and fax facilities accessible by all staff (in office and at frontline), includes around-the-clock, individual voice mail; supplemented by additional facilities (e.g., pagers, cell phones) for selected staff; effective and essential in increasing staff effectiveness and efficiency

McKinsey Capacity Assessment Grid

IV. SYSTEMS AND INFRA-STRUCTURE	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Infrastructure				
Technological infrastructure – computers, applications, network, and e-mail	Limited/no use of computers or other technology in day-to-day activity; and/or little or no usage by staff of existing IT infrastructure	Well-equipped at central level; incomplete/limited infrastructure at locations aside from central offices; equipment sharing may be common; satisfactory use of IT infrastructure by staff	Solid hardware and software infrastructure accessible by central and local staff; no or limited sharing of equipment is necessary; limited accessibility for frontline program deliverers; high usage level of IT infrastructure by staff; contributes to increased efficiency	State-of-the-art, fully networked computing hardware with comprehensive range of up-to-date software applications; all staff has individual computer access and e-mail; accessible by frontline program deliverers as well as entire staff; used regularly by staff; effective and essential in increasing staff efficiency
Technological infrastructure – Web site	Organization has no individual Web site	Basic Web site containing general information, but little information on current developments; site maintenance is a burden and performed only occasionally	Comprehensive Web site containing basic information on organization as well as up-to-date latest developments; most information is organization-specific; easy to maintain and regularly maintained	Sophisticated, comprehensive and interactive Web site, regularly maintained and kept up to date on latest area and organization developments; praised for its user-friendliness and depth of information; includes links to related organizations and useful resources on topic addressed by organization

Technological infrastructure – databases and management reporting systems	No systems for tracking clients, staff volunteers, program outcomes and financial information	Electronic data-bases and management reporting systems exist only in few areas; systems perform only basic features, are awkward to use or are used only occasionally by staff	Electronic data-base and management reporting systems exist in most areas for tracking clients, staff, volunteers, program outcomes and financial information; commonly used and help increase information sharing and efficiency	Sophisticated, comprehensive electronic database and management reporting systems exist for tracking clients, staff, volunteers, program outcomes and financial information; widely used and essential in increasing information sharing and efficiency

VI. ORGANIZATIONAL STRUCTURE	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Board governance	Board does not scrutinize budgets or audits, does not set performance targets and hold CEO/ED accountable or does not operate according to formal procedures; executive, treasury, and board functions unclear	Roles of legal board, advisory board and management are clear; board functions according to by-laws, reviews budgets, and occasionally sets organizational direction and targets, but does not regularly review CEO/ED performance, monitor potential conflicts of interest, scrutinize auditors, or review IRS and state filings	Roles of legal board, advisory board, and managers are clear and function well; board reviews budgets, audits, IRS and state filings; size of board set for maximum effectiveness with rigorous nomination process; board co-defines performance targets and actively encourages CEO/ED to meet targets; annual review of CEO's performance, but board not prepared to hire or fire CEO	Legal board, advisory board and managers work well together from clear roles; board fully understands and fulfills fiduciary duties; size of board set for maximum effectiveness with rigorous nomination process; board actively defines performance targets and holds CEO/ED fully accountable; board empowered and prepared to hire or fire CEO/ED if necessary; board periodically evaluated
Organizational design	Organizational entities (e.g., headquarters, regional and local offices) are not "designed," and roles, responsibilities of entities are neither formalized nor clear; absence of organization chart	Some organizational entities are clearly defined, others are not; most roles and responsibilities of organizational entities are formalized but may not reflect organizational realities; organization chart is incomplete and may be outdated	Organizational entities are clearly defined; all roles and responsibilities of organizational entities are formalized but do not necessarily reflect organizational realities; organization chart is complete but may be outdated	Roles and responsibilities of all organizational entities (e.g., headquarters, regional and local entities) are formalized, clear and complement each other; organization chart is complete and reflects current reality

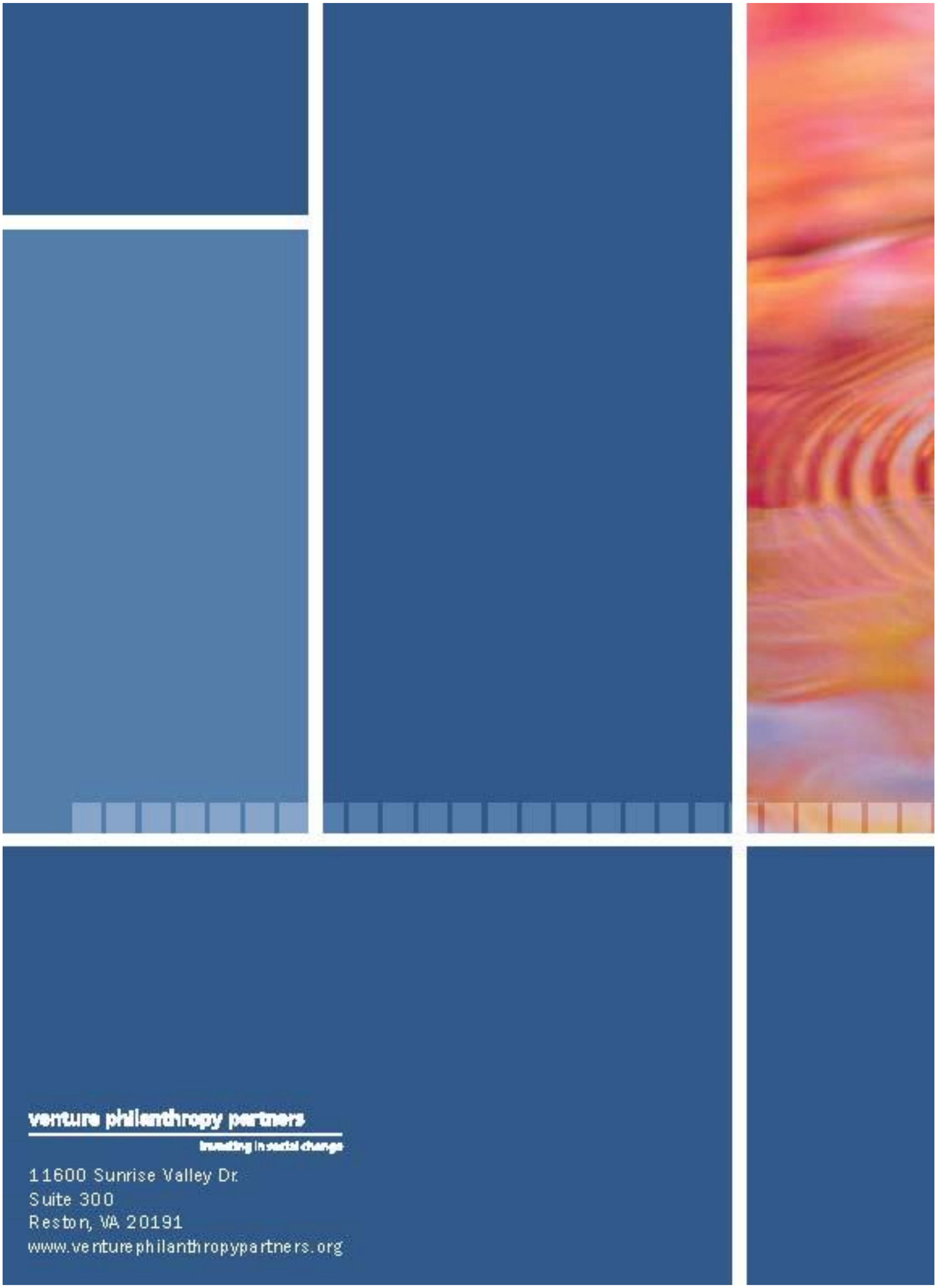
Interfunctional coordination	Different programs and organizational units function in silos; little or dysfunctional coordination between them	Interactions between different programs and organizational units are generally good, though coordination issues do exist; some pooling of resources	All programs and units function together effectively with sharing of information and resources; few coordination issues	Constant and seamless integration between different programs and organizational units with few coordination issues; relationships are dictated by organizational needs (rather than hierarchy or politics)
Individual job design	Lack of positions created to address a number of key roles (e.g. CFO, HR, learning and measurement); unclear roles and responsibilities with many overlaps; job descriptions do not exist	Positions exist for most key roles, with a few still missing; most key positions are well-defined and have job descriptions; some unclear accountabilities or overlap in roles and responsibilities; job descriptions tend to be static	All key roles have associated positions; most individuals have well-defined roles with clear activities and reporting relationships and minimal overlaps; job descriptions are continuously being redefined to allow for organizational development and individuals' growth within their jobs	All roles have associated dedicated positions; all individuals have clearly defined core roles which must be achieved and an area of discretion where they can show initiative and try to make a difference; core roles are defined in terms of end-products and services rather than activities; individuals have the ability to define their own activities and are empowered to continuously reexamine their jobs

McKinsey Capacity Assessment Grid

VII. CULTURE	1 Clear need for increased capacity	2 Basic level of capacity in place	3 Moderate level of capacity in place	4 High level of capacity in place
Performance as shared value	Employees are hired, rewarded and promoted for executing a set of tasks/duties or for no clear reason, rather than for their impact; decisions are mostly made on "gut feeling"	Performance contribution is occasionally used and may be one of many criteria for hiring, rewarding and promoting employees; performance data is used to make decisions	Employee contribution to social, financial and organizational impact is typically considered as a preeminent criterion in making hiring, rewards and promotion decisions; important decisions about the organization are embedded in comprehensive performance thinking	All employees are system-atically hired, rewarded and promoted for their collective contribution to social, financial and organizational impact; day-to-day processes and decision making are embedded in comprehensive performance thinking; performance is constantly referred to
Other shared beliefs and values	No common set of basic beliefs and values exists within the organization	Common set of basic beliefs exists in some groups within the organization, but is not shared broadly; values may be only partially aligned with organizational purpose or only rarely harnessed to produce impact	Common set of basic beliefs held by many people within the organization; helps provide members a sense of identity; beliefs are aligned with organizational purpose and occasionally harnessed to produce impact	Common set of basic beliefs and values (e.g., social, religious) exists and is widely shared within the organization; provides members sense of identity and clear direction for behavior; beliefs embodied by leader but nevertheless timeless and stable across leadership changes; beliefs clearly support overall purpose of the organization and are consistently harnessed to produce impact

Shared references and practices	No major common set of practices and references exists within the organization (such as traditions, rituals, unwritten rules, stories, heroes or role models, symbols, language, dress)	Common set of references and practices exists in some groups within the organization, but are not shared broadly; may be only partially aligned with organizational purpose or only rarely harnessed to produce impact	Common set of references and practices exists, and are adopted by many people within the organization; references and practices are aligned with organizational purpose and occasionally harnessed to drive towards impact	Common set of references and practices exist within the organization, which may include: traditions, rituals, unwritten rules, stories, heroes or role models, symbols, language, dress; are truly shared and adopted by all members of the organization; actively designed and used to clearly support overall purpose of the organization and to drive performance

Design by McKinsey & Company
New York Office Design Center
www.mckinsey.com


venture philanthropy partners
investing in social change
11600 Sunrise Valley Dr.
Suite 300
Reston, VA 20191
www.venturephilanthropypartners.org

Appendix C

Permission Letter to Use GRID

investing in social change
venture philanthropy partners

August 15, 2011

Pamela Palmer
Doctoral Candidate - Leadership Studies Program North Carolina A&T State University
307 Jackson Street
Jamestown, NC 27282

Dear Ms. Palmer,

Venture Philanthropy Partners, Inc. ("VPP") hereby grants you restricted non-exclusive permission to use the Capacity Assessment Tool created by McKinsey and Company for Venture Philanthropy Partners and published in *Effective Capacity Building in Nonprofit Organizations (2001).* This letter grants you the permission to copy, distribute, and use the McKinsey Capacity Assessment Grid for your doctoral thesis. This restricted non-exclusive permission is granted based upon the following conditions and provisions:

We request that with any reprint, copy, distribution, or conveyance of the McKinsey Capacity Assessment Grid you provide the following attribution:

> "The McKinsey Capacity Assessment Grid was created by McKinsey & Company and published in *Effective Capacity Building in Nonprofit Organizations (2001),* produced for Venture Philanthropy Partners (www.vppartners.org). It is reprinted, copied, or distributed with the permission of Venture Philanthropy Partners."

We request that with any reprint, copy, distribution, or conveyance of the *Effective Capacity Building in Nonprofit Organizations* report you provide the following attribution:

> "*Effective Capacity Building in Nonprofit Organizations (2001),* produced for Venture Philanthropy Partners (www.vppartners.org) is reprinted, copied, or distributed with the permission of Venture Philanthropy Partners."

In signing this letter, you hereby acknowledge that VPP can unilaterally terminate this restricted use grant if VPP in its unilateral discretion determines that any of the above conditions are not being met, and after notification by VPP that unmet conditions are not resolved. Your signature below confirms your acknowledgment of and agreement to all the terms and conditions included in this letter agreement. Please return the signed original of this letter agreement at the address indicated above at your earliest convenience. We support and encourage your use of the Capacity Assessment Tool.

Sincerely,

Eleanor Rutland
COO

Seen and Agreed:
By:

8/30/11

Pamela Palmer Date

cc: Lynn Taliento, Partner, McKinsey & Company

1201 15th Street, NW • Suite 420 • Washington, DC 20005 • Tel: 202.955.8085 • Fax: 202.955.8087 • www.vppartners.org

Appendix D

Announcement of Capacity Assessment Project

Date: October 8, 2011
To: Guilford Nonprofit Consortium
From: Donna Newton, Director
RE: Capacity Assessment Project
Greetings nonprofit members of the Guilford Nonprofit Consortium!
I am writing you to request your participation in our Capacity Assessment Project. The Capacity Assessment Project primarily consists of assessing the capacity of nonprofit members of the Consortium. The link to complete the capacity assessment is in this email. The assessment is the McKinsey Capacity Assessment Grid and is attached in pdf form for your review. We are seeking 100% participation from each of you and ask that you complete the assessment at your earliest convenience.
The assessment requires you to rate your agency's level of capacity by responding to a variety of items pertaining to organizational capacity. More specifically, you are asked to rate your organization across seven areas relative to aspirations, strategy, organizational skills, systems and infrastructure, human resources, organizational structure and culture. Note, this is not a report card of your organizations performance you should rate your organization based on level of capacity. The compilation of this data will be used to help us describe our collective capacity as well as plan for future capacity building opportunities. The assessment will take at least an hour to complete online. After we have received all assessments, we will report back our findings to you and formally report our results in writing.

Please submit your assessment by October 15, 2011. We are counting on your completed survey to meet our 100% participation goal. Pamela Palmer, a Guilford Nonprofit Consortium member, volunteer and a doctoral candidate at North Carolina Agricultural and Technical State University, is assisting us with our project and this project is an integral part of her dissertation research study (letter from Pamela attached). Throughout the implementation of this 5 PHASE project you will receive various messages and reminders to keep you posted of our progress. All questions should be directed to Pamela at admin@capacitybuilderstraining.com.

Note: "The McKinsey Capacity Assessment Grid (survey) was created by McKinsey & Company and published in Effective Capacity Building in Nonprofit Organizations (2001), produced for Venture Philanthropy Partners (www.vppartners.org). It is reprinted, copied, or distributed with the permission of Venture Philanthropy Partners."

Thank you and we will be contacting you again….very soon.

Donna Newton

Appendix E

IRB Informed Consent to Participate

INFORMED CONSENT TO PARTICIPATE IN A RESEARCH STUDY

An Examination of the Use of Surveying Capacity to Stimulate Capacity Building with Nonprofit Organizations

Study Title: An Examination of the Use of Surveying Capacity to Stimulate Capacity Building with Nonprofit Organizations
PI: Pamela Palmer

Dear Respondent,

I am inviting you to participate in a research project to study capacity building with nonprofit organizations. Along with this letter is a survey link to a capacity assessment for nonprofit organizations. The assessment asks a variety of questions about level of capacity. I am asking you to look over the assessment and, if you choose to do so, complete it and submit it electronically using the link. It should take you about one hour to complete. You must be 18 years of age to participate.

The results of this project will be used to assess the level of capacity of nonprofit organizations that are a member of the Guilford Nonprofit Consortium. Through your participation I hope to better understand capacity building. I hope that the results of the survey will be useful for both individual nonprofits and the nonprofit sector and I hope to share my results by informing nonprofits of their capacity and publishing them as a part of writing my dissertation.

I do not know of any risks to you if you decide to participate in this survey and I guarantee that your responses will not be identified with you personally. I promise not to share any information that identifies you with anyone outside my research group which consists of me and the Guilford Nonprofit Consortium.

I hope you will take the time to complete this assessment and return it. Your participation is voluntary [and there is no penalty if you do not participate]. Regardless of whether you choose to participate, please let me know if you would like a summary of my findings. To receive a summary, contact me at admin@capacitybuilderstraining.com.

If you have any questions or concerns about completing the assessment or about being in this study, you may contact me at admin@capacitybuilderstraining.com. You may also contact my research advisor, Dr. Forest Toms at fdtoms@ncat.edu or by phone 336-285-2142. This project has been approved by the Institutional Review Board (IRB) at North Carolina A&T State University.

If you have any questions about your rights as a research study participant, you may contact the chair of the IRB through Compliance Office at (336) 334-7995 or rescomp@ncat.edu.

If you agree to participate, you may keep this form and complete the assessment. Also, if you feel the need to discontinue completing the assessment, feel free to do so at any time.

Sincerely,

Pamela Palmer, Researcher

Approved Exempt
9-5-2011

Appendix F

Interview Session Protocol

Interviewer instructions

- Greet interviewee and thank interviewee for agreeing to participate in the study.
- Ask permission to record the interview.
- Have interviewee sign consent form required by IRB.
- Set up audio and note taking equipment.
- Start interview once interviewee indicates readiness to begin.

Interviewee will be asked to respond to the following questions:

1. **Establish Rapport with Interviewee**

- Introductions

2. **Experience Question**

- Prior to the assessment you completed in connection with this study, have you ever completed a nonprofit capacity assessment?

3. **Experience Question**

- What were your thoughts during and after completing this assessment?

4. **Knowledge Question**

- What did you learn and what new insights did you gain from completing this capacity assessment?

5. **Experience and Behavior Question**

- What did you do as a result of completing the capacity assessment? Did you plan or engage in capacity building after completing the assessment. If so, in what ways did you plan and/or engage in capacity building.

Probes for Questions 4-5 if needed:

- **How do you mean?**
- **What are some examples of this situation?**
- **How interesting, please tell me more.**

6. **Closing Question or Statement**

- Is there anything else you would like to add to our interview session?

Final Thank You

- Again, thank the interviewee for agreeing to assist with this research project.

Appendix G

Interview Observation Protocol

Instructions for Interviewer

- Interviewer will record descriptive, reflective and demographic information notes about the interview session.

- Descriptive notes will include the posture, personality, mood of the executive director, description of the physical setting and account of activities and events.

- Reflective notes will take account of the researcher's personal thoughts such as speculation, ideas, problems and impressions.

- Demographic notes will consist of information about the time, place, and date of the field setting where the interview takes place.

Appendix H

Interview Consent

INFORMED CONSENT TO PARTICIPATE IN A RESEARCH STUDY
An Examination of the Use of Surveying Capacity to Stimulate Capacity Building with Nonprofit Organizations

Study Title:	An Examination of the Use of Surveying Capacity to Stimulate Capacity Building with Nonprofit Organizations
PI:	Pamela Palmer

Dear Respondent,

I am inviting you to participate in an interview as a part of a research project to study capacity building with nonprofit organizations. The interview should take about one hour to complete. If you choose to participate in an interview I am asking you to contact me at admin@capacitybuilderstraining.com with your response. You must be 18 years of age to participate.

For your convenience, the interview sessions will take place at your organization at a time that is convenient for you. After receiving your emailed response agreeing to participate in the interview, I will give you a call to set up an appointment for the interview.

The results of this project will be used to assess the level of capacity of nonprofit organizations that are a member of the Guilford Nonprofit Consortium. Through your participation I hope to better understand capacity building. I hope the findings from the interviews will be useful for both individual nonprofits and the nonprofit sector. I hope to share my results by informing nonprofits of their capacity and publishing the findings as a part of writing my dissertation.

I do not know of any risks to you if you decide to participate in an interview and I guarantee that your responses will not be identified with you personally. I promise not to share any information that identifies you with anyone outside my research group which consists of me and the Guilford Nonprofit Consortium.

I hope you will take the time to participate. Your participation is voluntary [and there is no penalty if you do not participate]. Regardless of whether you choose to participate, please let me know if you would like a summary of my findings. To receive a summary, contact me at admin@capacitybuilderstraining.com.

If you have any questions or concerns about the interview or about being in this study, you may contact me at admin@capacitybuilderstraining.com. You may also contact my research advisor, Dr. Forest Toms at fdtoms@ncat.edu or by phone 336-285-2142. This project has been approved by the Institutional Review Board (IRB) at North Carolina A&T State University.

If you have any questions about your rights as a research study participant, you may contact the chair of the IRB through Compliance Office at (336) 334-7995 or rescomp@ncat.edu.

If you agree to participate, you may keep this form. Also, during the interview, if you feel the need to discontinue the interview session, feel free to do so at any time.

Sincerely,

Pamela Palmer, Researcher

Approved Exempt
9-5-2011

Appendix I

Interview Note-taking Form

Interview Note-Taking Form **Number______**

1. Prior to the assessment you completed in connection with this study, **have you ever completed a nonprofit capacity assessment**? If so, please describe that experience.

2. What were your **thoughts during and after completing this assessment**?

3. What did you **learn and what new insights did you gain** from completing this capacity assessment?

4. What did you do as a result of completing the capacity assessment? **To what degree have you engaged in capacity building** as a result of completing the capacity assessment survey?

    a. I completed the assessment and reviewed the results.

    b. I shared the capacity results with others but have not yet engaged in any capacity building activities.

    c. I have begun to plan some capacity building activities, but have not yet put those plans into action

    d. I have already started implementing capacity building activities.

5. If you **shared the capacity results** with others, who did you include?

    a. Staff

    b. Board of Directors (individual members or as a whole)

    c. Volunteers

    d. Other Stakeholders

6. If you are **planning some capacity building activities**, in which areas do these activities fall? Check all that apply.

    a. **Aspirations**: An organization's mission, vision, and overarching goals, which collectively articulate its common sense of purpose and directions

    b. **Strategy**: The coherent set of actions and programs aimed at fulfilling the organization's overarching goals

    c. **Organizational Skills**: The sum of the organization's capabilities, including such things (among others) as performance measurement, planning, resource management, and external relationship building

    d. **Human Resource**: The collective capabilities, experiences, potential and commitment of the organization's board, management team, staff, and volunteers

    e. **Systems and Infrastructure**: The organization's planning, decision making, knowledge management, and administrative systems, as well as the physical and technological assets that support the organization

    f. **Organizational Structure**: The combination of governance, organizational design, inter-functional coordination, and individual job descriptions that shapes the organization's legal and management structure

g. **Culture**: The connective tissue that binds together the organization, including shared values and practices, behavior norms, and most important, the organization's orientation towards performance.

7. If you have already started **implementing capacity building activities**, in which areas do these activities fall?

    a. **Aspirations**: An organization's mission, vision, and overarching goals, which collectively articulate its common sense of purpose and directions

    b. **Strategy**: The coherent set of actions and programs aimed at fulfilling the organization's overarching goals

    c. **Organizational Skills**: The sum of the organization's capabilities, including such things (among others) as performance measurement, planning, resource management, and external relationship building

    d. **Human Resource**: The collective capabilities, experiences, potential and commitment of the organization's board, management team, staff, and volunteers

    e. **Systems and Infrastructure**: The organization's planning, decision making, knowledge management, and administrative systems, as well as the physical and technological assets that support the organization

    f. **Organizational Structure**: The combination of governance, organizational design, inter-functional coordination, and individual job descriptions that shapes the organization's legal and management structure

g. **Culture**: The connective tissue that binds together the organization, including shared values and practices, behavior norms, and most important, the organization’s orientation towards performance.

8. Do you have any **questions or additional comments**? Thank you for your time.

Appendix J

Interview Observation Note-taking Form

Date ________________________ Number ______

Begin Time _____ End Time _____

<u>Observation Note-Taking Form (Interview)</u>

DESCRIPTIVE	REFLECTIVE
<u>Personality and Mood</u>	**<u>Speculation</u>** **(contemplation, consideration of the subject and reasoning)**
<u>Voice Tone</u>	**<u>Ideas</u>** **(plans, opinions and convictions)**
<u>Location and Setting</u>	**<u>Problems</u>** **(barriers, objections and complaints)**
<u>Activities and Events Occurring During Interview</u>	**<u>Impressions</u>** **(effect or feelings)**

Appendix K

IRB Approved Application

IRB Application
IRB#11-0109
Date:9-13-11

North Carolina Agricultural and Technical State University
Institutional Review Board Protocol Application

Human Subjects Protocol Application Checklist				
	YES	NO	NA	Comments
CITI Certification for PI	☒	☐	☐	On File w/Division of Research
CITI Certification for Advisor/Sponsor Attached	☒	☐	☐	On File w/Division of Research
Biosketch for Faculty PI on File or Attached	☐	☐	☒	
Signatures in Place (PI, Advisor, Department Chair)	☒	☐	☐	
Title listed PI Information Complete Advisor Information Complete	☒	☐	☐	
Co-investigators listed	☐	☐	☒	
Co-investigators have CITI or other certification	☐	☐	☒	
Co-investigators have Biosketch on file or attached	☐	☐	☒	
Funding information is addressed	☐	☐	☒	
All sections contain a response	☒			
Attachments: A. Consent B. Survey C. Other	☒	☐	☐	
Are all other required documents attached (e.g., outside agency IRB approval, permission letter, data use agreement)	☒	☐	☐	

IRB Application
IRB#11-0109
Date:9-13-11

North Carolina Agricultural and Technical State University
Institutional Review Board Protocol Application

Research Study Title	An Examination of The Use of Surveying Capacity to Stimulate Capacity Building with Nonprofit Organizations	
Principal Investigator	Pamela M. Palmer	
Status	☐ Undergraduate Student ☐ Masters Student	☐ Faculty/Staff ☒ Ph.D. Candidate
Affiliation with NC A&T?	☒ Yes ☐ No (NC A&T Sponsor Required)	
Campus Mailing Address:	N/A	
Off Campus Mailing Address:	307 Jackson Street Jamestown, North Carooina 27282	
Work Telephone:	336-841-4632	
Home or Cell Telephone:	336-454-0950	
Email Address: (ncat email address for A&T faculty and students)	pmpalmer@ncat.edu	
School or College:	Education	
Faculty Advisor/Sponsor	Dr. Forest Toms	Advisor
Campus Mailing Address:	224 PTCAM	
Work Telephone:	336-285-2142	828-638-3369
Email Address:	fdtoms@ncat.edu	
School or College:	Education	

Study Sponsor	☐ Internal ☐ External Other ☐ External Commercial	☐ Federal ☒ None
Current or Planned Funding Sources:	n/a	
P.I. of Grant:		
Name of Funding Source:		
Grant Proposal Number:		
Grant or project Title:		
Other:		

IRB Application
IRB#11-0109
Date:9-13-11

North Carolina Agricultural and Technical State University
Institutional Review Board Protocol Application

Research Summary Note: Items in yellow font are required or recommended to appear in consent forms	
I. Application for (check all that apply)	☒ Use of human participants in the research ☒ Use of human participants data files ☒ Thesis/ Dissertation ☐ Classroom project ☐ Faculty research
II. Purpose of Your Research:	Examine the use of surveying capacity to stimulate capacity building and substantiate the implementation of capacity building initiatives in Guilford County, North Carolina.
III. Background Information (Importance of the knowledge that may reasonably expected to result):	The knowledge gained from this research will contribute to the academic and research literature relative to organization development and nonprofit studies.
IV. Research Questions/Hypotheses:	To what extent and in what ways does surveying the capacity of a nonprofit organization help that organization's executive director engage in capacity building?
V. Research Design and Methods: (Study procedures; sequential description of what subjects will be asked to do, etc...)	Mixed Methods - Sequential Explanatory A survey link, hosted by Survey Monkey will be emailed to members of the Guilford Nonprofit Consortium (GNC). GNC will send the email. Once responses are received each organization will be assigned a number (in chronological order) by the Consortium and the PI. This is to ensure confidentiality and to minimize forseeable risk of capacity weaknesses being disclosed. Respondents will be asked when they complete the survey, if they would be willing to participate in a follow-up interview. Interviewees will be randomly selected from respondents, willing to be interviewed, using SPSS (Software Program for the Social Sciences).
VI. Research Content Area	☐ Anthropology ☐ Anthropometry ☐ Biological Sciences ☒ Education ☐ Behavioral Science ☐ English ☐ History ☐ Journalism ☐ Medical ☐ Physiology ☐ Other (Please List) Social Sciences and Nonprofit Studies

IRB Application
IRB#11-0109
Date:9-13-11

North Carolina Agricultural and Technical State University
Institutional Review Board Protocol Application

VII. Does your proposed study involve deception of any kind? **If yes, please explain the following:** **A. The nature of the deception** **B. Your rationale/justification for using it, and** **C. How do you plan to debrief participants?**	☒ No ☐ Yes A. n/a B. n/a C. n/a
	☐ Educational Test (cognitive, diagnostic, aptitude, achievement) ☒ Surveys / Questionnaires ☐ Private Records / Files ☒ Interview ☐Observation ☐ Online Database ☒Audiotaping ☐Videotaping ☐Physical/ Physiologic Measurements or Specimens
VIII. Data Collection will involve the use of which of the following? **(Select all that apply)**	

Instrument (s)

Note: "See Attached" will not be accepted, you must list each instrument.

I. Number of Instruments for this Study	2
II. Instrument Title	The McKinsey Capacity Assessment Grid
III. Source of Instrument	☐ PI Developed ☒ Publicly Available ☐ Purchased (Provide Proof of Purchase) ☐ By Permission (Letter of E-mail Attached)
IV. Describe Instrument	Assessment instrument used by nonprofit organizations to assess level of capacity across seven areas of an organization. Intrument used to gather quantitative data.

V. Instrument Title	Semi-Structured, Face-to-Face Interviews
VI. Source of Instrument	☒ PI Developed ☐ Publicly Available ☐ Purchased (Receipt Attached) ☐ By Permission (Letter of E-mail Attached)

IRB Application
IRB#11-0109
Date:9-13-11

North Carolina Agricultural and Technical State University
Institutional Review Board Protocol Application

VII. Describe Instrument	Instrument used to gather qualitative data using general interview approach. Five primary questions written to follow up with survey respondents to identify ways capacity building was planned or happened as a result of completing capacity assessment survey.

VIII. Instrument Title	
IX. Source of Instrument	☐ PI Developed ☐ Publicly Available ☐ Purchased (Receipt Attached) ☐ By Permission (Letter of E-mail Attached)
X. Describe Instrument	

IRB Application
IRB#11-0109
Date:9-13-11

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Participant Characteristics and Sampling Techniques

I. Number of Participants	Mininum of 150	☐Male	☐Female	☒Both
II. Age Range	Professional Adults			

III. Location and Relationship

Location(s) of participants Check all that apply.		Researcher Relationship to Participants (Check Yes or No)		Number of Sites
Location List all areas where data collection will take place.		Y	Explain	
☒	Business/Organization	☐	Surveys will be distributed electronically to at least 225 nonprofit organizations. 12 innterviews will be conducted at 12 different nonprofit organizaitons.	
☐	Daycare/Preschool	☐		
☐	Elementary/secondary school	☐		
☐	In-patient hospital or clinic	☐		
☐	Internet-based	☐		
☐	Jail/Prison	☐		
☐	Laboratory/biomedical	☐		
☐	Researcher's Workplace	☐		
☐	Military Facility or Unit	☐		
☐	Outpatient facility	☐		
☐	Records-based	☐		
☐	University/college	☐		
☐	Urban/community	☐		
☐	Veteran's Administration	☐		
☐	Other(specify)	☐		

IV. Targeted Population (Check all that apply)

☒	Adults, healthy, with no special characteristics
☐	Children/minors (under 18 years of age)
☐	Culturally or medically vulnerable groups
☐	FDA-regulated research
☐	Outpatients/in-patients
☐	Pregnant women may or may not participate
☐	Fetuses
☐	Prisoners
☐	Research involving animals
☐	Soldiers or military personnel
☐	Veterans
☐	Elderly
☐	Workers/employees
☐	North Carolina A&T State University students
☐	North Carolina A&T State University faculty and staff
☐	Other (Specify on page 6 section VII)

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Participant Characteristics and Sampling Techniques (continued)	
V. Specify the type of sampling you plan to use (e.g., convenience; purposeful; random; etc.)	Purposeful Sampling
VI. Describe how participants will be identified and selected for recruitment. Include all comparison groups (treatment and control)	Survey respondents derived from Guilford Nonprofit Consortium membership. Interview participants derived from respondents completing the survey. Executive directors and the nonprofits they represent will be assigned a number to mask names.
VII. Inclusion Criteria for Participants	Executive Director of Nonprofits that are a member of the Guilford Nonprofit Consortium
VIII. Exclusion Criteria for Participants	n/a
IX. Describe the specific process by which you will obtain the participants' informed consent/assent. (Attach all materials – i.e. informed consent form; verbal informed consent script)	☐ In Person ☐ Telephone ☐ E-mail ☐ Internet ☒ Written & Signature ☐ Oral Consent ☒ Information Sheet ☐ Script
X. Alteration/waiver of consent or elements of consent (see the IRB handbook for requirements which must be met for the IRB to grant a waiver of each)	☐ Documentation by Signature ☐ Documentation of child assent ☐ Parental consent ☐ Other Elements : ☐ Total Waiver
XI. What is the rationale for this alteration/waiver?	☐ The research involves no more than minimal risk to the subjects; ☐ The wavier or alteration will not adversely affect the rights and welfare of the subjects; ☐ The research could not practicably be carried out without the waiver or alteration; and ☐ Whenever appropriate, the subjects will be provided with additional pertinent information after participation.
XII. Explain who will make the initial contact with participants and how the participants will be contacted.	☒ PI ☐ Co-PI ☐ Staff
XIII. Will participants receive inducements for participating in the study? If yes, then describe the specific type, amount, and method to be used (e.g., gift card, extra credit, cash, etc…).	☒ No ☐ Yes

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Risk and Benefit Analysis

I. Describe the activities participants (in the treatment group) will be asked to do. Provide specific procedures and expected duration.	Electronically complete the The McKinsey Capacity Assessment Grid (survey) by rating fourty-three items. Face-to-face interviews conducted for 1 hour and participants will answer questions.
II. If some of the participants are in a control group, describe in detail the activity planned for that group. (This information must be included in the consent/assent forms).	☒ N/A
III. Please identify all risks that may reasonably be expected as result of participating in this research.	☐ Breach of Confidentiality ☐ Deception ☐ Psychological ☐ Coercion ☐ Physical ☐ Social ☒ None
IV. Describe any reasonably foreseeable risks or discomforts to the participants.	N/A
V. Describe how foreseeable risk will be minimized.	N/A
VI. Explain any benefits to the participants or to others that may reasonably be expected from the research (inducements such as money or extra credit are considered compensation, not benefits).	Feedback from survey results will provide level of capacity relative to organizational strengths and weaknesses which is pertinent informaiton and data when planning and implementing capacity building activities.
VII. During the course of data collection, what provisions will you make to ensure the safety of participants (e.g., how often will you review data to monitor participants' safety)?	☒N/A
VIII. If the research involves more than minimal risk, what compensation and/or medical treatments will be available to the participants?	☒N/A
IX. If offering students extra credit, describe the alternative assignment plan for extra credit. Provide attachments as necessary.	☒N/A

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Confidentiality, Privacy, Anonymity and Protection of Data

I. Protection of Data	Will data be collected anonymously? ☒ Yes ☐ No Will data be collected confidentially? ☒ Yes ☐ No
II. For confidential data collection, justify your need to code participant's data and link it to identifying information	To ensure confidentiality organizations will be assigned a number to disassociate the organizations from responses during coding and recording of data. ☐ N/A
III. How will confidential data be coded and linked to identifying information?	Will it be recorded and analyzed anonymously? ☐ N/A ☒ Yes ☐ No Explain:
IV. Where will code lists (the key) be stored?	☐ N/A Locked storage cabinet at PI office.
V. Where will the data be stored?	☒ In a locked file cabinet ☒ Electronically on a password protected office computer ☐ Electronically on a password protected network drive ☒ Electronically on portable media (laptop, palm pilot, blackberry, USB flash drive, CD, DVD, tape, etc…) ☐ Other:
VI. How long will data be kept? (Must be at least 3 years after the study ends)	3 years or more
VII. Will the coding list be destroyed? If so state the plan for this.	☒ No ☐ Yes Explain:
VIII. Who will have access to whatever media (e.g., audiotape, paper, digital recording, videotape, and/or computer files) are used to record the data?	PI
IX How long will the media be retained? It is required that data be stored for a minimum of three years after the study ends.	3 years or more
X. If data will be destroyed, describe the secure method for destroying the materials while maintaining confidentiality.	N/A

Attach the following documents if they apply to your study:

If your research is conducted through external organizations, associations, or agencies, written documentation of approval/cooperation from each agency (e.g., business, school, hospital, clinic, agency, web-board owner, prison, etc.) must accompany this application.

- A copy of the consent form, verbal or telephone script
- A copy of the survey or focus group questions
- Documentation of approval from the outside agency's/university's IRB.
- Both the letter requesting permission sent by the researcher to the organization and the letter granting access and permission from the organization on the agency or organization letterhead. You may also use the "Agency Permission Letter" provided by NC A&T IRB on the forms page.
- Recruitment materials (e.g., flyer, advertisement, bulletin board notices, recruitment letters) – attach examples of information as they will appear to potential participants

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Co-investigator (s) – Does this protocol Involve other institution(s) or other non-University staff? If the answer is "yes", provide the information below.

 # 1

Name:	
Title:	
Telephone Number:	( ) -
E- mail Address:	
Address:	
Institution:	
Description of the work this person will be performing:	
Biographical Sketch Attached:	☐ No ☐ Yes

 # 2

Name:	
Title:	
Telephone Number:	( ) -
E- mail Address:	
Address:	
Institution:	
Description of the work this person will be performing:	
Biographical Sketch Attached:	☐ No ☐ Yes

 # 3

Name:	
Title:	
Telephone Number:	( ) -
E- mail Address:	
Address:	
Institution:	
Description of the work this person will be performing:	
Biographical Sketch Attached:	☐ No ☐ Yes

 # 4

Name:	
Title:	
Telephone Number:	( ) -
E- mail Address:	
Address:	
Institution:	
Description of the work this person will be performing:	
Biographical Sketch Attached:	☐ No ☐ Yes

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Additional Protocol Information

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Certification/Signature Page

Research may begin only after the investigator has received a copy of this Form signed by the IRB Chairman.

Principal Investigator

Pamela M. Palmer
Typed Name **Date**

Signature
As the principal investigator, my signature signifies

- I have read, understood and agree to comply with the North Carolina A&T State University Policy and Procedures for the Use of Human Subjects in Research
- Obtain IRB approval before implementing changes to the protocol, consent form, or supporting documents.
- Secure informed consent from subjects or their responsible representatives, using the currently approved consent form.
- Immediately report significant changes and unanticipated problems to the IRB.
- Apply for continuation of the protocol as scheduled by the IRB.
- Submit a final report at project completion
- All procedures under this project will be conducted exactly as outlined in the proposal narrative

Conflict of Interest Statement:

In order to protect subjects from financial conflicts of interest or perceived conflicts of interest, the IRB requires that such potential conflicts be disclosed. If the IRB determines that a conflict exists that could influence the research or jeopardize the well being of subjects, the IRB may require additional information about the conflict or may require that the conflict be resolved before the research is approved. In addition, it may require that the conflict be disclosed to the subject in the Informed Consent Statement.

If you or any member of your immediate family (spouse, children, parent, in-laws, and siblings) has a financial interest in either a public or private company whose drug, procedure, technique, device, or software is used or tested in this study, please indicate the following:

☐ Yes ☒ No I own equity in the company (stock ownership equal to or greater than 5%, Stock Options, Real Estate, or other ownership interest in any amount) whose drug, procedure, technique, device, or software I am testing.

☐ Yes ☒ No I am aware that a faculty member or other employee of the institution owns equity in the company (stock ownership equal to or greater than 5%, stock options, real estate or other ownership interest in any amount) whose drug, procedure, technique, device, or software I am testing.

☐ Yes ☒ No The company holds patent rights to inventions created by me or a member of my immediate family (spouse, children, parent, in-laws, and siblings) or by another faculty member or other employee of the institution.

☐ Yes ☒ No I or a member of my immediate family hold(s) a position of senior management officer, or director of the company whose drug, procedure, technique, device, or software I am testing.

☐ Yes ☒ No I am aware that a faculty member or other employee of the institution hold(s) a position of senior management officer, or director of the company whose drug, procedure, technique, device, or software I am testing.

☐ Yes ☒ No I am a scientific advisor or consultant to the company and I receive honoraria exceeding $5,000 annually.

☐ Yes ☒ No I am aware that if a device, technique, software, or procedure involved in the research is marketed, I or a member of my immediate family will get royalty income or other income from the sale of the product.

☐ Yes ☒ No I am aware that if the drug, device, technique, software, or procedure involved in the research is marketed, another faculty member or other employee of the institution will get royalty income or other income from the sale of the product.

☐ Yes ☒ No Any other financial interest that may appear to conflict with the protection of subjects or which should be disclosed to subjects in order to secure informed consent.

Please include a separate letter of explanation if there is further information that the IRB should consider.

If I have not checked any of the boxes above, or attached a letter of explanation for consideration by the IRB, my signature is my representation that I have no financial or other conflict of interest that could adversely

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	affect a subject in this study.
Faculty Sponsor ☒ **Other** ______________________________ **(Title)** **Typed Name** **Date**	**Faculty Sponsor Assurance of Non-Funding** I, as faculty sponsor for this research assure the IRB committee that this student research is not funded through a grant or other funding source I may have and will not contribute to funded research data. ☒ Not funded ____________(faculty must initial) ☐ Funded – not appropriate for Student IRB approval
Signature As supervisor (e.g., mentor, instructor, practicum supervisor, internship supervisor, staff supervisor), you certify the following: - The information provided in this application is correct and complete. - I have reviewed and provided prior approval to my supervisee for any substantive modification in the proposed study. - I will receive and forward to the IRB, reports from my supervisee about any unexpected or otherwise significant adverse events in the course of the study. I will review records maintained by my supervisee until the final written document is produced and approved by you and the oversight committee. - I declare responsibility for ensuring that the research complies with federal and state regulations and NC A&T State University policies regarding the use of human subjects.	**Department Chairperson** **Typed Name** **Date** I, the Chairman of the investigator, have reviewed the research protocol and agree with the declaration above.

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Co-PI Signature Page* print as many as needed

Research may begin only after the investigator has received a copy of this Form signed by the IRB Chairman.

Co-PI

Typed Name **Date**

Signature
As the Co-PI , my signature signifies

- I have read, understood and agree to comply with the North Carolina A&T State University Policy and Procedures for the Use of Human Subjects in Research
- Obtain IRB approval before implementing changes to the protocol, consent form, or supporting documents.
- Secure informed consent from subjects or their responsible representatives, using the currently approved consent form.
- Immediately report significant changes and unanticipated problems to the IRB.
- Apply for continuation of the protocol as scheduled by the IRB.
- Submit a final report at project completion
- All procedures under this project will be conducted exactly as outlined in the proposal narrative

Conflict of Interest Statement:
In order to protect subjects from financial conflicts of interest or perceived conflicts of interest, the IRB requires that such potential conflicts be disclosed. If the IRB determines that a conflict exists that could influence the research or jeopardize the well being of subjects, the IRB may require additional information about the conflict or may require that the conflict be resolved before the research is approved. In addition, it may require that the conflict be disclosed to the subject in the Informed Consent Statement.

If you or any member of your immediate family (spouse, children, parent, in-laws, and siblings) has a financial interest in either a public or private company whose drug, procedure, technique, device, or software is used or tested in this study, please indicate the following:

☐ Yes ☐ No I own equity in the company (stock ownership equal to or greater than 5%, Stock Options, Real Estate, or other ownership interest in any amount) whose drug, procedure, technique, device, or software I am testing.

☐ Yes ☐ No I am aware that a faculty member or other employee of the institution owns equity in the company (stock ownership equal to or greater than 5%, stock options, real estate or other ownership interest in any amount) whose drug, procedure, technique, device, or software I am testing.

☐ Yes ☐ No The company holds patent rights to inventions created by me or a member of my immediate family (spouse, children, parent, in-laws, and siblings) or by another faculty member or other employee of the institution.

☐ Yes ☐ No I or a member of my immediate family hold(s) a position of senior management officer, or director of the company whose drug, procedure, technique, device, or software I am testing.

☐ Yes ☐ No I am aware that a faculty member or other employee of the institution hold(s) a position of senior management officer, or director of the company whose drug, procedure, technique, device, or software I am testing.

☐ Yes ☐ No I am a scientific advisor or consultant to the company and I receive honoraria exceeding $5,000 annually.

☐ Yes ☐ No I am aware that if a device, technique, software, or procedure involved in the research is marketed, I or a member of my immediate family will get royalty income or other income from the sale of the product.

☐ Yes ☐ No I am aware that if the drug, device, technique, software, or procedure involved in the research is marketed, another faculty member or other employee of the institution will get royalty income or other income from the sale of the product.

☐ Yes ☐ No Any other financial interest that may appear to conflict with the protection of subjects or which should be disclosed to subjects in order to secure informed consent.

Please include a separate letter of explanation if there is further information that the IRB should consider.
If I have not checked any of the boxes above, or attached a letter of explanation for consideration by the IRB, my signature below is my representation that I have no financial or other conflict of interest that could adversely affect a subject in this study.

Thesis/Dissertation Committee Signature Page

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1. **Committee Member**

Typed Name **Date**

Signature

2. **Committee Member**

Typed Name **Date**

Signature

3. **Committee Member**

Typed Name **Date**

Signature

4. **Committee Member**

Typed Name **Date**

Signature

5. **Committee Member**

Typed Name **Date**

Signature

Appendix L

Interview Response Codes and Themes from Open-ended Interview Responses

Open-Ended Questions	Response Codes (Coder I)	Response Codes (Coder II)	Same/Similar Codes Themes
1. Previous Experience Completing Capacity Assessments	EXP 1 = From External Source	None Identified	None
2. Thoughts During and After	THO 1 = Identification of Capacity Needs THO 2 = Comments about GRID THO 3 = Distracted by other Org Issues THO 4 = How to Use the Tool	THO 1 = Areas of Need THO 5 = Planning based on the GRID THO 6 = Reflection	THO 1 = Capacity Needs
3. Learning and Insight	LI 1 = Need for Enhanced Capacity LI 2 = Is a Use for the Tool LI 3 = Hard to Recall	LI 1 = Identification of Emerging Needs LI 4 = Need for Change LI 5 = Goal Setting LI 6 = Visioning	LI 1 = Capacity Building Needed
6. Planning Capacity Building	PL 1 = Board Development PL 2 = Fundraising and Development PL 3 = Will Use the GRID PL 4 = Need More Capacity Building Resources PL 5 = Strategic Planning	PL 2 = Funding PL 5 = Planning PL 6 = Evaluation	PL 2 = Development and Fundraising PL 5 = Planning
7. Implementing Capacity Building	IMP 1 = Planning	IMP 1 = Planning IMP 2 = Vision Setting	IMP 1 = Planning
8. Questions and/or Comments	QC 1 = Board Development Academy	QC 1 = Board Development	QC 1 = Board Development
Common Themes	**Capacity Needs** **Use for the GRID** **Planning**	**Capacity Needs** **Planning** **Visioning**	**Capacity Needs** **Planning**

Appendix M

Contextual Interview Codes and Themes

Descriptive	**Response Codes (Coder I)**	**Response Codes (Coder II)**	**Same/Similar Codes Themes**
4. Personality and Mood	PM 1 = Friendly PM 2 = Positive PM 3 = Cooperative	PM1 = Friendly PM 2 = Positive PM 3 = Cooperative PM 4 = Relaxed	PM 1 = Friendly PM 2 = Positive PM 3 = Cooperative
5. Voice Tone	VT 1 = Specific and Direct VT 2 = Upbeat	VT 1= Direct and Specific VT 2 = Positive VT 3 = Relaxed	VT 1 = Specific and Direct VT 2 = Positive
6. Location and Setting	LS 1 = Office LS 2 = Home LS 3 = Public Place	LS 1 = Office LS 2 = Home LS 4 = Cell Phone	LS 1 = Office LS 2 = Home
7. Activities and Events Occurring During the Interview	AE 1 = Other Activities taking Place	AE 1 = Multi-Tasking	AE 1 = Multi-Tasking
Common Themes	**Positive**	**Positive** **Relaxed**	**Positive**

Reflective	**Response Codes (Coder I)**	**Response Codes (Coder II)**	**Same/Similar Codes Themes**
1. Speculation	SP 1 = Significant and Relevant	SP 1 = Meaningful	SP 1 = Relevant
2. Ideas	ID 1 = Planning ID 2 = Use as a Capacity Building Tool	ID 1 = Planning	ID 1 = Planning
3. Problems	PR 1 = Too Long PR 2 = Change Format of Tool	PR 1 = Long	PR 1 = Too Long
4. Impressions	IM 1 = Useful	IM 1 = Useful IM 2 = Meaningful IM 3 = Valuable	IM 1 = Useful
Common Themes	**Useful**	**Useful**	**Relevant and Useful**

Appendix N

Organization A Interview Story

Organization A is a large with a history or serving the community 48 years. This organization is unique to Guilford County. The executive director, Adam, has served for 28 years. The average of his capacity ratings for the organization was a 3.19 on the low end of the moderate level. Across the seven GRID dimensions, his highest ratings were on Aspiration (4.0) and Organizational Structure (3.5); his lowest rating was on Human Resources (2.86).

Adam indicated no prior experience with a capacity assessment.

Adam felt that the GRID survey was a "cause to pause and to assess internally some of the things that we did this past year."

This process also gave Adam an opportunity to reflect upon what his team thought of their capacities internally. He shared the results with the team. Adam shared that the capacity assessment indicated a low score in the area of human resources, reinforced some issues that they were aware of and "gave us pause to think about what the organization would do to improve the area of human resources to make that area better than it has been in the past."

Appendix O

Organization B Interview Story

Organization B is a small grass roots organization with nearly three decades of service in the community. The executive director, Betty has been with the organization for 17 years. The average for her capacity of the organization was a 3.25 on the low end of the moderate level. Across the seven GRID dimensions, her highest ratings were on Organizational Skills (3.53) and Aspirations (3.50); her lowest rating was on Systems and Infrastructure (2.67).

This was not Betty's first experience with a capacity assessment. Her experience with a previous assessment related to the type of services provided by her agency and posed more general questions opposed to this instrument that was more specific. Betty shared the results with her board Chair and they shared them with four committees.

Betty felt that the GRID survey encouraged her "in some of the areas in terms of the work that we're already doing to strengthen our organization." Betty also felt that the GRID survey discouraged her in that she felt that "we have so much more work to do."

Betty also shared that working through the capacity assessment "helped me understand where we're still not there." Betty stated, "the categories of the questions were helpful to me to frame what we need to do to improve."

Appendix P

Organization C Interview Story

Organization C is a medium-sized organization with over 10 decades of service in the local nonprofit sector. The executive director, Cindy has been with the organization one and a half years. The average of her capacity ratings for the organization was a 3.02 on the low end of the moderate level. Across the seven GRID dimensions, her highest ratings of the organization were on Culture (3.67), Aspirations (3.5), and Strategy (3.5); her lowest rating was on Organizational Skills (2.73).

This was not Cindy's first experience with a capacity assessment. She indicated that in the past she had completed various types of general assessments in the form of rating scales or narrative responses.

Cindy felt that the GRID survey was "somewhat of a pain." She comments "they take time out of my day," "usually not a whole lot comes from them," and "it's just kinda tedious to get through answering all of the questions." Cindy communicated, "there weren't any real, you know, 'ah ha's' or thought provoking moments." Her organization had spent a great deal of time thinking through items from the GRID and pointedly stated the GRID's lack of value to her thoughts relative to building capacity.

Appendix Q

Organization D Interview Story

Organization D is a small nonprofit organization in its second year of service in the community. It is a part of a larger national nonprofit organization. The executive director, Debra has been with the organization two years and is a volunteer in her role as Executive Director. The average of her capacity for the organization was a 1.42, the low end of the need for capacity level. Across the seven GRID dimensions, her highest ratings of the organizations were on Aspirations (3.50), Aspirations (1.67); her lowest ratings were on Systems and Infrastructure (1.00), Organizational Structure (1.00), and Culture (1.00).

This was Debra's first experience with a capacity assessment.

Debra felt that the items in the GRID survey emphasized the fact that "these are definitely things that we need." Debra's concern surrounded the issue of having only herself, one board member, and the national organization to carry on the work of the nonprofit. According to Debra, "our main struggle is getting people engaged."

Debra expressed "I was reminded of the things that we need to look at to get back on our feet."

Appendix R

Organization E Interview Story

Organization E is a medium-sized nonprofit with thirteen years of experience. The executive director, Eddie, has served for six years. The average rating for his capacity of the organization was a 3.11 on the low end of the moderate level. Across the seven GRID dimensions, his highest ratings of the organizational were on Aspiration (3.75) and Strategy (3.33); his lowest rating was on Organizational Skills (2.86).

Eddie indicated no prior experience with a capacity assessment.

Eddie was very expressive and consumed about the many challenges his agency is facing due to budget cuts and industry restructuring. Throughout the interview, Eddie continued to express his concern over the state of the changes in the industry. It seemed the interview provided an outlet for him to express his deepest concerns.

Eddie felt that the GRID survey was “a good chance for me to reflect on what my organization is all about.” The GRID served as “an eye-opener towards—what are we doing, and are we doing some of the things we need to do to increase capacity.” Some of the items in the GRID reaffirmed the direction of the organization.

Appendix S

Organization F Interview Story

Organization F is a small nonprofit in operation for six years. The executive director, Frances, has served her organization for four years. The average of her capacity ratings for the organization was a 3.02 on the low end of the moderate level. Across the seven GRID dimensions, her highest ratings were on Culture (4.0) and Aspirations at (3.5); her lowest rating was on Systems and Infrastructure (2.58).

This was not Frances's first experience with capacity assessment. She completed the GRID previously during a capacity building training.

Frances felt that the GRID survey accentuated the fact that the organization was not doing as well as they had been doing six months prior to this survey. Throughout the process of completing the GRID, Frances share that she mentally moved back and forth, relative to where she thought the organization needed to be, the organization's past performance, and how others may perceive the organization. Frances noted, "I felt it hard to assess some of the things and I second guessed my perceptions versus somebody else's perception of where we would be."

Frances reflected upon the fact that completing the GRID solidified the importance of the board and the team to work cooperative to ensure the success of the organization. As well as she decided to plan more capacity building "I did make a plan to implement more." She also stated "I want the board and the staff, that's my plan for them to take this survey."

Appendix T

Organization G Interview Story

Organization G is a small nonprofit with 21 years of service to the community. The executive director, Gloria, has served for 17 years. The average of her capacity rating for the organization was a 2.62 in the midrange of the basic level. Across the seven GRID dimensions, her highest ratings of the organization were on Organizational Structure (3.5) and Culture (3.0); her lowest rating was on Organizational Skills (2.20).

Gloria had experience with a capacity assessment nearly three years prior.

Gloria felt that the GRID survey was “too long” and stated “If it had not been for the consortium, I wouldn’t have stuck with it.” She also shared she “felt the questions were very interesting.”

Gloria expressed concern that her organization may not reach a higher level of capacity. She stated, “With just part-time staff, I don’t think we are in a position to rate ourselves as high level of capacity.” Gloria also expressed her inability to recall her feelings after completing the assessment.

Appendix U

Organization H Interview Story

Organization H is a small nonprofit with 60 years of service. The executive director, Helen has served for 12 years. The average of her capacity ratings for the organization was a 2.38 on the low end of the basic level. Across the seven GRID dimensions, her highest ratings of the organization were on Organizational Structure (3.50) and Systems and Infrastructure (2.83); her lowest rating was on Strategy (1.50).

Helen indicated no prior experience with a capacity assessment.

Helen felt that the GRID survey was a disclosure of what the organization lacked. Helen stated, “I just about cried knowing how deficient we were.” Helen was very forthcoming with sharing the last five years of change in the organization. As Helen progressed in completing the assessment she conveyed her ability to identify areas of strength. Helen communicated she discussed the capacity assessment results with her board president and emailed the tool to the whole board.

This process also gave Helen an opportunity to reflect upon the “whys” pertaining to the lower ratings in an attempt to rationalize and plan a course of action. Helen pinpointed areas of capacity to focus on, “the insight was- where we really need to focus is on board involvement and staff cohesion, dispersion of information, and fund raising.” Helen indicated that information from the capacity assessment would be useful at an upcoming Board Retreat and would serve as the nexus for their discussions.

Appendix V

Organization I Interview Story

Organization I is a small nonprofit being in existence for 9 years. The executive director, Irene has served for 9 years. The average of his capacity ratings for the organization was a 2.23 on the low end of the basic level. Across the seven GRID dimensions, her highest ratings were Strategy (2.47) and Human Resources (2.50); her lowest rating was on Culture (1.67).

This was Irene's first experience with completing a capacity assessment, although she indicated she had, in the past, had the opportunity to consult with an organizational consultant. Irene felt that the GRID was most beneficial:

> Well in this case I really enjoyed your survey, I thought it was really thorough and actually gave me some things to think about. I had actually contacted the director of the Consortium afterward to get the list of questions for the survey in hopes that we could use them internally to kind of assess where we are with my staff, so I thought there was a lot of different perspectives and angles to it and I appreciated the detail. . . . we're hosting an organizational retreat in the second week of January and we're going to deal with a lot more of these kind of deeper structural issues so I just kind of like put it into my folder for thinking about that then, so it's just starting to reemerge now as something we're trying to figure out the best way to assess internally.

This process also gave Irene an opportunity to reflect upon what her team thought of their internal capacity.

Appendix W

Organization J Interview Story

Organization J is a small 20-year-old nonprofit that is a part of a larger national nonprofit organization. The executive director, Jacquelyn has served her organization for 20 years. The average of her capacity ratings for the organization was a 2.60, midrange of the basic level. Across the seven GRID dimensions, her highest ratings were on Aspiration (3.0), Strategy (3.0), Human Resources (3.0) and Culture (3.0); her lowest ratings were Systems and Infrastructure (2.0) and Organizational Structure (2.0).

Jacquelyn indicated no prior experience with a capacity assessment. However, she does have to report capacity information on a national level.

Jacquelyn felt that the GRID survey provided no surprises in terms of new insights or new learning. “I am painfully aware of where we need to grow and change”; stated Jacquelyn “and the details of the GRID were maddening.”

Jacquelyn indicated she referenced the assessment going into her board retreat, “It was a good review and it certainly wasn’t time wasted going into our Board retreat.”

Appendix X

Organization K Interview Story

Organization K is a medium-sized nonprofit in the second decade of its existence. It is part of a larger national nonprofit organization. The executive director, Ken, has been with the organization 8 years. The average of his capacity ratings for the organization was 2.81—on the high end of the basic level. Across the seven GRID dimensions, his highest ratings of the organization were on Aspiration (3.25) and Organizational Structure (3.0); his lowest rating was on Human Resources (2.57).

This was not Ken's first experience with a capacity assessment. An earlier assessment had pointed out capacity issues related to the board and fundraising. At the same time, because the assessment had been completed in a group setting and he was able to hear from other leaders of nonprofits, he realized that his organization was actually fortunate to have the resources that it did. Ken's organization had also completed an assessment of the quality of one of its programs, allowing them to compare the program to national standards.

Ken felt that the GRID survey was a "little reality check about where we are at." A few months prior to the assessment, he had told his board that they needed to change how they did things. The board chair "really embraced that and he has started a whole cultural shift in our board and really asking them to step up to the plate." The assessment confirmed for Ken that they were moving in the right direction. And it gave him more concrete data to back up his gut feelings of what the board should be doing, which pushed the changes forward. The Board has subsequently held a retreat and developed a series of plans, particularly around fundraising.

Ken also felt that the GRID survey provided an opportunity to step back and get a global view of the organization—looking at the different pieces at once, something that he said "you don’t think about that often.” This was particularly useful because Ken acknowledged that he was not that pleased with the organization’s performance over the past year. Financially they had done okay, but from a quality perspective, he didn’t think they were continuing to improve. The assessment helped Ken put his “finger on the pulse of did we get better” and helped him to “understand what I needed to do next.” He used it to talk to the staff about capacity and what they could do at their level to impact it. One thing the organization has plans for is building the capacity of their programs (based on the program assessment they had just completed). The GRID survey provided affirmation that this is a move in the right direction and is a worthwhile endeavor.

One challenge that Ken experiences in his efforts to create change in the organization is that he is a branch of a larger organization in which he doesn’t “have control of all the levers.” Creating change requires engaging the corporate organization and helping them understand what he is trying to do. So capacity building involves not just making improvements in his organization but also influencing the larger organization of which they are a part.

Appendix Y

Organization L Interview Story

Organization L is a small nonprofit with 24 years of operation. The executive director, Linda has served for 24 years. The average of her capacity ratings for the organization was a 2.62, midrange of the basic level. Across the seven GRID dimensions, her highest ratings were on Systems and Infrastructure (2.92) and Human Resources (2.86); her lowest rating was on Strategy (2.0).

Linda indicated no prior experience with a capacity assessment.

Linda's initial comments primarily focused on the format of the assessment and her inability to recall how she felt after completion of the GRID. She stated, "In talking with my board president, we discussed that this was useful information that we might be able to bring into our planning in some way." She indicated they were in the process of strategic planning at the time of the assessment and had a Board Retreat scheduled within a month.

Appendix Z

Degree of Engagement, Level of Capacity, and Demographics of the Executive Directors

Informant	Gender	Education	Yrs w/Org	Yrs in Sector	"to what extent"	Capacity Level
Frances	Female	Master	4	4	Planned for Staff and Board to complete the GRID	3.02
Adam	Male	Bachelor	28	36	Shared with Team	3.19
Betty	Female	Master	17	17	Shared with Board Chair and Board Committees	3.25
Helen	Female	Bachelor	12	37	Shared with Board	2.38
Ken	Male	Bachelor	8	18	Shared with Staff and Board	2.81
Linda	Female	Bachelor	4.5	15	Shared with Board President	2.62
Cindy	Female	Master	1.5	25	Reviewed the Results	3.02
Debra	Female	Bachelor	2	4	Reviewed the Results	1.42
Eddie	Male	Master	6	6	Reviewed the Results	3.11
Gloria	Female	Master	17	31	Reviewed the Results	2.62
Irene	Female	Master	9	9	Reviewed the Results	2.23
Jacquelyn	Female	Bachelor	20	13	Reviewed the Results	2.60

Appendix AA

Degree of Engagement, Level of Capacity and Characteristics of the Nonprofits

Informant	Yrs in Operation	Number of Staff	Annual Budget	Number of Volunteers	"to what extent"	Capacity Level
Frances	6	3	250,000	30	Planned for Staff and Board to complete the GRID	3.02
Adam	48	250	18,500,000	21	Shared with Team	3.19
Betty	28	3	926,000	100	Shared with Board Chair and Board Committees	3.25
Helen	60	16	970,000	50	Shared with Board	2.38
Ken	56	5	900,000	20	Shared with Staff and Board	2.81
Linda	24	0	120,000	450	Shared with Board President	2.62
Cindy	104	10	738,000	100	Reviewed the Results	3.02
Debra	2	0	0	3	Reviewed the Results	1.42
Eddie	13	40	2,000,000	60	Reviewed the Results	3.11
Gloria	21	0	212,500	87.5	Reviewed the Results	2.62
Irene	9	1	150,000	50	Reviewed the Results	2.23
Jacquelyn	20	0	28,000	25	Reviewed the Results	2.60