

# Evaluation *of* Capacity Building:

*Lessons from the Field*

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# Foreword

Let's give credit where credit is due. Since the time I was a "pup" in fundraising, *years* ago, every set of grantmakers' guidelines, at least that I can remember, called for a section on "evaluation." We always had to tag on a paragraph-or-so about our strategy for determining exactly what, "at the end of the day," we accomplished (or, heaven forbid, what we hadn't accomplished) with the funders' money. Usually, we put a paltry sum aside for a consultant to come in, at the very end of the project, to write a report. But the point is that grantmakers for years have been calling for greater emphasis on evaluation.

Fast-forward to our own recent history...

From our very start, five years ago, the *Alliance* embraced the habit of *listening*, listening every day, to every person who could inform this organization's purpose, vitality and future. And, from the very beginning, we heard a call for more information that is thoughtful, practical, raises challenges and offers value-added to the work of capacity building in the nonprofit sector. The paper you are about to read is one amazingly insightful and important response to that clarion call.

We found that our members and potential members seek to stretch, to learn—ultimately to *raise the bar* on quality and enhance the power of our field. Thus, we are not surprised when what we heard is affirmed time and again: One simply cannot engage in planning without assessment, nor assessment without planning. Assessment and planning are as interrelated as fundraising and budgeting, staffing and programming, oversight and creative leadership (governance), and a host of other interrelated management tasks. We who are the *Alliance* now understand the impossibility of "separating the dancer from the dance," and the critical importance, therefore, of bringing together all aspects of capacity building so that each of us, in our own areas of expertise, may benefit from the experiences of the field as a whole.

We have seized the opportunity to *start* with evaluation in order to learn what could make a difference in both the design and the process of capacity building. With that in mind, we commissioned a study of "the state of evaluation" within the field of

nonprofit capacity building in order to understand: 1) the important considerations in evaluating nonprofit capacity-building efforts; and, 2) the major practice lessons learned through evaluations done to date. The study's results show that evaluation of capacity building is not widespread beyond foundation-sponsored initiatives. In addition, we do not yet have a sufficient pool of professionals, or the necessary benchmarks, to meet even the current demand for such evaluations. Thus, while many capacity builders may agree that evaluation is important in principle, the majority are not yet in a position to put evaluation into practice on a regular basis. We hope that this effort will begin to turn the tide.

We are proud and excited about the thoughtful examination and highly accessible presentation that Deborah Linnell and her associates have produced. Her work provides the practitioner with models and tools for evaluation, as well as "tips" and lessons learned that, we hope, will help more people build evaluation into their regular capacity-building programs. This report enables us to shine a spotlight on a number of projects and practices, many of which are breaking new ground, and all of which offer insights worth communicating to a larger audience.

In the process of absorbing the results of this scan, we as a field of practitioners must identify the overarching issues that deserve greater attention in order to inform the direction of our work. Along with this effort to capture the state of capacity-building evaluation, the *Alliance* continues to sponsor and support research to map the field of capacity building more precisely (see [www.allianceonline.org](http://www.allianceonline.org)) and to study the implications of how we define and perform our work.

As we enter a new era, socially, politically and economically, for North America and for the global village, our intention is to strengthen capacity building and seed the field for new possibilities in the years to come. Please let us hear from you.

Dr. Roni Posner, Executive Director  
Alliance for Nonprofit Management  
May 2003

## ABOUT THE AUTHOR

**Deborah Linnell**, principal researcher and writer, has conducted multiple evaluations for philanthropic institutions and nonprofit organizations since 1990. Four of these evaluations focused specifically on capacity-building efforts by nonprofits or other capacity organizations serving the sector. In addition to evaluation, Linnell has conducted organizational assessments and provided organizational development consulting to nonprofit coalitions, associations and collaboratives. She has also worked for more than 22 years as a planner, strategist, fundraiser, board member and executive director within the sector. She is the lead author of the *Executive Directors Guide: The Guide for Successful Nonprofit Management*, published by the United Way of Massachusetts Bay and Third Sector New England (2001).

## ACKNOWLEDGEMENTS

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**Sally Zinno, M.A.**, who researched and wrote the section on capacity building within the field of arts, directs a consulting practice that works with boards, chief executives and staff to develop and strengthen the managerial, planning and financial skills these organizations need to thrive. She has more than 25 years of consulting, training and hands-on management experience in museums, arts and cultural organizations, and nonprofit institutions. Formerly Senior Program Advisor and Director of Evaluation at National Arts Stabilization (NAS), she directed the Columbus, Ohio, stabilization project and now serves NAS as a senior associate. Before starting her consulting practice, Ms. Zinno directed the administrative and financial operations at the Delaware Art Museum and the Harvard University Art Museums and was the chief administrative officer at the Boston Museum of Science.

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**Also, special thanks to:** Constance Vergowen for design assistance with original text; Titus Dosremedios for research assistance; Ruth McCambridge, Jonathan Spack, Sally Zinno, Elizabeth Sadlon, Paul Connolly and Dan Caccavaro for editing suggestions; and the staff at the Alliance for Nonprofit Management for all of their help and support.

# Introduction

When the final word is written about capacity building within the nonprofit sector in our times, what will the record show? For many practitioners, from whatever role—consultant or technical assistance provider, grantmaker or researcher—the most compelling test will be whether organizations and the sector as a whole have become stronger and more effective in their efforts. Will we have improved the quality of life in the communities where we work? Will we have contributed to society’s willingness to embrace systems change and sustainable solutions to the issues that nonprofits now tackle year after year? We are likely also to ask what renders these accomplishments genuinely possible—which characteristics of preparation and processes involved in capacity building, and its evaluation, are most fruitful. And finally, we will challenge ourselves to imagine alternative approaches that best draw on the insights gained.

Stories from the field illustrate the reality that capacity building—and evaluations—necessarily involve a wide variety of circumstances, approaches and insights. Organizations that offer consulting services and those that make grants, from Florida to Hawaii and New York, have seen the importance of establishing internal evaluation practices as a way to know what works and does not work. As one foundation program director, Chris van Bergeijk of the Hawaii Community Foundation, noted, “It makes no sense to preach organizational effectiveness when we are not walking the talk ourselves.” The central lesson: Evaluation of capacity building starts at home.

As our case studies illustrate, other lessons unfold from a range of scenarios:

- An evaluator brings a core understanding of nonprofit management to the evaluation process

and strikes up a strong rapport with health clinics. The evaluation accomplishes two objectives: to learn what makes for effective grantmaking strategies and to assess the effect of investments in information systems (California Community Clinics Initiative).

- A field-wide model for organizations—groups dedicated to generating social change through community development—changes power dynamics so that practitioners and residents together set priorities and decide how to measure results (Success Measures Project).
- Learning, leadership and sustainability are touchstones in a project that integrates organizational coaching with evaluation activities for a peer group of organizations (Learning Circles Project).
- A partnership of nonprofit practitioners and funders engages in “community co-learning” to enhance capacity for everyone involved, and commissions a third-party evaluator throughout the process, from program design all the way through to the implementation of changes (Rochester Effectiveness Partnership).
- A collaboration of organizations doing field-specific, culturally based work benefits from data gathering that uses highly participatory methods. The story of capacity building by, for and about the people directly involved can then be told with rich detail and true to their experience (Community Resource Exchange).

From this array of opportunities for lessons about capacity building comes a treasury of insights documented in this paper.

## THE PURPOSE AND AUDIENCE

The Alliance for Nonprofit Management is a professional association devoted to strengthening nonprofits in order to increase their effectiveness and impact.<sup>1</sup> The *Alliance's* membership includes management support organizations (nonprofits whose mission is to provide management and governance assistance to nonprofits), independent consultants, researchers, grantmakers and others involved in nonprofit capacity building. These members, along with interested representatives of nonprofits, comprise the audience for this study.

The *Alliance* has a vested interest in understanding how to measure the effectiveness of capacity-building efforts and how these efforts influence the organizational effectiveness of nonprofits. The *Alliance* commissioned this study of the state of evaluation within the field of nonprofit capacity building in order to understand 1) the important considerations in evaluating nonprofit capacity-building efforts; and 2) the major practice lessons learned in the evaluations done to date.

This paper is intended as a snapshot—a distillation of recent research that evaluates capacity building, identifying core concepts as well as key gaps. We took the initiative over several months to consult a variety of people concerned about and active in this area of evaluation. We relied on numerous thought leaders to lift the most salient ideas and practices, providing a baseline description. Contacts included people who conduct or fund evaluations as well as capacity builders with demonstrated interest in assessing the state of the art of strengthening nonprofits.

As a result, you will find here a synthesis of reflections on current practice as well as findings from a sampling of evaluations. Based on the most prominent studies and conversations, the emphasis here is on identifying larger-scale evaluation work that engaged numerous providers (rather than a single provider) of capacity-building services.

Ultimately, our hope is that this paper will bring people out of isolation across various areas of specialty within the nonprofit sector, and across

various areas in evaluation. Finally, this paper is an invitation to you and others whom you bring into our rich resource network to engage in this evaluation practice fully and share the wealth—with questions, tools, insights and results. In so doing, we envision a field where the organization-strengthening work is connected to larger circles of change, so that evaluative efforts and capacity-building interventions have enduring impact.

## CONSIDERATIONS CAPTURED IN THE REPORT

Building capacity involves a *continuum* of interventions that assist nonprofits with basic functions (such as financial and human resource management) as well as support for healthy organizational cultures. The continuum includes tailored organizational development assistance for a single nonprofit; training for groups of nonprofits on particular aspects of management; field-building work that involves a number of nonprofits working in the same field; peer learning groups and associations; geographically focused development efforts that support community-wide change efforts, and more. Measuring these interventions requires a focus on both the means (or process) and the ends (or outcomes). Evaluating effectiveness requires a comprehensive approach that not only raises critical questions from the beginning, but also looks at the complicating contextual issues outside the immediate realm of the nonprofit's—and often the capacity builder's—strategies and activities. The field's ability to define these contextual issues and even to develop empirical research about the larger context, as Paul Light does in *Pathways to Nonprofit Excellence*, is essential for further illuminating effectiveness.

There have been few evaluations of capacity-building interventions compared to the number of interventions themselves. The evaluations that do exist are so inherently different from one another and so focused on program delivery that broader practice lessons are difficult to extrapolate. While this may be possible in the near future as more and more evaluations of capacity-building efforts emerge, the conclusions and considerations in this



report are drawn from the literature on capacity building, effective organizations, the evaluations themselves and interviews with practitioners and evaluators. Since information about management support organizations (MSOs) is more accessible than information about independent consulting practices, this paper necessarily emphasizes the experience of MSOs. Models and examples of evaluating independent consultants' capacity building are just beginning to emerge.

As the field of capacity building for nonprofits matures, capacity-building organizations are becoming increasingly more interested in what constitutes good practice. The better we as a field become at sharing learning—including placing a value on learning from mistakes—the better we will understand effectiveness. Both nonprofits and grantmakers need to be included in this reflective practice with capacity builders.

Evaluation can be a critical tool for providing a framework for honest dialogue. The timing is right, as the field now supports avenues for dissemination of learning through organizations like the *Alliance*, the National Council for Nonprofit Associations, Grantmakers for Effective Organizations and others.

Our hope is that this study will serve the field in furthering both evaluation and dialogue for improving capacity building with nonprofits.

## STRUCTURE OF THE PAPER

Part I, Methodology and Summary of Findings, provides a summary of important considerations and lessons learned and outlines relevant contextual issues. Part II, Key Concepts, offers a treatment of concepts and terms in the capacity building and evaluation fields, considering that language use and over-use—in capacity building and evaluation—can be confusing. Part III describes Important Considerations and Lessons Learned, and provides tips on how to evaluate capacity building, along with recommendations and final thoughts. Part IV, Case Studies, summarizes examples of recent practice in the evaluation of capacity building. Part V offers a brief conclusion and some thoughts on the next set of questions facing evaluation of capacity building. The Appendices list sources for the information summarized in this report and include several examples of frameworks on organizational effectiveness.

# Part I

## Methodology and Summary of Findings

### STUDY METHODOLOGY

The overall methodology included:

- A literature search of existing reports, monographs, concept papers and research studies on capacity building (see Appendix A).
- A scan for completed, in-process and emerging evaluations of capacity building for nonprofit organizations.
- Informational interviews with more than 60 thinkers and practitioners in the field (see Appendix B).
- In-depth telephone and face-to-face interviews with stakeholders of selected evaluation projects of capacity-building programs.

### SUMMARY OF FINDINGS

#### Lessons Learned

- Evaluation of capacity building is still uncommon except for foundation-driven initiatives.
- Evaluation models applicable to MSOs are starting to emerge.
- Existing evaluations do not compare the effectiveness of different capacity-building interventions—they are single-project focused.
- There are not enough seasoned evaluators or people trained in the field to support even the current call for evaluation of capacity building.
- Nonprofits, MSOs and communities can learn to measure their own effectiveness.
- Peer learning, with evaluation as the subject, leverages capacity while getting evaluation done at the same time. There are emerging, successful models of peer learning communities that use evaluation as the subject of their learning. These models show great promise for both capacity building and evaluation itself.
- Conducting assessments is important to defining the baseline information from which change can

be measured—it should be linked to stakeholder involvement.

- It is difficult to measure how capacity-building activities affect overall organizational effectiveness, and to do so calls for multiple evaluation approaches.

### IMPORTANT CONSIDERATIONS IN EVALUATION OF CAPACITY BUILDING

The following considerations for evaluating capacity-building programs are based upon promising practices and/or lessons learned from a number of evaluations reviewed for this study and also derived from literature and interviews with various thinkers or practitioners.

**Timely and planned.** Evaluation works best when it is incorporated from the beginning of the design of a capacity-building effort. When this is done, assessment and data collection can be linked, creating both an economy of scale and an organic connection between the intervention, evaluation, learning and change.

**Stakeholder-based.** If the question is the effectiveness of a capacity-building intervention, then those for whom the intervention is intended should be included in shaping what defines effectiveness (outcomes), how effectiveness might be shown (indicators), and methods for measuring it (tools).

**Assessment-based.** Capacity by definition is about “having something.” It is critical to perform an initial assessment of the organization to collect baseline information from which change can be measured.

**Contextualized.** Many influencing factors can affect the success of a capacity-building intervention. The evaluation must address the socio-economic and political context in which the intervention takes place, as well as internal issues such as

funder support and staff retention issues.

**Customized.** The evaluation process should be customized based upon the stakeholder-defined desired changes that are to be measured (through the assessment) and to the context in which capacity building takes place.

**Learning-based.** The ultimate purpose of evaluation should be focused on continuous learning and practices that evolve organizations toward greater effectiveness. It may be important to distinguish the primary motivation for evaluation—for instance, program improvement and organizational learning as opposed to seeking or making grants.

## LARGER CONTEXT – CAPACITY-BUILDING ISSUES IN FLUX

The third sector is experiencing a sea change. There is a tide of concern, with a wide range of issues and environmental factors being identified, researched and discussed by a number of stakeholders. Some of these issues and factors include:

- 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. Questions about the type and quality of various capacity-building interventions are being raised by practitioners, researchers, evaluators, nonprofits and grantmakers. For instance, Dr. Barbara Blumenthal raises the question of whether a focused technical assistance approach is more effective than the developmental approach in her paper “How Can We Help? A Comparison of Capacity Building Programs.”<sup>2</sup>
- The economic environment has produced enormous changes in funding for nonprofits, influencing the demand for capacity building—and spotlighting the role that foundations can play in organizational effectiveness. (“Strengthening Nonprofits,” Thomas E. Backer)<sup>3</sup>
- The influence or value-added dimension of “passion” and the intrinsically motivated work-

force, as unique characteristics of the nonprofit workforce. (*Pathways to Nonprofit Excellence*, Paul C. Light)<sup>4</sup>

- Power relations, especially as they shape resource allocation, are key issues for the sector and for evaluation practice. (*Research Methods in Education and Psychology: Integrating Diversity*, Donna Mertens)<sup>5</sup>
- The influence of macro changes in the field such as an aging and retiring population of nonprofit leaders, chronic under-resourcing and what Light further describes as constant “waves of reform” that buffet the nonprofit sector from inside and out. The impact of market-based strategies in grantmaking that appear to favor bottom-line performance and efficiency of operations over mission and processes of community strengthening. (*Building Nonprofit Capacity: A Framework for Addressing the Problem*, De Vita, Fleming, Twombly)<sup>6</sup>
- Local, state, regional or sub-sector factors that influence the effectiveness of individual nonprofits or fields of nonprofits (economic recessions that are regionally based; field-specific funding reductions; presence of universities with centers on nonprofit management; areas of the country with low emphasis on philanthropic funding for capacity building).

At the core of capacity building evaluation is a set of issues that stakeholders must address—tensions and questions that are constantly in flux. Leading management consultants have been saying for years that change is here to stay. The core competency for any organization—private or nonprofit, funder or grantee—is learning to manage change while maintaining high performance on standard functions and simultaneously building capacity to learn and evolve. *Understanding which leverage point will most quickly help the organization adapt to change or manage “waves of reform” while staying on mission is a key competency for those seeking to support nonprofits in their effectiveness evolution.*

Why “effectiveness evolution?” Building capacity across functions—building capacity to learn and grow—is an ongoing process that involves reflection, action and renewal. Therefore, nonprofits and the entire sector are at best continually evolving

toward an “effectiveness” that meets the demands of the current time. As demands change, the perspective on what constitutes effectiveness will change with it.

Sometimes building capacity and measuring what was developed can be as simple as continually asking the right questions, acting upon the responses to those questions and documenting the shift from current reality to a preferred future state.

The reality is that *nonprofit organizations are effective across all sizes, types, longevity and “stage of development”* (Light), and as a result, one-size capacity building or evaluation of capacity building will not fit all. As a sector, we face the challenge of providing resources tailored to a continuum of technical and consultative/developmental support activities, including venues for peer learning. Determining the merit of various capacity-building activities within a particular point in the continuum is as important as measuring the work done to strengthen organizations across differences.

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<sup>1</sup> For more information on the Alliance for Nonprofit Management, see [www.allianceonline.org](http://www.allianceonline.org) or call 202.955.8406.

<sup>2</sup> Blumenthal, Barbara. 2001. “How Can We Help? A Comparison of Capacity Building Programs.” A research paper.

<sup>3</sup> Backer, Thomas E. 2001. Strengthening Nonprofits: Foundation Initiatives for Nonprofit Organizations In *Building Capacity in Nonprofit Organizations*, ed. Carol J. De Vita, Cory Fleming. Washington, DC: The Urban Institute.

<sup>4</sup> Light, Paul C. 2002. *Pathways to Nonprofit Excellence*. Washington, D.C.: Brookings Institution Press.

<sup>5</sup> Mertens, Donna. 1998. *Research Methods in Education and Psychology: Integrating Diversity*. Thousand Oaks, CA: Sage, pp. 217, 219-21. Paragraph on Mertens written by Brigette Rouson.

<sup>6</sup> De Vita, Carol J., Cory Fleming and Eric C. Twombly, 2001. Building Nonprofit Capacity: A Framework for Addressing the Problem. Chapter 2 in *Building Capacity in Nonprofit Organizations*. Washington, DC The Urban Institute.

# Part II

## Key Concepts

### LANGUAGE

Language and word choice are important. Several interviewees were reluctant to embrace the term “capacity building.” They felt it was pejorative and that it spoke to *assumed* deficits within nonprofits. They preferred the terms “organizational learning” or “strengthening.”

The emotions that words evoke speak to the need to examine the values, attitudes and assumptions underlying those words. It speaks to a challenge of measurement—to agreement on what is being measured, which means taking the time to unearth the assumptions, attitudes and values shared or not shared around key words such as “effectiveness,” “capacity” and “evaluation.” As a field, we struggle with definitions and constantly emerging “buzz” words. Let’s keep it simple here and define terms at the outset.

*“We become so immune to language that words lose their meaning and dialogue takes us in circles. Words like continuous improvement, empowerment, participation, and leadership all lose their impact. Poetry is a form of profound speech, and when spoken with conviction and surrounded with a little explanation and insight, it can be a wake-up call.”*

—Peter Block, *Stewardship*

Author’s Note: In *Stewardship*, Block describes the value of poetry in “empowerment” workshops, drawing on such resources as David Whyte’s *The Heart Aroused: Poetry and the Preservation of the Soul in Corporate America*. (Doubleday, 1994).

### A DEFINITION OF EVALUATION

*“Evaluation is the process of determining the merit, worth and value of things, and evaluations are the products of that process.”*<sup>7</sup>

*“Good evaluation is systematic, disciplined inquiry. Beyond that, what evaluation is and does varies enormously. An evaluation can entail a site visit by a solo consultant, a phone survey by a student intern, or rigorous scientific research conducted by a team of academics. It can cost a few hundred dollars or several millions.”*<sup>8</sup>

Evaluation can illuminate feasibility, implementation issues and/or program effectiveness at multiple levels including impact and outcomes for participants. It can be as simple or as complex as warranted, based on the main motivations for the work. To evaluate so many types of programs and projects, different evaluation activities have evolved, some overlapping. They include assessments; operations audits; financial audits and monitoring; formative and summative evaluations; and process, outcome and impact evaluations.

Understanding effectiveness requires a mix of approaches that take into consideration *both the means and the ends*. As an illustration, one can focus on the process of a capacity-building intervention to assess the means, as distinguished from an outcome evaluation to assess the results achieved.

### Process Evaluation

Capacity building is an activity; the type of evaluation that looks at the activity is called “process” evaluation. Process evaluation is as critical to reviewing the activity of capacity building as outcome evaluation is critical to capturing the result of those activities. Process evaluation documents the process of a program’s implementation. Process evaluation helps stakeholders see how a program outcome or impact was achieved. The focus of a process evaluation is on the types and quantities of services delivered, the beneficiaries of those services, the resources used to deliver the services, the practical problems encountered. “They include the legality of the process, its morality, its enjoyability, the truth of any claims involved in it, its implemen-

tation of the supposed treatment, and whatever clues it can provide about causation.” (Scriven)<sup>9</sup>

Process questions ask:

- What specific capacity-building intervention was put into place and why?
- What kind of problems were encountered and why?
- How were problems resolved?

In evaluation-speak, a focus on process involves looking most closely at the “inputs” and “outputs.” The point is to get beyond a narrow consideration of outcomes. As Michael Scriven writes in *The Evaluation Thesaurus*, “Certain aspects of process must be looked at *as part of any comprehensive evaluation*, not as a substitute for inspection of outcomes (and other factors); these aspects cannot be replaced by the study of outcomes.”

In another way of measuring, both means and ends can be defined either at the outset in conjunction with the planning process (formative evaluation) or at a later point when effects can be more clearly determined in retrospect (summative evaluation).

### Formative Evaluation

This type of evaluation is part of the design phase and answers questions about how to improve and refine an ongoing program or a program that is being developed. It can also be used for existing programs that want to look at formative questions, which might include:

- How many nonprofits can be well served by this capacity-building intervention?
- How many of those nonprofits are being reached?
- Of those being reached, how many are choosing to participate in the program?
- Which approach for reaching nonprofits is working and why?

The answers to these questions might lead to a mid-course correction—that is, a different method of outreach to nonprofits. When “real-time” reflection and change is needed, formative evaluation can be a powerful tool to improving a program before it’s

over. Of course, the changes in the program should be captured in the final evaluation or summative evaluation. As the staff at the OMG Center for Collaborative Learning has written, “There is not going to be one answer to the question of how to measure the effectiveness of nonprofit capacity building. There are going to be a great many answers to a great many very different concrete situations.”

### MEASURING EFFECTIVENESS

Many aspects of the capacity-building process allow one to measure change. But change against what baseline of initial information? And who determines the baseline? Is there an adequate measurement system for learning?

Loren Gary in the *Harvard Business Review* article “How to Think About Performance Measures Now” writes, “For most companies the problem is a disconnect between measurement and strategy.... Before you start tweaking your KPIs (key performance indicators) it is crucial to ask the strategic questions first: Is your overall strategy still sound? Do the measures you use really relate to it? And are you using the data you collect on your measures to reevaluate your strategic priorities?”<sup>10</sup>

Historically, in the business sector, performance has been linked narrowly to financial measures such as cash flow and profit. Corporations are still trying to understand the key “drivers” or main influences in the non-financial areas of their business—areas that also affect their overall effectiveness—customer relations and ongoing learning and innovation.

Nonprofits have linked effectiveness to some measures of progress in areas such as fundraising, marketing, governance or financial management—but they are also just learning about other drivers to effectiveness. They are especially focused on the potential for creating strategies that make a difference to end users (customers), to the communities they live in, and to ongoing learning and innovation.

The private sector and the venture philanthropy group NewProfit, Inc. use the “Balanced Scorecard”

approach created by David P. Norton, Robert Kaplan and Marvin Bower. The scorecard helps highlight the cause-and-effect relationships among drivers (in particular, selected strategies) and identify the links to outcomes. It develops metrics for private sector approaches to measuring in three core areas: customer relations, learning and innovation and internal business processes or capacity.

In organizational effectiveness, the strategy includes building capacity (shorter-term) with growth in effectiveness (longer-term). An ongoing issue is that much of capacity-building work has not been linked further down the line to longer-term effectiveness. A key notion in the Balanced Scorecard is to identify which measures are best used in the interest of enduring change.

In the past, nonprofits have often been “scored” on simply how well they perform in regard to described capabilities or characteristics (the ability to fundraise, market, financially manage, plan, program). Much of the emphasis on nonprofit “excellence” rests here—on the “capabilities” or what the business sector calls its internal business capacity (the ability to manage and produce).

However, a capacity builder (organizational or individual), a nonprofit or a funder must look holistically at its effectiveness. It is not enough to benchmark effectiveness at fundraising. Isn't the more critical inquiry fundraising for whom and for what purpose? The answer informs central organizational strategies. Monitoring the central strategies of the organization along with resources and management or function drivers (fundraising, human resources) is a more “balanced” approach to viewing overall effectiveness.

While some may choose the new tools that get at a Balanced Scorecard approach,<sup>11</sup> traditional evaluation can function to help us see the whole. Evaluation of capacity building has been either heavily qualitative or, more recently, focused on outcomes. Outcome evaluation may get at the “ends” accomplished by an intervention, but a mix of evaluation methods will get the “means” of the intervention as well as the ends, creating a more balanced view of the intervention's effectiveness.

## CAPACITY BUILDING AND ORGANIZATIONAL EFFECTIVENESS

If you do not know what you are building capacity for, you cannot measure whether you have achieved it. Neither the outcome nor how the outcome was achieved (the process) can be known except anecdotally. Capacity building, capacity itself, and organizational effectiveness are all related, but they are not the same. The process used to measure change in each one, therefore, requires different techniques. Measuring them all together needs a comprehensive approach.

**Capacity** refers to an organization's ability to achieve its mission effectively and to sustain itself over the long term. Capacity also refers to the skills and capabilities of individuals.

**Capacity building** refers to activities that improve an organization's ability to achieve its mission or a person's ability to define and realize his/her goals or to do his/her job more effectively. For organizations, 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. For individuals, capacity building may relate to leadership development, advocacy skills, training/speaking abilities, technical skills, organizing skills, and other areas of personal and professional development.

There is a large range of capacity-building approaches—a continuum—that includes peer-to-peer learning, facilitated organizational development, training and academic study, research, publishing and grantmaking.

Adding to the complexity, capacity building also takes place across organizations, within communities, in whole geographic areas, within the nonprofit sector, and across the sectors. It involves individuals and groups of individuals, organizations, groups of organizations within the same field or sector, and

organizations and actors from different fields and sectors.

Capacity building takes place amid everything else that is going on in a nonprofit's experience, and it is very difficult to isolate a capacity-building intervention from all the factors that lead to it, happen during it and proceed afterward. Nevertheless, this study has unearthed some incredible experiences in which organizations have taken on the challenge of measuring the impact of their capacity building work. In all its complexity, this paper will share some of the lessons learned, as well as the challenges and issues facing the field as we aim to measure the impact of capacity building efforts.

**Capacity building agents** come in many shapes and sizes. Those that first come to mind are management **consultants** (either independents or for-profit firms) who provide expertise, coaching, training and referrals. There also are nonprofit consulting organizations—referred to as **management support organizations** (MSOs) that provide consulting, training, resources, research, referrals and other services for nonprofits. **Grantmakers**—foundations and government organizations—often get involved in capacity building either through their grants or sometimes by offering training, consulting and resources themselves. **Researchers** play an important role in capacity building—identifying issues and trends, and building knowledge for nonprofits and other capacity builders to use. **Universities** and other **academic centers** provide formal training and certification opportunities for individuals. They also conduct research and often have resource centers (online and on-site) for nonprofit organizations. **Intermediaries and umbrella organizations** with multiple grantees or chapters usually conduct their own capacity-building activities that respond to specific organizational priorities and needs. There are **attorneys** and **accountants** who specialize in nonprofits, as well as **technology firms** and other service providers who often play capacity-building roles. And there are **national and international organizations**—membership organizations, coalitions, think tanks, research institutions and others—that are part of the nonprofit *infrastructure* of the sector and seek to make systemic improvements across the nonprofit sector.

A distinction is sometimes made between capacity building and technical assistance. Often nonprofits hire outside specialists to perform tasks or functions in areas in which they lack capacity. Those services provided do not necessarily leave behind additional organizational capacity, although they do increase the ability of an organization to achieve its mission.

**Organizational effectiveness** relates to the capacity of an organization to sustain the people, strategies, learning, infrastructure and resources it needs to continue to achieve its mission. It is a long-term outcome that some capacity building strategies may affect, while others may not (and this is acceptable in the continuum of management support service strategies needed to build capacity). There are many definitions and characterizations of effectiveness, taking into consideration elements such as organizational structure, culture, leadership, governance, strategy, human resources, etc. The various frameworks for measuring organizational effectiveness can be helpful in defining indicators for the success of capacity-building initiatives. A comparative listing of characteristics of effective organizations, from several different perspectives, is included in this report as Appendix C.

**Describing where we are and where we are going:** All capacity building for organizational change has a structure, elements, operating procedures, and indicators of success—though these often are not fully articulated in the design or even after the capacity builder completes direct work with clients.

Exhibit 1 (page 15) represents a simplified model for describing a change process—in the form of a logic model. To get to an “outcome” there are many resources applied (inputs), steps taken (strategies), and results occurring (outputs and outcomes). The measurement process uses “indicators” to measure change and defines the “data collection” required to determine whether change has occurred.

Although the logic model can be an excellent way to set out, and then keep track of how change will occur, numerous alternatives are available. Often it makes sense to use, and at times create, alternatives to the logic model, for instance when capacity



*“Measuring capacity building is, in part, about measuring the sector’s effectiveness at strengthening inputs (resources). Outcome measurement does not look at inputs, which is why other types of evaluation (e.g., process evaluation) would also be needed for deeper explanations of how well a capacity intervention works.”*

builders employ a philosophy or cultural base that is not well represented as a causal chain.

**Inputs** are resources—including information, money, staff, staff knowledge and time, facilities, equipment, supplies and volunteers—that are available for use by a program trying to achieve an

outcome. Measuring capacity building is, in part, about measuring the sector’s effectiveness at strengthening inputs (resources). Outcome measurement does not look at inputs, which is why other types of evaluation (e.g., process evaluation) would also be needed for deeper explanations of how well a capacity intervention works.

**Strategies** are the set of activities that capacity builders and organizations undertake to fulfill a mission and, more specifically, *to create client change*. These strategies include trainings, seminars, consultations, field-wide programs of intervention, targeted technical assistance, core funding and so forth.

Tom Backer in *Strengthening Nonprofits: Foundation Initiatives* describes capacity building as involving “strengthening nonprofits so they can better achieve their mission.”<sup>12</sup> He goes on to describe three main

**Exhibit 1. A Simplified Logic Model for Training or Client Engagements**

Inputs	Strategies	Outputs	Outcomes	Indicators	Data Collection
Funding/contracts	Training series on nonprofit management planned	Training held	<u>Initial outcomes for trainee</u>	Number and percentage of trainees who are able to show evidence of new learning through initial questioning or monitoring	Pre/post collection with each training
Knowledgeable staff or consultant(s)	Logistics arranged	People attend	Awareness increased		Self-administered survey at end of series
Office/equipment	Outreach conducted	OR	Knowledge		Internal records review
Training space	OR	Interviews or other steps taken to make assessments, communicate recommendations, facilitate startup of change process	Skills developed		
OR	Client engagement defined		<u>Mid-term</u>	Number and type of new practices implemented	Survey via telephone or mailed questionnaire
Consulting practice developed, potential partners and clients identified			New knowledge and skills implemented		
			<u>Longer-term</u>	AND/OR	Assessment of baseline and intervention; re-assessment post-intervention at set intervals
			Change	Practice incorporated in staff structure or job descriptions, strategic plan, board development or fundraising plans, supervision practices, faster delivery of services, organizations that commit to partner with the client, etc.	AND/OR
			Institutionalized “ripple effect” capacity built		Surveys (including simply requests for comment) after completion of the engagement and at set intervals

source: Deborah Linnell

activities—or strategies of capacity building:

- “Assessment: When designing and implementing a capacity-building effort, it is essential to effectively measure the nonprofit’s current needs and assets as well as its readiness to undertake the internal changes required.” This assessment meets two purposes: It helps define the capacity-building activities and simultaneously creates a baseline from which to measure improvement.
- “Intervention: management consulting, training and technical assistance—where consultation is based on process or culture issues; training on specific skills that help a nonprofit to run the organization; and technical assistance that is more hands-on, site-based support or problem solving.”
- “Direct financial support: core operating support, specific grants for infrastructure or to fund the ‘assessment’ or ‘interventions’ (described above) by a capacity builder.”

Foundations that support field-building work and intermediaries such as the Local Initiative Support Corporation, have been the primary sources of direct financial support to date. However, some capacity builders—for instance, Third Sector New England—also provide financial support. In other instances, organizations may be able to benefit from a funder’s or ally’s regard for a particular consultant. In addition, a number of funders have management assistance programs that are in-house (staff providing in-kind support) or formally associated (e.g., a team of consultants specifically commissioned to offer management assistance). And there are those nonprofits that have begun to dedicate their own earned or unrestricted grant dollars to capacity building that is more focused on organizational effectiveness than on individual skill-building.

**Outputs** are the products of these capacity-building strategies—the assessment findings, the number of trainings and trainees, the number of consultations, workshops, peer-learning and community-learning venues—and the number of participants using those interventions. Outputs can be measured in terms of work accomplished—

number of clients reached, number of classes taught, number of consultations provided, number and type of grants given.

**Indicators** are pieces of information that tell you how well a program is doing regarding an outcome. Indicators must be specific, measurable characteristics or changes that will represent achievement of the outcome. For example, an indicator for a training on board development that emphasizes accountability might be the number of board members who consistently attend meetings.

**Outcomes** are those end goals that drive the capacity building and, as a result, influence the evaluation of the work that has been done. Outcomes of a capacity-building intervention are likely directly related to the organizational or program effectiveness indicators established as priorities for the intervention, such as improved board involvement or efficient information technology. In addition, some of the evaluations of capacity building that are discussed in this study actually attempt to tie changes in organizational capacity—such as board involvement or information technology—to improved mission-based outcomes, such as reduced teen pregnancy or improved reading scores. Making that link is extremely difficult because of the many, many factors that may influence any given outcome. Addressing multiple factors is the next challenge.

The **data collection** process refers to how you will gather data and what tools you will use. For instance, as part of the process for assessing board strength, you may determine how many board members consistently attend meetings initially by reviewing board minutes for a set period of time.

The evaluator’s point of entry influences what is available for study. For instance, data collection is more difficult when evaluation moves away from a client satisfaction survey at the end of the training on board accountability to actually doing follow-up at an interval after the training to see if there has been any change. The Executive Service Corps of Chicago has built in nine- and twelve-month follow-up assessments, in addition to its baseline and post-intervention assessments.

One needs to consider the cost in terms of time and money of different levels of evaluation. In the continuum of capacity building it may be enough to test for client satisfaction with a training program and possibly take one step further to see if the participants put any part of the training into practice within their organizations. A more complex evaluation may be necessary to test for institutionalization of lessons learned from a “Learning Circle” intervention across the participating agencies. Similarly, as the range of participants in capacity building increases—i.e., beyond staff and board to stakeholders from the broader community—the evaluation may require a different level and approach to data collection, along with corresponding costs.

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<sup>7</sup> Scriven, Michael. 1991. *Evaluation Thesaurus* Fourth Edition, Sage Publications.

<sup>8</sup> Council on Foundations. 1993. *Evaluation for Foundations*, Jossey-Bass, Inc., San Francisco.

<sup>9</sup> Scriven, Michael. 1991. *Evaluation Thesaurus* Fourth Edition, Sage Publications.

<sup>10</sup> Gary, Loren. 2002. “How to Think About Performance Measures Now.” *Harvard Business Review*. Harvard Business School Press.

<sup>11</sup> It is not within the scope of this study to analyze emerging use of The Balanced Scorecard by nonprofits. However, a further review of its effectiveness within the corporate sector and early application lessons within the nonprofit sector might be helpful in determining the tool’s broader applicability and appeal.

<sup>12</sup> Backer, Thomas, E. 2001. “Strengthening Nonprofits: Foundation Initiatives for Nonprofit Organizations. In *Building Capacity in Nonprofit Organizations*, ed. DeVita and Fleming. Urban Institute.

# Part III

## Important Considerations and Lessons Learned

### PROMISING PRACTICES IN EVALUATION OF CAPACITY BUILDING

This study identified the following characteristics based upon promising practices and/or lessons learned from evaluation reports, interviews with evaluators and capacity builders, and the current literature on capacity building and organizational effectiveness.

#### Timely and Planned

Evaluation works best when it is incorporated from the beginning of the design of a capacity-building effort. Before startup is a time to question the project's readiness for evaluation and plan accordingly.

Timeliness leads to a sound design phase that considers all aspects of the evaluation process from who should be involved to what is being measured and why, how to measure, for whom the evaluation is intended and who will receive the findings and how. The planning process should clarify *why* an evaluation is gathering *what* information and for *whom* and for what *purpose* from the beginning. Accountability and evaluation are closely aligned and this is the opportunity to review ethical and practical questions underlying an evaluation approach: time, costs, impact on those providing data and so forth.

*The need to plan the evaluation during the planning and startup of an initiative was echoed by nearly every informant interviewed for this study.*

Attempting to connect measures and critical questions at the beginning of the design may change the actual design of the project (*formative evaluation*) and improve it. If a capacity-building intervention is looked at through the lens of how it will be measured (either by an outside evaluator or through

self-evaluation), certain flaws in the logic of the design may be caught and corrected.

The need to plan the evaluation during the planning and startup of an initiative was echoed by nearly every informant interviewed for this study. Unfortunately, many evaluators interviewed for this report experienced being called in after a project was designed and operating. In some cases, all that was left to do was to describe the process and its impact after the fact. Some evaluators experienced difficulty going back to the project's beginning and capturing baseline information. Therefore it became difficult to quantify change.

Even for a simple capacity-building activity, such as providing a training, planning for the evaluation at the same time the training is being designed allows for synchronicity between the trainers' guide, learning points, and tools to measure whether or not the participants attained the learning goals.

#### Stakeholder-based

If the question is the effectiveness of a capacity-building intervention, then those for whom the intervention is intended should be included in shaping what defines effectiveness (outcomes), how effectiveness might be shown (indicators), and methods for measuring it (tools).

The various stakeholders—the capacity-building agent, the nonprofit(s) or end users; consumers of nonprofit services, funders/social investors—will have different perspectives and needs regarding evaluation. The richest evaluative experiences—and the ones that appear to be leading to genuine institutionalization of evaluation for the purpose of ongoing learning—were those that included stakeholders. These were, without exception, the participatory evaluations that by their nature are inclusive of multiple stakeholders (see Case Studies, Part IV for more information).

*If the question is the effectiveness of a capacity-building intervention—then those for whom the intervention is intended should be included in shaping what defines effectiveness.*

The Development Leadership Network (DLN) in partnership with the McAuley Institute surveyed 1,833 community development corporations and other nonprofit organizations with a median operating budget of \$600,000. When asked about characteristics of credible, successful evaluations respondents listed:

- Staff and constituents determine desired outcomes, indicators and measurement standards.
- Evaluation goals and standards of success are identified by the organization.
- Evaluation is not tied to funding so the organization has the ability to learn from its mistakes.
- Evaluation results can be readily incorporated into planning for the organization.
- Evaluator is familiar with the work and culture of community development organizations.

DLN put this feedback about stakeholder involvement to use when they designed “Success Measures” a community-based evaluation tool that allows nonprofits and their end users to define their outcomes and measures.

This model and the United Way of America’s Outcome Measurement model are useful for including nonprofits’ and their consumers’ voices in deciding what is meaningful to them in regards to measurement. These models create buy-in by those people whose efforts are actually being measured; this in turn reduces the fear of being judged.

Another model—one probably even more critical for capacity-building programs—brings together all of the stakeholders, as was done in the Rochester Effectiveness Partnership. Here a steering committee (where every member was considered to have an equal say) comprised of funders, nonprofits and the capacity building agents worked together to oversee both the capacity-building initiative and its evaluation.

## **Assessment-based**

Capacity building and evaluation of these efforts work hand-in-hand, both requiring assessment in order to be effective.

“The most effective capacity building begins with a thorough assessment of the needs and assets of the nonprofit and the community in which it operates, which in turn drives the types of capacity-building services.” (Backer) Likewise, one cannot “measure” a capacity-building intervention without knowing the change in needs or improvements in assets it was addressing.

In the ideal world, if the evaluation is being planned at the same time that the capacity-building intervention is being designed, the assessment can be developed both to:

- Help structure the activities/interventions, and
- Create a baseline from which improvement can be measured (showing the capacity-building intervention worked or had an effect at some level).

The Community Clinics Initiative funded by the Tides Foundation and The California Endowment did not begin with an assessment. However, the evaluation team from Blueprint Research and Design, led by Kendall Guthrie, used interviews in the field to develop an audit of existing technology infrastructure and management practices. This became the first field-wide portrait of this aspect of the clinics’ functioning and provided a snapshot of the clinics individually and collectively. The survey results were refined into technology capacity benchmarks for community health clinics—which in turn deepened the quality of what was being measured.

Assessment is an important tool for determining the impact of a capacity-building project. Getting baseline data will help to quantify changes in capacity that result from the project’s strategies. For more complex capacity-building interventions, we need to understand how to look at internal and external factors that influence where and how an organization is performing against “benchmarks” and if those benchmarks even matter to a particular organization’s effectiveness.

## Contextualized

Capacity-building agents vary (management support organizations, independent consultants, intermediaries, foundations) as do their strategies. Their communities and constituents are even more diverse.

A hospital is different from a charter school is different from a performing arts group is different from a coalition of providers that works with homeless people. Rural is different from urban. Organizational life cycles require different leadership styles and management approaches.

Interviewees stressed the need for evaluators (or evaluation processes) to understand the context in which the nonprofit or project is situated—what the norms are within its field, the culture of the work, the political and socio-economic impacts.

Measurement tools may be the same across a field, but it is defining and answering critical questions that get at the underlying reasons of why and how an intervention worked or did not work. For instance, were collaborations formed or enhanced as a basis for ongoing change? Qualitative approaches within the evaluation will often be more useful in understanding the contextual issues within which capacity building is taking place.

Pluralist or culturally based approaches offer an emerging area for understanding the work, defining potential versus realized impact, and informing evaluation methods. The insights of Donna Mertens and others point to the roles that culture and politics can play in evaluation work and the program development or implementation that becomes the focus of evaluation. Mertens acknowledges that “the direct relationship between the evaluation of social and educational programs and access to resources sets the stage for conflict,”<sup>12</sup> giving rise to pluralist concepts “in which multiple methods, measures, criteria, perspectives, audiences, and interests were recognized.”<sup>13</sup>

In particular, Mertens<sup>14</sup> points to emergent approaches such as the:

- Emancipatory paradigm (raising the question of what social justice and fairness mean in program

evaluation);

- Empowerment evaluation (as a means to foster self-determination, generate illumination, actualize liberation and institutionalize systematic evaluation);
- Developmental evaluation (matching a program’s developmental character with evaluation that is developmental—i.e., constantly searching for ways to be responsive to an ever-changing set of conditions); and
- Participatory evaluation (process that involves the stakeholders in various tasks of the evaluation so that the results are fully comprehensible to participants).

## Customized

If an organization defines a theory of change, completes an assessment and describes contextual issues (influencing factors) from the outset, then it is essential to customize an evaluation that reviews all these pieces both separately and together.

If evaluation is to take into account a specific theory of change as well as contextual issues, it must be customized. The evaluation must ask critical questions that pertain to the project, including the development of surveys and other instruments that tie into the strategies being used in the intervention and then adapting tools as needed. When starting its evaluation of groups provided with technical assistance funding, for example, the Hawaii Community Foundation at first used a well-known assessment tool and later customized it to work with and for the Hawaiian nonprofit community.

## Learning-based

The ultimate purpose of evaluation should be focused on continuous learning and developing practices that move organizations toward greater effectiveness.

Paul Light ends the research-based *Pathways to Nonprofit Excellence* by writing:

Nonprofit organizations vary greatly in their characteristics and strategies in taking the first step toward higher performance. Some

start with the leader, others with the accounting system, and still others with a call for help. But wherever they start, they never stop. There is no final destination, a point at which high-performing nonprofits stop improving.

The commitment to continuous improvement is, in fact, at the core of the definition of what it means to be a nonprofit-like organization. Having started the journey to higher performance, a nonprofit-like organization keeps the pressure on no matter where it happens to be in the journey. It updates its strategic plan regularly, invests in staff training, continues to evaluate and measure its performance, modernizes its systems, and continues to exploit opportunities. Regardless of the competition, or lack thereof, nonprofit-like organizations constantly raise the bar on their own performance. They do not look outside for the pressure to improve, but to their own mission.<sup>15</sup>

The nonprofit sector as a whole is challenged to link evaluation to learning and improvement for the sake of mission and constituents. Informants, including funders, spoke to the fact that too much evaluation has been “soft” due to the link between funding and evaluation. There are many issues here: Evaluators are often hired directly by the funder and report to them; projects are designed with an eye to the funder’s needs and view (and an eye to getting refunded).

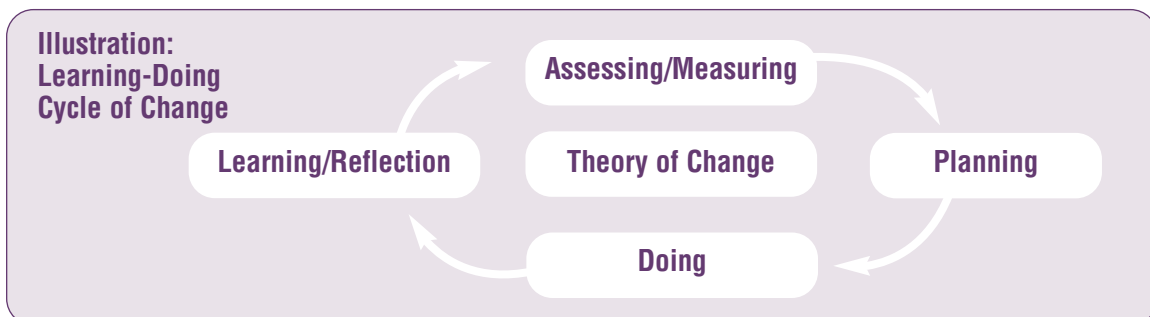
Getting deeply at new learning often means owning and learning from “failure.” *It is essential that the*

*sector value learning from mistakes.* Many interviewees cited learning from failure as a healthy reflective process. However, there are currently many barriers in place that make this difficult.

*The shift in evaluation must also emphasize learning over funding. This means those who have the highest stake in “learning” should drive the evaluation design to get at the information they need to improve.*

Informants spoke about the tremendous pressure on evaluators to shine the most positive light possible on projects—and the sense of failure at not articulating the truth well enough to make a difference in real learning. If evaluation is to contribute to truly reflective practice, the field must articulate the value of honesty and transparency over the downplaying of mistakes, challenges and difficult lessons.

The shift in evaluation must also emphasize learning over funding. This means those who have the highest stake in “learning” should drive the evaluation design to get at the information they need to improve. Grantmakers who want to understand if their investments are having an impact, relative to the impacts they desire, should design evaluation projects that get at this question—as in the case of Social Venture Partners (see Case Studies, Part IV). Capacity builders who want to understand the efficacy of their interventions need to design evaluation processes that specifically look at the change process as it was intended and as it occurred. Nonprofits



need to know whether their strategies are making a difference.

Ideally, evaluation processes like that being developed by the Local Initiative Support Corporation (see Case Studies, Part IV) will bring together all the stakeholders to define the shared expectations about a capacity-building project and its outcomes. These expectations lead to a shared understanding of what long-term impacts can realistically be expected by the project's strategies (considering the extent to which a project can claim it produced an impact before influencing factors must be taken into account) and how those effects will be measured.

## LESSONS LEARNED

### Evaluation of capacity building is still uncommon outside of foundation-driven initiatives.

Most evaluations of capacity building have been paid for and conducted by foundations or government agencies. They tend to be evaluations of larger capacity-building interventions. While this report gleaned some lessons from these evaluations, on the whole, the scope and cost of these evaluations do not make them replicable for the majority of capacity builders, whether management support organizations or independent consultants.

The Executive Service Corps (ESC) of Chicago has worked intentionally to design an evaluation process for its consulting services. The organization decided to do both a literature review and survey of the field before proceeding to choose or design an evaluation process for its programs. ESC's literature review showed that while there is much information regarding outcome measurement for nonprofit direct service providers, "there is almost none related to measuring the outcomes of technical assistance."<sup>18</sup> In addition, the research for this study—canvassing more than 50 peer groups locally and nationally—found that not only is there little literature on outcome measurement for capacity building, but there are also very few well-defined models. In addition, most people surveyed reported

that evaluation language and approaches were difficult to understand.

### Evaluation models applicable to nonprofit capacity builders are just starting to emerge.

ESC of Chicago took the extra step of devising an evaluation format to assess outcomes for its diverse consulting practice, which first involves conducting assessments. ESC has clients fill out a post-project form immediately after the conclusion of each consultation and nine to 12 months beyond the consultation. ESC also has recruited and trained a small team of evaluators to conduct long-term follow-up contacts. It plans to use the combined findings to identify the strengths and weaknesses of various consulting approaches.

The Management Assistance Program (MAP) of Tampa, Florida, has been working to develop an outcome measurements framework for its training and consulting services. (See Case Studies, Part IV). In Exhibit 4 (page 42), the MAP logic model outlines the program's approach to measuring outcomes for training and consulting services. While time and resources allow only for exit evaluations by trainees, MAP underscores the absolute importance of feedback from other informants.

*Informants spoke about the tremendous pressure on evaluators to shine the most positive light possible on projects—and the sense of failure at not articulating the truth well enough to make a difference in real learning.*

MAP's diligence in collecting information for three years from participants in its programs has begun to yield interesting comparative (year-to-year) data that may lead to adjustments in its programs. MAP hopes to add pre- and post-testing to deepen its evaluation findings as well as its process evaluation to connect various factors—resources, time and internal technology factors—to its effectiveness as a capacity builder.



The Conservation Company has pointed out an interesting dimension of pre- and post-testing as it relates to evaluation of leadership development initiatives. In a group of seemingly successful and transformative leadership development programs, comparing the results of pre- and post-testing of participants showed little or no impact from the intervention. The problem, they figured, was that people don't always know what they are lacking until they undergo the actual learning process. When participants completed pre-tests, they rated their own leadership skills as being high. Comparing those results with the post-tests showed very little change. The Conservation Company changed its approach and started giving participants *retrospective post-tests* that, following the close of the program, asked participants to evaluate their leadership capacity prior to the program retrospectively, and then to evaluate their progress. With that approach, the leadership development interventions showed far greater impact.

The Community Resource Exchange (CRE) in New York City took up the question of evaluation of its developmental approach to consulting during its recent strategic planning process. As a result, it has developed a research and evaluation department within CRE and its staff is working with Dr. Barbara Blumenthal to evaluate the effectiveness of its consulting services with more than 400 organizations over three years.

Although these emerging models apply most directly to management support organizations, it is possible and important to look more closely at the approaches that independent consultants are developing—in some cases pioneering and in other cases adapting what they have witnessed from others' work.

The evaluation of capacity-building programs for community development and arts organizations may provide lessons that are applicable to other fields. Additional information about the arts experience and current evaluation of capacity building work in community development as well as case studies of MAP and CRE evaluation efforts can be found in Part IV of this report.

### **Previous evaluations have not compared the effectiveness of different capacity-building interventions.**

Previous evaluations and assessments have focused on the particulars of the capacity-building program in question and its delivery—as the evaluators were charged to do. The reports did not address whether the findings were more broadly applicable. Research that explores whether one capacity-building approach is more effective than another is scant.

In 2000, Innovation Network, Inc. completed a study on behalf of the Environmental Support Center entitled the “Literature Review and Model Framework of Nonprofit Capacity Building.”<sup>16</sup> The study found that there were only three dozen references on capacity building approaches and that the literature that does exist is focused on leadership development, strategic planning, community building and collaboration models. Nine major models of capacity building were included with case studies. The narrative provides a means to contrast features within models—and gives pointers on when and where to use a particular intervention with a client.

Another report distinguishes more closely the difference between the focused approach and the developmental approach to capacity building. In “How Can We Help? A Comparison of Capacity Building Programs,”<sup>17</sup> Dr. Barbara Blumenthal posits, “A central distinction between the two approaches is whether consultants should focus their efforts on the presenting issue alone or work with the client to broaden the diagnosis and address underlying issues if they exist.” She also states, “Further empirical work will be required to determine the prevalence of each approach and the conditions under which each is successful.”

Tom Backer agrees, in his “Strengthening Nonprofits.” He recommends more “empirical research on the effectiveness of specific capacity-building interventions.”

Moving toward this depth of research is clearly an important next step for the sector. Comparing eval-

uations of particular capacity-building initiatives and interventions does not provide cross-intervention data on effectiveness—nor were the original evaluation methodologies intended for such comparisons. Some research questions that might be asked include:

- What are the most effective capacity-building strategies and interventions—for what type of nonprofit, at what point in its life cycle and at what cost in regard to time, money and other resources?
- Which strategies translate into greater effectiveness at achieving mission?

**Nonprofits and their constituents (except where participatory evaluation is used) are not key informants in the evaluation process of capacity-building programs.**

Some evaluation processes were evaluator/foundation driven, others started with an evaluation team to help define the evaluation approaches. These teams often included the capacity-building agent. Even though the end user of the capacity project was the nonprofit, it was rare for an evaluation team to include a representative from the nonprofit being served. (Noteworthy exceptions include the Rochester Effectiveness Partnership, as it involved nonprofit end users in the design and oversight of the evaluation, and the Local Initiatives Support Corporation’s assessment models).

This point is important on several levels. What a funder or a consultant thinks is a quality outcome of capacity building might be very different from what the staff of the nonprofit end-user thinks. The process of designing a logic model and naming hoped-for outcomes or benefits will be far richer for having included the consumer. In addition, being more inclusive appears to build more sustainable learning and capacity within the consumer organizations. Those working on participatory evaluation highly rate the peer learning that occurs.

**There are not enough seasoned evaluators or people trained in the field to support even the current call for evaluation of capacity building.**

Two intermediaries conducting nationwide evaluation found a) that the local nonprofits needed technical assistance in the first year to understand outcomes, indicators and how to use evaluation tools and b) that there were not enough local evaluators to support the work.

Participatory evaluation models that eventually teach people to evaluate their own programs also initially need knowledgeable evaluation coaches to transfer the skills to the local participants. Those participating in these models acknowledged a lack of such coaches in local communities.

There needs to be more skill-building for people who can undertake both hands-on evaluations and coaching of those organizations that want to learn and sustain evaluation practice in an ongoing manner. Several funders sought out consultants, particularly organizational development consultants, who had special expertise in the field of the nonprofit endeavor being evaluated. These consultants learned the technical aspects of evaluation and brought their considerable knowledge of the field to bear on the evaluation process.

The characteristics of a good evaluator (or coach), as described by the majority of interviewees, are best summed up by Rick Green of the David and Lucile Packard Foundation. Evaluators should:

- Understand nonprofit organizations particularly and understand capacity building at least generally.
- Be able to live with the complexity and lack of clarity that comes with the territory of looking at “capacity.” They need to be able to look beyond a checklist, roll up their sleeves and look at and be comfortable with complexity.
- Have good technical skills—understand when and how to use qualitative and quantitative measures and link measures with appropriate tools.
- Be sensitive to the realities of the world of the nonprofit.

- Have a definition of their own ethics regarding evaluation and encourage in stakeholders a standard of truth-telling.<sup>19</sup>

**Nonprofits and communities can learn to measure their own effectiveness if they have adequate time and resources to build evaluation skills.**

Those initiatives working with participatory evaluation report that it takes no less than three years to build self-evaluation skills. Kim Sabo, formerly of Innovation Network, says the participatory/peer learning model in Rochester (which she evaluated) built individual and institutionalized evaluation skills within three years—faster than any other model she had seen.

Kendall Guthrie of Blueprint Research and Design says building the knowledge base, skills and tools to evaluate capacity-building programs (even in larger, well-funded initiatives) takes two to three years or longer. The first year is typically prospective, with baseline data being collected. There are typically no or few “outcomes” or “results” from the first year.

**Peer learning, with evaluation as the subject, leverages capacity while getting evaluation done at the same time.**

Projects such as the Learning Circle Projects in Washington, D.C., and elsewhere, the Rochester Effectiveness Partnership, and the Success Measures Project all leverage learning and capacity. They do so by teaching how to do evaluation while at the same time cultivating real evaluation results for specific programs and for the community.

The projects are noteworthy for networking learners in such a way that information was learned, used and applied institutionally more quickly than is typical. Peer learning also builds a community of colleagues who remain after the capacity-building intervention ends.

In the case of the Rochester Effectiveness Partnership, even when people left a particular job, they brought the skills they learned in the project to a new nonprofit. In addition, over a relatively short time, a “ripple effect” was observable in participating agencies in regard to institutionalizing the new capacity for evaluation.

*Several major foundations designed initiatives “to build community,” “to build capacity . . .” but have failed because of a lack of buy-in from the community.*

Peer evaluation learning projects are interesting, in that they evaluate and build capacity simultaneously. Evaluation is a difficult “capacity” to learn and institutionalize. It helps to have cohorts of learners for encouragement and for peer support. Initial evaluations of these types of “Learning Circle” projects—especially those focused on evaluation itself—point to this as a promising, effective practice that deserves further study.

*Assessment is a critical partner to evaluation, as it establishes the current reality—the marker in time—from which change will be measured.*

**Assessment is the critical first link between stakeholder involvement, capacity building and evaluation.**

Assessment is both the basis of the change strategy and the baseline for evaluation. Assessment focuses on the current reality of an organization’s situation in regard to capacity and effectiveness. Good assessment describes assets and gaps in the situation and is based on the feedback of end users and other stakeholders.

Stakeholders should work together to define the capacity building issues, strategies and measures. If not, the project runs the risk that change resulting

from the intervention may have little meaning for them (and will likely be unsustainable).

Assessment means different things at different levels of capacity-building activity. At the level of training, assessment is as simple as asking the field of potential trainees what they want to learn. At the consulting and field-building level, assessment is a matter of expertly facilitated exploration with the nonprofit or the field. The exploration creates shared understanding of the current reality, shared vision for a desired future reality, and agreement on a roadmap for change.

A community (geographic/socio-economic) or an entire local/regional/national nonprofit field (the arts, social services, education, for instance) can be assessed as well. At this level, there is tremendous complexity—making it all the more important for a variety of stakeholders (citizens, policy-makers, nonprofits and funders) to be involved in an expertly facilitated assessment.

Assessment is a critical partner to evaluation, as it establishes the current reality—the marker in time—from which change will be measured, whether for the individual nonprofit or for a national field of nonprofits.

**It is difficult to measure how capacity-building activities influence overall organizational effectiveness, and to do so calls for multiple evaluation approaches.**

Theories of change—some of which are based upon untested assumptions—are shifting at this time in the field of capacity building. Recent research and studies are gathering a body of the characteristics of effective capacity building. (See Exhibit 2, page 27, which shows a summary of recent research/writings on effective capacity building by Thomas E. Backer, president of Human Interaction Resource Institute.)

As “theories of change” and the interventions for capacity become more complex, so too will evaluation approaches. This progression does not mean that one type of “theory” or approach is exclusive of another. Certainly, capacity building is not strictly black and white and neither should its evaluation be.

**It is important to match the level and type of evaluation to the level and type of capacity building—that is, to be as comprehensive as is needed.**

Peter York and Paul Connolly of the Conservation Company have developed a “Continuum of Capacity Building,” which is shared here as Exhibit 3 (page 28). The “Continuum of Capacity Building Evaluation” shows the links between the level of information desired (questions being asked) and a corresponding growth in the complexity and level of evaluation.

The first level of questions—about numbers and type of attendees—merely requires the counting, documenting and describing of participants’ characteristics and usage rate. A more complex level of inquiry requires a more complex evaluation.

In looking at the “Continuum of Capacity Building Evaluation,” York and Connolly pose the question, “How did the short-term cognitive, affective and behavioral changes contribute to long-term changes at the organizational level and, in turn, translate into long-term programmatic changes in the community?” This inquiry requires a longitudinal study using pre- and post-surveys related to organizational and programmatic performance and community impact. To do this work might require benchmarking of best practices in similar activities, peer review and staff time for post-intervention surveys, interviews and/or focus groups with program staff, clients and community stakeholders.

The majority of nonprofits, capacity builders (management support organizations, independent consultants) and even foundations do not yet find themselves with the knowledge, money and time required to do longitudinal evaluation. So what to do? It is important to keep everything in perspective and to keep evaluation and measurement proportionate to the capacity-building intervention in terms of time, money and level of effort. The evaluation of four technical assistance providers assisting more than 200 community-based organizations (see The Capacity Project Case Study, page 43) will be very different than an evaluation of a one-time training. And, in general, even a modest design of consistent assessment will prove more

## Exhibit 2: Effective Capacity Building and Evaluation Frameworks

### Key Success Factors for Effective Capacity Building (Thomas Backer, Ph.D.)

Knight Foundation/Human Interaction Human Institute

**Timely:** The most effective capacity building happens in the balanced space between action taken too slowly to be relevant...and action performed too quickly to allow the flowering of an intervention in a complex context.

**Peer-connected:** The most effective capacity building happens when there are opportunities for peer-to-peer networking, mentoring and information sharing.

**Assessment-based:** The most effective capacity building happens with a thorough assessment of the needs and assets of the nonprofit and the community in which it operates, which in turn drives the types of capacity building services provided.

**Contextualized:** The most effective capacity building occurs in the larger context of other strengthening services a nonprofit is receiving, other activities of the sponsoring foundation and other elements of the current community environment.

**Customized:** Evaluation should be customized to respond to the project's critical questions, as defined by stakeholders and capture the qualitative and quantitative information appropriately (without creating undue stress on the data collectors/evaluator) and ethically—with professional and cultural competence.

**Comprehensive:** While narrowly defined interventions can work, foundations' most effective capacity-building activities offer some degree of "one stop shopping" in which grantees can access a range of assessment services, technical assistance, financial and other kinds of services.

**Readiness-based:** The most effective capacity building occurs when the nonprofit "client" is ready to receive this specialized kind of service (e.g. the nonprofit is not in the midst of a major crisis that would make it unable to benefit from the intervention at that time).

**Competence-based:** The most effective capacity-building services are those that are (a) offered by well-trained providers (both foundation staff and expert service suppliers) *and* (b) requested by knowledgeable, sophisticated "consumers" (nonprofit managers and board members).

### Evaluation Frames (Deborah Linnell)

**Timely and Planned:** Evaluation works best when it is incorporated from the beginning of the design of a capacity-building effort—this is a time to question evaluability and plan.

**Stakeholder-based:** If the question is the effectiveness of a capacity-building intervention—then those for whom the intervention is intended should be included in shaping what defines "effectiveness" (outcomes) and how the "effectiveness" might be shown (indicators) and measured (tools).

**Assessment-based:** Capacity by definition is about "having something." It is critical to perform an initial assessment to collect baseline information from which change can be measured. What are the current assets; where are there gaps? What are we seeking to enhance or change?

**Contextualized:** The evaluation process must take into consideration the internal and external environment or context in which capacity building takes place.

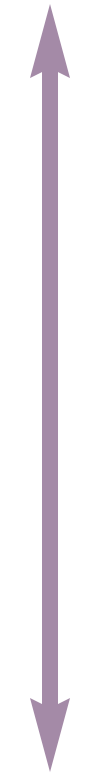
**Customized:** The most effective capacity-building services are tailored to the type of nonprofit, its community environment and its place in the "organizational life cycle" (young start-up nonprofits are likely to have needs very different from more established organizations).

**Focused on the Means and the Ends:** Capacity building is a complex process—simply focusing on outcomes only tells us if outcomes were reached—but not how they were reached. Process and Formative evaluation are critical to understanding the means by which capacity was built.

**Learning-based:** The ultimate purpose of evaluation should be focused on continuous learning and practices that evolve organizations toward effectiveness. Distinguish whom the evaluation is for and what knowledge/learning is being sought at the beginning (during evaluation planning).

**Exhibit 3: Continuum of Capacity-Building Evaluation**  
(Peter York and Paul Connolly, Conservation Company)

Less Meaningful  
Easier to Measure  
Shorter Term



More Meaningful  
Harder to Measure  
Longer Term

Evaluation Level	Evaluation Questions Addressed	Evaluation Methods
<b>ACTIVITY/ENGAGEMENTS (the capacity-building process, such as training or consulting)</b>		
<b>Attendance/Usage/ Participation</b> -Number of participants and organizations served; and engagement duration	-How many and what types of people and organizations used the services, which services did they use, and what was the extent of their usage?	-Counting, documenting and describing participants' characteristics and usage rates.
<b>Quality of Service</b> -Degree of program excellence	-To what extent do the services reflect best practices and current knowledge? -How relevant were the services? -How satisfied were participants with the services? What did they like and dislike about them?	-Identification of best practices and determination if programs incorporate them. -Direct observation of service. -Customer satisfaction surveys. -Exit interviews with participants after engagements.
<b>SHORT-TERM OUTCOMES (the direct result of capacity-building engagements on individual participants)</b>		
<b>Cognitive Change</b> -Learning or knowledge acquisition	-What did the participants learn as a result of the capacity-building activities, and how did they do so?	-Observation of training and consulting process. -Interviews and surveys of participants about self-reported learning (including pre- and post-test and/or comparison group studies).
<b>Affective Change</b> -Shift in attitude or emotion	-To what extent and how have the attitudes and beliefs of participants, staff members or community members' changed regarding the problem or issue being addressed?	-Self-perception surveys (including pre- and post-test and/or comparison group studies). -Focus groups, interviews and participant observation.
<b>Behavioral Change</b> -Altered behavior	-To what extent and how did the participants, organization or communities apply what was presented during training sessions and advised during consulting engagements? What have they done differently?	-Interviews, surveys (including pre- and post-test and/or comparison group studies), and focus groups with participants and their colleagues. -Observations of participants.
<b>LONG-TERM OUTCOMES (the longer-term outcomes related to the organization, the organization's clients and the community)</b>		
<b>Organizational management and governance</b>	-How did overall organizational management capacities (such as, governance, leadership, management, fundraising, human resource development, financial management, communication, community outreach) improve as a result of the capacity-building engagement?	-Interviews and focus groups with board, staff, community partners and collaborators. -Review of financial and operational data. -Monitoring of progress on strategic plan implementation. -Administration of organizational assessments (including longitudinal or pre- and post-test organizational assessments).
<b>Programmatic (organizational level)</b>	-In what ways (directly and/or indirectly) was the quality of programs and services improved? -In what ways was program capacity increased (scale, reach or extent of impact on target population)?	-Interviews with staff who deliver programs, especially focusing on their perceptions about the "critical" organizational resources that they needed and did or did not have to support their work. -Surveys and focus groups with clients, to gather in-depth information about what it was about the engagement and organization that led them to feel satisfied or not. -Performance information about program operations.
<b>Programmatic (organization's clients level)</b>	-What cognitive, affective and/or behavioral changes have constituents shown as a result of receiving programs and services? -How have the organization's constituents' lives improved?	-Surveys of, focus groups and interviews with constituents, focusing on outcomes. -Observation of constituents. -Interviews or focus groups with those in the community that have observed constituents.
<b>Community</b>	-How have nonprofit organizations improved, on the whole, in a given community? How has the performance of nonprofits in addressing community challenges improved? -How have changes in organizational management and governance and program delivery affected the community? -What impact have these changes had on the community? To what extent have community conditions improved?	-Periodic collection of organizational assessments of nonprofits in the community. -Surveys of all nonprofit organizations in a given community. -Review of resource acquisition in a given community (new grants, contracts, individual donations, etc.) through audits or surveys. -Monitoring networking/collaboration activities in a community. -Review of evaluation data collected by nonprofit organizations. -Longitudinal community studies to monitor changes in indicators of community conditions.

Source: Paul Connolly and Carol Lukas (2002) *Strengthening Nonprofit Performance: A Funder's Guide to Capacity Building*. Amherst H. Wilder Foundation.

useful than either no evaluation or inconsistent work.

Elizabeth Sadlon counsels: “Design our programs and services based on research-proven techniques when possible, and with a clear plan for change when appropriate (using a logic model or theory of change); measure simple and meaningful indicators along the way; continuously review how you are doing.”

The core questions for any capacity-building project boil down to:

- What is the intervention’s hoped-for outcome or intent? (And who defines this?)
- What set of activities were put in place to get there? (And what was the cost?)
- Did they make a difference (reach the intended outcomes)?
- Did making this difference leverage any other type of change (impact)?

Smaller, short-term evaluations may not be able to answer the last question about linking capacity to effectiveness. This is fine. But it is then important for the evaluation to take into account how an

intervention fits into a larger continuum of capacity-building activities that, taken together, create learning and change.

*It is important to keep everything in perspective and to keep evaluation and measurement proportionate to the capacity-building intervention in terms of time, money and level of effort.*

It is important to keep clear distinctions in mind. While outcome evaluation tells you if an outcome has been reached, process evaluation is needed to identify the strengths and weakness of the activities or program that reached the outcome, and to assess whether “inputs” were adequate or if under-resourcing created a barrier to reaching an outcome. Other dimensions of evaluation techniques (such as formative and summative evaluation) add value at different stages. The full range of techniques offers information that is likely to become a necessary part of evaluation as the complexity of capacity-building interventions grows.

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<sup>12</sup> Mertens, Donna. 1998. *Research Methods in Education and Psychology: Integrating Diversity*. Sage, p. 217.

<sup>13</sup> House, Ernest. 1993. p. 11, quoted in Mertens, 1998, p. 219.

<sup>14</sup> Mertens, Donna. 1998. pp. 224 – 228. Section written by Brigette Rouson.

<sup>15</sup> Light, Paul C. 2002. *Pathways to Nonprofit Excellence*. Brookings Institute Press.

<sup>16</sup> Brumburgh, Scott, Colette Thayer and Allison H. Fine. 2002. *Literature Review and Model Framework of Nonprofit Capacity Building: Environmental Support Center Best Practices Study*. Innovation Network, Inc.

<sup>17</sup> Blumenthal, Barbara. 2001. “How Can We Help? A Comparison of Capacity Building Programs.” Research paper.

<sup>18</sup> Fuhrman, Nancy. 2002. “Outcomes Measurements: Procedures and Tools for Consulting Practices—A Work in Progress.” Executive Service Corps of Chicago.

<sup>19</sup> Informant interview, See Appendix B.

# Putting it Together:

## Tips for Evaluating Capacity Building

### THE EVALUATION CHECKLISTS

The following tips, based on the interviews and literature review, are worth keeping in mind. This checklist is intended to advance the value of simplicity, and is most applicable to larger capacity-building initiatives.

- ✓ **First**, assess the project's readiness for evaluation.
- ✓ **Second**, plan and design the evaluation involving stakeholders, articulating assumptions and a method for testing them. Create a logic model or flow chart of the sequence.
- ✓ **Third**, think through the practicalities of conducting the evaluation research.
- ✓ **Fourth**, involve and inform stakeholders in the course of the evaluation.
- ✓ **Fifth**, summarize and report the method and findings.
- ✓ **Sixth**, disseminate and make use of the findings to reflect on the learning and recommendations.
- ✓ **Seventh**, innovate and take action.

1

**Assess whether or not the project is ready to be evaluated.** Scriven calls this the “evaluability” stage. He writes, “The bare requirement of an evaluation component in a proposal has been around for a while; what’s new recently is a more serious effort to make it feasible and appropriate by keeping it in mind during program design.”<sup>18</sup> Looking at the extent to which a program or intervention can be evaluated may be the first “preformative” view of areas a project may need to improve (for instance, developing a system to track attendees at trainings). While this may appear very simple, a number of evaluators informing this study reported spending considerable time coaching staff on data collection so that an evaluation could proceed.

2

### Plan and design the evaluation:

- a. Identify all the stakeholders and what part they will play in the design, implementation and dissemination of information. How will the results be used? What questions should the data help address? What are the feedback loops at all levels that keep the evaluation process accountable to stakeholders?
- b. Use stakeholders to uncover as many questions as can reasonably be answered: Do we want to know about cost effectiveness as well as outcomes for participants? Do we want to know how the capacity-building activities led to the outcomes or just if the outcomes were reached? Do we want to know how this capacity-building intervention compares to others? Each question that the group decides is important will affect the design and cost of the evaluation. The critical questions should be surfaced and then screened against criteria such as: What resources (time, money, staff) are available for the evaluation? What do we really want this information for (is it meaningful)?
- c. Articulate the capacity-building project's assumptions (for instance, nonprofit organizations want to know more about governance), and develop a method to test the assumption (survey the field). It is a good idea to use a broad group of stakeholders to unearth assumptions. Bringing together different perspectives to articulate shared assumptions will help both the capacity-building project and the evaluation. Then make a clear and simple exposition of your “theory of change,” integrating or accounting for the assumptions that stakeholders surfaced.
- d. Alternatively, build a logic model (See Exhibit 1, page 15) that describes your capacity-building plan. A strong logic model would integrate research insights and best practices. You may find it powerful to begin the sequence



with outcomes and then return to inputs later. With the goal of learning and improving continuously, keep asking questions—even after you think you’ve found the answer.

- i. Document the level of inputs.
- ii. Identify who the “consumers” of the project are—and begin to define what baseline information needs to be gathered about the consumer (age, size, number of staff, budget, mission, what is their perspective on “need” for capacity or need for improvement or change—as a baseline for a nonprofit organization that is “consuming” capacity building). What is the easiest way to collect the baseline information? Is there a part of the program (application, initial assessment) where this can be piggybacked to save on duplication of effort?
- iii. Identify the strategies and activities—the questions about the process you want raised through the evaluation? (What are we doing? How are we doing it? Who is or is not receiving the service and why?)
- iv. Identify the “outputs” that result from the activities.
- v. Identify the short-term change that occurs (the outcome) as a result of the output.
- vi. Define outcomes: i.e., if capacity is built this way, then we expect these changes to occur (outcomes).
- vii. Define any longer-term outcomes if necessary (depends on scope of the capacity-building project).
- viii. Develop “indicators” observable/measurable data that show an outcome has been reached or that change has occurred. If increased knowledge is the first outcome, what shows that knowledge was increased? If a change in behavior (putting the knowledge to use) is the desired outcome, then what would visibly indicate this change? If increased capacity is the desired outcome, then what shows us that capacity is increased?
- ix. Identify “tools” for measuring the indicators and gathering information to respond to the process questions: survey, interviews (telephone, face-to-face), records and

other data, focus groups, pre- and post-testing, pre- and post-assessments and so forth. Find out if any needed data is already being collected and piggyback where possible on existing data or data-collection that is happening for other programs.

- e. Wherever possible, encourage opportunities that make the important connection between strong program evaluation and strong organizational assessment—a tie that is often overlooked or minimized in terms of its importance.

**3 Think through the logistics** of “delivering” the evaluation—and add more time than you think will be needed at every step. The first step may be conducting an assessment to gather the baseline data that will be needed to measure change. Whenever possible, find ways to save people’s time in collecting data, filling out reports, surveys and so forth.

**4 Feed information back to stakeholders** along the way, not just at the end of the evaluation. Capture any changes made to the delivery of the capacity-building program as a result of their feedback; this will be critical information for the summative part of the evaluation.

**5 Sum up the evaluation.** Report out on methodology, tools, baseline data, the outcomes and findings on process or formative questions. Synthesize information and make recommendations as requested.

**6 Use findings.** Review the findings and decide what further steps to take to disseminate information. If recommendations have emerged in a report, bring stakeholders together to decide which recommendations to move forward on and how to do so (and why). Reflect and learn; think critically about the findings and the evaluation, considering such questions as:

- What have we learned?
- Is what was learned meaningful?
- Can we say this capacity-building intervention has made the organization more effective yet, or is this evaluation a “step” in demonstrating longer-term outcomes?
- What is still missing? (For instance, you may have learned that a capacity-building program worked well with your consumers, but does it have broader implications for the field? Is someone else in your region or state or in the country using a similar “theory of change?” Can you create a comparative study to demonstrate how the “theory” works, what the shared outcomes are even when the context is different, or what outcomes are not present when the context changes?)

7 **Innovate and act again.** Based on reflection, decide what further evaluative steps to take for your capacity-building program. This could range from maintaining the same level of evaluation over time to raising funds for a third-party evaluation or working with colleagues to develop comparative studies.

## RECOMMENDATIONS FOR THE FIELD (NONPROFITS, CAPACITY BUILDERS, FUNDERS)

- ✓ **Include nonprofits in the discussion and design of evaluation of *their* own capacity building.**

Work to close the information and knowledge gaps from all sides of the equation—nonprofit, funder and capacity builder. Capacity builders should continuously gather the perspective of the nonprofits they serve through assessment, evaluation and simply by asking: What do you need? How can we do better?

The nonprofit perspective on its own capacity-building efforts has been under-represented in evaluations of these efforts. Paul Light’s recent research captured in *Pathways to Nonprofit Excellence* begins to highlight what nonprofit leaders see as capacity that strengthens organizations—with a focus on leadership and appropriate funding for general operating and capacity.

- ✓ **Support intermediaries to work with networks of mission-aligned or geographically based nonprofits to build capacity and measure effectiveness.**

National and regional intermediaries, whether focused on a particular nonprofit field or a geographic area, should be supported to provide technical assistance to the field they represent in the areas of assessment, technical assistance and evaluation. Intermediaries can help their own fields identify characteristics of effectiveness that can be adjusted locally. These intermediaries can then help their specific fields identify how to evaluate effectiveness using locally described indicators for success. Intermediaries should themselves be measured by their success on behalf of the nonprofits they represent. (See Case Studies, Part IV.)

- ✓ **Consider general operating support and support for infrastructure and capital as core strategies of capacity building.**

Recent studies on capacity building or organizational effectiveness reiterate this recommendation that foundations refocus on general operating support as a strategy for capacity building. A focus on specialized program funding has withered support of the functional areas of nonprofits. Yet, at just 7.2 percent of giving, general operating continues to be one of the smallest categories of foundation grantmaking. Resources are one of the key legs for improving capacity (Connolly and Lukas). One approach, used in Cleveland’s Neighborhood Progress, Inc. Project (funded by

the Cleveland Foundation, the Gund Foundation and the Mendel Foundation) is to provide general operating support over a long term (10 years, in this case). Continued funding is tied to measurable progress on broad capacity benchmarks such as: improved governance, citizen involvement, broader funding base and program indicators such as increased affordable, resident-controlled housing stock.

Paul Shoemaker of Social Venture Partners believes deeply that in looking at nonprofit effectiveness it is also essential to look at philanthropists' strategies for funding and whether these strategies are leading to effectiveness. He writes, "It is not only the nonprofit's outcomes that are under the microscope, but it should be the funder's as well ... the VP funder must constantly look inward and hold itself accountable to its investees and to the community."<sup>19</sup>

Change in how each part of the sector (funder, capacity builder, nonprofit) does business—or conducts parts of its business—should be a natural outcome of evaluation, reflection and learning.

✓ **Identify resources to conduct comparative studies and empirically research the effectiveness of different capacity-building interventions.**

The current level of evaluation of capacity building is typically specific to a particular project and demonstrates whether or not the project "worked" or had any specific outcomes. Evaluators have not been asked to compare one intervention to another. Information that results from evaluations that assess

the cost-effectiveness of capacity-building programs is rarely shared. Evaluations are now being designed to demonstrate the effectiveness of a particular theory of change (the developmental approach to capacity building, for instance; or the learning organization approach; or engaged philanthropy that couples funding with hands-on capacity enhancing activities). Such evaluations will deepen the understanding of the effectiveness of these interventions and are needed, but comparative research is also needed.

The group National Arts Strategies is now conducting the first research project to explore whether a single evaluation methodology can be applied to different programs designed to build capacity in arts organizations. The project, described in "What the Arts Teach Us" (page 66), can be applied broadly to capacity building evaluation.

### Some Final Thoughts

Remain flexible and adaptable. The field should: focus on continually adapting new strategies to evaluate organizational effectiveness; allow for small local experiments; give the people in the field who are actually doing the work the tools, time and support they need; and recognize that one size does not necessarily fit all.

The process is as important as the ends. Emphasize continuous learning, adapting and feedback cycles as skills to be integrated into the day-to-day functioning of all organizations in the sector. Evaluation, particularly measurement, is only a snapshot of a reality that is already in a state of change.

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<sup>18</sup> Scriven, Michael. 1991. *Evaluation Thesaurus*. Fourth Edition. Sage Publications.

<sup>19</sup> Shoemaker, Paul. Spring 2001. "Adventures in Venture Philanthropy What Works and What Doesn't," *Responsive Philanthropy*.

# Part IV

## Case Studies

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## A SUMMARY: LESSONS LEARNED FROM THE CASE STUDIES

The case studies reviewed in this report cover a wide range of organizations and initiatives. There are examples of field-specific capacity-building evaluations in community development and the arts; examples of capacity builders reviewing their own organizational effectiveness; and examples of nationwide and locally focused evaluations. Among all of the evaluations studied, many informants concurred about some important keys to success:

- Bring in evaluation at the beginning of the capacity-building intervention (Learning Circles Project, California Community Clinics Initiative and many others).
- Nonprofit end users of capacity-building interventions and evaluation should be involved in designing both (Learning Circles Project, Rochester Effectiveness Partnership, Success Measures Project).
- Focusing on choosing outcomes first is “like hearing the end of the story.” Pay attention to the process of the intervention and the evaluation—gathering stakeholders, building shared understanding and expectations, understanding contextual issues (The Capacity Project and others).
- Develop a “theory of change”—that is: What is the starting place of the intervention and what activities will lead to what outcomes? (Multiple respondents).

*Failure is as interesting as success. However, there is a fear about reporting failure to funders; evaluation is best served when it is uncoupled from the funding and focused on the program itself.*

- Outcome measures are not enough to determine capacity and effectiveness; rather, a continuum of evaluation approaches that matches the complexity of the capacity-building intervention

is required (The Conservation Company, Learning Circles Project and others).

- Organizational buy-in (not just one or two persons) is critical to the process and to institutional learning that leads to a shift in organizational culture (Success Measures Project, Rochester Effectiveness Partnership and others).
- Capacity building and evaluation take time. When working with community-based organizations, the commitment to both the capacity building and the evaluation must be longer than three years (The Capacity Project, Learning Circles Project, California Community Clinics Initiative and nearly every respondent).
- Failure is as interesting as success (The Capacity Project). However, there is a fear about reporting failure to funders; evaluation is best served when it is uncoupled from the funding and focused on the program itself—so it can truly be improved (Success Measures Project and Social Venture Partners).
- Qualitative data is critically important and puts the meat on the bones of empirical data (Nearly every informant concurred).
- Interim and mid-course evaluations that can help a project improve while it is still underway can be more useful than summative evaluations (Learning Circles Project).
- Funders’ own education about evaluation is critical so that they do not ask for too much or the wrong information, or for information that only pertains to their interests but does not serve the program’s best interest (Multiple respondents).
- Funders should evaluate their effectiveness, too (Hawaii Community Foundation, Social Venture Partners and multiple individual interviewees).
- Start evaluating, even if you have to begin simply; the important thing is to start doing it and learn from the experience (Management Assistance Program, echoed by Nike Speltz of Speltz Consulting LLC).



## Setting a Context

### OMG CENTER FOR COLLABORATIVE LEARNING

Perspective from Ken Wing and Monica Steigerwald

*OMG Center for Collaborative Learning has an extensive practice in both capacity building and evaluation. The staff recently held a roundtable discussion on the subject of evaluation of capacity building. The discussion posed some interesting questions and thoughts. Offered here, as context for the other case studies, is a summary of OMG's recent discussion along with some background on OMG itself.*

The mission of OMG is to support organizational learning and problem-solving through consultation, applied research and professional education. The majority of its activities are focused on finding innovative solutions to problems of community deterioration, poverty and discrimination, environmental quality, and human capital.

OMG's services include "Program Assessment and Evaluation Services." It has conducted many short-term and multi-year evaluations that use both qualitative and quantitative analysis to get a comprehensive understanding of a program's impact. They use an interdisciplinary team approach that provides built-in checks and balances as team members sort through their differing interpretations of findings and work toward joint understandings. *OMG works closely with the clients being evaluated—engaging them in defining the issues to be evaluated, benchmarks for performance and the drawing of conclusions.*

Recent evaluations of capacity building include "A Decade of Development: An Assessment of Neighborhood Progress, Inc." This evaluation was prepared for the Cleveland Foundation, The Gund Foundation and The Mandel Foundation. It assessed the progress of Neighborhood Progress, Inc. in strengthening Cleveland's community development system and revitalizing housing and physical conditions in its neighborhoods.

Funder-designed capacity-building initiatives have a mixed track record. There have been instances where large capacity-building projects were initiated

without tapping into the nonprofit perspective on what was needed, and as a result, some of the nonprofits funded by these initiatives chose to withdraw—either actively or passively.

However, in the case of Cleveland's Neighborhood Progress project, long-term operating support was tied to forward movement in areas critical to the nonprofit. This approach was found to be an effective impetus for capacity building. Each year the expected level of capacity was raised in tangent with the operating funding provided. So, for example, to receive funding a business plan had to be developed in year one; in year two a plan for resident involvement had to be created and implemented; in year three participating organizations had to create an organizational development plan, and so forth. The OMG assessment found that over a 10-year period, Cleveland's participating community development organizations built their capacity significantly and became more effective in meeting their missions.

This is just one of many evaluations OMG has conducted over the years, along with extensive experience it has developed in capacity building. OMG has recently completed an internal Issue Paper on "Measuring the Effectiveness of Capacity Building," drawing on insights from an organization-wide roundtable discussion.

The Issue Paper focuses on seven issues OMG staff have commonly encountered in practice. These include the problems inherent in defining capacity building; issues with measurement and the need for agencies receiving capacity-building services to set explicit goals for themselves. OMG staff also explored the question of the length of time it takes to actually build capacity; the need to evaluate people and systems; the importance of behavior change being linked to institutionalized learning; and finally what OMG terms surface versus deeper issues.

The work of OMG sets the table of questions and issues that all capacity builders need to grapple with as they seek to measure the effectiveness of their work. A summary of their thinking about evaluation in regard to capacity is offered here as context for the other work described in these case studies and for its parallels with the findings in this report.

### What is nonprofit capacity building?

Borrowing from Grantmakers for Effective Organizations, OMB staff members say, “We could easily define capacity building as ‘increasing the ability of an organization to fulfill its mission.’ ...Although we can define ‘nonprofit capacity building’ by staying at that high level of abstraction, we can only measure it by drilling down to a more concrete level. When we do so, we immediately confront both the diversity of the term ‘nonprofit’ and the diversity of the term ‘capacity building.’ What this means is that *there is not going to be one answer to the question of how to measure the effectiveness of nonprofit capacity building. There are going to be a great many answers to a great many very different concrete situations.*”

**Measurement:** “If capacity building is an increase in the ability of an organization to fulfill its mission, then measuring it directly would require having a unit of measure of this ability, something we can’t expect anytime soon” (OMG Internal Issue Paper). Instead, we look for improvement in various aspects of the organizational performance. While it may be simple to assess fundraising success because of existing indicators (amount raised, average size of gift, cost of raising funds and so forth), no such metrics exist for many important aspects of organizational performance such as strategic planning or governance.

*Organizational capacity has to be person-carried or it is dead, yet it has to be institutionalized in the system or it evaporates.*

**Goals:** Research has shown that people do not improve their performance unless they set a goal. In regard to design of capacity-building interventions, OMG staff will inquire, “How many cases are there in which the target agencies set explicit improvement goals?” This is not something that is emphasized in capacity-building literature. OMG, speaking from its experience in evaluating projects where multiple stakeholders (staff and board,

consultant, funder) had different priorities, suggests that, “Such a lack of goal alignment usually spells trouble for the capacity-building project, but also raises an evaluation question: *Against whose goals is the effectiveness of capacity building to be measured?*”

**Timelines:** As with nearly every informant for this study, OMG concurs that it takes multiple years to build capacity. And yet nonprofits often trap themselves by promising five-year outcomes for two-year initiatives or 10-year outcomes for five-year initiatives. Most evaluations do not extend beyond the life of an initiative—making it difficult to capture the real outcomes that occur later as a result of capacity building. “After we factor in the first year it took for the initiative to get underway, and the fact that evaluation results are wanted early for re-funding, we’re usually looking at two and a half years of effort toward 10-year goals and wondering why we aren’t more effective at capacity building. An evaluation that stops measuring at the point when the intervention stops may show no measured improvement in capacity when in fact it simply hasn’t had time to occur” (OMG Internal Issue Paper).

**People vs. Systems:** Capacity building should focus on both people and systems. “Organizational capacity must partake of both: It has to be person-carried or it is dead, yet it has to be institutionalized in the system or it evaporates....When we are measuring the effectiveness of capacity building (or performing an organizational assessment), we have to look at people, systems, and how they relate and reinforce each other....It is much easier to document whether a system exists than to assess what people can do, and harder still to assess a relationship between the two” (OMG Internal Issue Paper). The danger is that evaluation of capacity building will be satisfied with evaluating the two independently, or worse, focusing on only one or the other.

**Behavior change and internalizing the learning from the change:** Evaluators may tend to rate observable change. Behavior changes in the short term can be empty if not coupled with internalizing the learning that institutionalizes the change. If behavior change is the indicator, it is important to look at the long-term outcomes associ-



ated with the change—particularly whether or not the learning has been institutionalized and evidenced in other ways.

**Surface vs. Deeper Issues:** The initial work of a capacity-building effort may only scratch the surface of what the real issues in an organization are. Good consultants uncover the deeper core or the actual barrier to growth and change. Simply measuring against an original assessment that may have only uncovered the tip of the iceberg will not address the complexity of issues typically presented in deeper consultative work with nonprofits. There are real limits to evaluation, and the type of evaluation that can look at this level of complexity may be unwieldy and expensive.

OMG's thoughts regarding some of the difficult questions in regard to evaluation provide context for the following case studies. On the whole, these projects underscore the importance of creating among all the stakeholders a set of shared goals, expectations and priorities for both the capacity-building intervention and the evaluation (see Rochester Effectiveness Partnership). Others concur that capacity building takes time and that measurable results and long-term outcomes may be farther out than the actual initiative's timeline (see California Community Clinic, The Capacity Project and Social Venture Partners). Finally, there is broad agreement that evaluating capacity takes multiple approaches.

**The cases in the next section illustrate these lessons further.**

## Internal Evaluation Practice MANAGEMENT ASSISTANCE PROGRAM OF TAMPA BAY, FLORIDA

The Management Assistance Project (MAP) in the Tampa Bay area is a relatively new and quite small MSO with a staff of two and a variety of community partners. Its mission is to make management assistance resources available to nonprofit organizations for the purpose of improving their operating efficiency and effectiveness.

Ann Larsen, the Executive Director, believes that management support organizations need to measure their own effectiveness and in doing so demonstrate ways of institutionalizing measurement processes to clients. Larsen's "value" for measuring effectiveness started with her experience in learning the United Way's outcome measurement model. MAP was selected as one of five programs to share its model at the 2001 National Conference of the Alliance for Nonprofit Management. In its "Outcomes Report 2001," MAP states: "The subsequent discussions with colleagues have been helpful, both in deepening our appreciation of outcomes evaluation and in coming to terms with its inherent challenges and limitations for quantifying success in capacity-building programs."<sup>1</sup>

2001 was marked by "significant, planned change" for MAP, as it transitioned from a community initiative with a steering committee to an independent nonprofit organization with a board of directors. MAP also moved its office, hired a second staff member and devoted considerable board and staff time to additional planning throughout the year. MAP offered its programs to 160 organizations in 2001, 47 percent of which were first-time partici-

*The emphasis on the participatory aspects proved especially useful because it promoted collaboration, enabled continuous feedback to TA providers, and offered opportunities for mid-course corrections at both the CBO and project levels.*

pants. Of the 160 client organizations, 25 (16 percent) used consulting services, while the majority took advantage of training opportunities presented by MAP.

This young organization, initially with a staff of one, took these first steps to create a measurement system:

- Developed a mission-based logic model and data collection tools in 1999 (see Exhibit 4 for Logic Model),
- Collected data over the period 1999-2001.

Indicators include two important features that move the measurement beyond minimal client satisfaction:

- Increased knowledge, understanding or skill,
- Probability of increased efficiency and effectiveness as a result of training.

MAP faithfully collects evaluation forms at the end of each intervention.

MAP states in its "Outcomes Report 2001" that "MAP's Outcome Logic Model suggests a correlation between the two primary indicators in our training component. That is, an increase in knowledge, understanding or skill level most often is linked to the participants' perception that they will be able to utilize the information for greater efficiency and effectiveness." The findings are highly positive for both the training and consulting programs. But the summary also notes several "down ticks" and describes in the narrative presumed factors that influence certain outcomes—for instance, the position of a staff person in his or her respective nonprofit and the ability to influence change. "There is the possibility that the indicators may be flawed ... by assuming those who have received training are also empowered to implement changes and apply new information."

Not only does MAP use findings for improvement, but staff also think critically about the tools, indicators, logic model and their assumptions. MAP believes that evaluation helps to "tell the story" of

their work—providing the evidence and making the case to funders to invest in their efforts.

MAP realizes that there is more to do and that what it now has is a preliminary assessment. The organization hopes to be able to do more longitudinal evaluation, comparing the findings from year to year, and that comparative results from other MSOs will be available soon. MAP also is interested in exploring deeper questions of “connectedness” and learning. As it sums this up in the “Outcomes Report 2001,” “We would like to acknowledge an increasingly important, though as yet informal, aspect of MAP for which we currently have no quantitative measures. To paraphrase a statement made by one of our clients, *MAP is about becoming a part of a continuum of services, resources and relationships—one that provides an ongoing base of networking, mentoring, and sense of ‘connectedness’ for individuals working in the nonprofit arena. . . . The greatest value of MAP may ultimately be the extent to which we function as a key resource or ‘center’ for nonprofit leaders and managers, and through which training, consulting and other tools are interwoven.*”

MAP also is realistic. The quantity of data it now needs to “crunch” is calling for a more practical next step of re-tooling its technology capacity.

## Lessons and Challenges

Ann Larsen shares these thoughts and lessons:

- Use mission as the basis for developing outcomes.
- Start evaluating, but stay focused on where you are—that is, keep it simple and build capacity to measure over time. It is important for MSOs to practice what they preach to nonprofits.
- Thinking more deeply about what a training, a series of trainings, a consultation or a theory of consulting practice can accomplish becomes second nature over time as you employ logic models and other approaches to describe the flow of the work.
- MAP builds in time with every activity for measurement.

- Even with highly positive results (as MAP has received for three years), you must continue challenging yourself to link measurement with growth, deepening evaluation practices as resources, capacity and learning grow.
- It is a challenge to deepen evaluation practices, in that it requires staff time, funding, technology, continuous learning about how to move to another level of meaningful (but simple) measurement, all of which takes time, planning and resources.

*Start evaluating, but stay focused on where you are—that is, keep it simple and build capacity to measure over time. It is important for MSOs to practice what they preach to nonprofits.*

## Suggestions from MAP: Support Is Needed to Measure Effectiveness

The following suggestions came up in relation to MSOs, though many are also applicable to independent consultants:

- Simplify the language of measurement and demystify evaluation; help move the discussion beyond theory and looking at what’s happening and toward assisting the field to begin practicing—even if it is very basic practice at the start.
- Offer practical information about evaluation practice—and think through ways to broadly share the basics, for instance Web site/page, electronic networking, regional trainings, conferences.
- Create training series and coaching capacity to deepen evaluation practices across national management support organizations—including through the Alliance for Nonprofit Management (and other entities)—that have the ability to do regionally focused work.
- Keep the measurement practice as simple as

it needs to be to document the information being sought.

- Work as a field to urge funders to streamline requests for what they want measured or “proven.” Such a burden of proof can create too many questions, outcomes to be looked at, indicators to be measured and forms to be filled out,

all of which may or may not have meaning to the actual group.

MAP truly demonstrates that a small two-person MSO can begin to build practice around measuring the effectiveness of its work.

### Exhibit 4: MAP Outcomes Measurement Logic Model Outcomes and Indicators for Annual Program Review

<i>If this...</i> <b>INPUTS</b>	<i>then this....</i> <b>ACTIVITIES</b>	<i>then this...</i> <b>OUTPUTS</b>	<i>then this...</i> <b>OUTCOMES</b>	<i>can be measured by...</i> <b>INDICATORS</b>
Funding Staff Volunteers Facilities Equipment Supplies	<b>1. Consulting Program:</b> Recruitment of volunteer consultants appropriate to needs of applicant agencies.	Consulting projects occur between applicant agencies and volunteer consultants.	Nonprofit personnel achieve their project objectives.	<b>To determine:</b> Of projects completed, the <i>number and percentage</i> for which the applicant agencies report their objectives were achieved (and as a result, the project has or will positively impact their efficiency or effectiveness).  <b>Data collection method:</b> Participants are asked to complete evaluation forms at the conclusion of each project.
Funding Staff Volunteers Facilities Equipment Supplies	<b>2. Training Program:</b> Planning of training opportunities to increase efficiency and effectiveness of nonprofit agencies.	Workshops and other training opportunities for nonprofit personnel take place	Nonprofit personnel learn new skills, methods or levels of understanding to improve their management efficiency or effectiveness.	<b>To determine:</b> The <i>number and percentage</i> of nonprofit personnel participating in MAP-sponsored training who report an increase in skills, methods or understanding after participation; and the <i>number and percentage</i> who state a likelihood of improving their efficiency or effectiveness as a result of training.  <b>Data collection method:</b> Participants are asked to complete evaluation forms at the conclusion of each training session.

## A Complex Endeavor

### THE CAPACITY PROJECT

Collaborating Management Support Organizations:  
Asian American Federation of New York, Community  
Resource Exchange, Federation of Protestant Welfare  
Agencies, and Hispanic Federation, New York, NY.

Evaluator (lead): Dr. Mary Ann Castle

Funded by: U.S. Department of Health and Human  
Services

The most ambitious evaluation project described in this study was funded to provide capacity-building technical assistance (TA) to 240 New York City community-based organizations (CBOs), ranging from entirely volunteer agencies, to those with annual budgets under \$50,000, to multi-million-dollar service providers. The CBOs that were targeted for participation in The Capacity Project serve diverse communities of color and are critical to a citywide expansion of HIV/AIDS prevention services to clients at high risk of infection. The Capacity Project represents collaboration among four TA provider agencies. It was initiated through a request for funding by Community Resource Exchange (the lead agency) to the Office of Minority Health (OMH), U.S. Department of Health and Human Services. Funding totaled \$3.6 million over three years. The project is in its last year of funding. Denice Williams is The Capacity Project's director and works for the lead agency.

The four collaborating partner agencies are: Asian American Federation of New York (AAF), Community Resource Exchange, (CRE), Federation of Protestant Welfare Agencies (FPWA), and Hispanic Federation (HF). The evaluation team consists of Mary Ann Castle, Ph.D. (director of evaluation); Lorinda R. Arella, Ph.D. (senior evaluation/organization development consultant); Ellen Schnepel, Ph.D.; and Joanna Stuart, Ph.D.

The evaluation design was written by an experienced evaluator whose training as a social anthropologist influenced the decision to create a hybrid approach to this project. The approach was both evidence-based (in response to the funder's mandate) and participatory. The emphasis on the participatory aspects proved especially useful

because it promoted collaboration, enabled continuous feedback to TA providers, and offered opportunities for mid-course corrections at both the CBO and project levels. The evaluation team expanded to include two other social anthropologists with experience in research and evaluation in CBOs with diverse client populations in the United States and internationally, and a social/organizational psychologist. This team draws upon action research, critical theory, outcomes and participatory evaluation, and well-established models of organizational change theory.<sup>2</sup>

**Why this project is important:** The Capacity Project evaluation focused on the delivery of technical assistance and its link to organizational capacity to initiate, strengthen or expand HIV-prevention services. It underscores important lessons regarding the nature of technical assistance and how to evaluate it. The evaluation was designed to track the causal chain: from a CBO's initial capacity to the type and intensity of TA delivered, to changes that occurred in the CBO's organizational capacity, and finally to actual changes in service delivery (in this case HIV/AIDS prevention).

Central to the evaluation approach was the understanding of the interrelated character of the evaluation, the provision of TA, and the CBO's delivery of service. To ensure this, numerous activities became part of the evaluation team's routine to build relationships with TA providers and to share knowledge, products and procedures. The evaluation involved an intensive process of engagement between TA providers and evaluators that focused on problem solving and decisions that were broadened through "inclusion, dialogue and deliberation."<sup>3</sup> While there are debates within the field of evaluation about how engaged or distant an evaluator should be, this project underscores the finding in this report that the more useful evaluations of capacity building were conducted by skilled evaluators who were also engaged professionals—and who did not fear walking beside the nonprofit in its journey of learning and change.

The grant was awarded to help build the infrastructure of the CBOs to position themselves effectively for intervening in the epidemic. It was a challenge

to build an evaluation that could report on the relationship between technical assistance in various areas—planning, fiscal management, governance, fundraising, human resources, computer technology, public relations/marketing, evaluation and HIV/AIDS prevention—and the capacity of local CBOs to then deliver HIV/AIDS prevention services.

In addition to the size and scope of the project, other challenges presented themselves:

- None of the TA agencies had engaged in an evaluation project that demanded as much close monitoring and intensive data design as this large federal project did.
- The four partners had not worked collaboratively before and, therefore, had no foundation for working collaboratively.
- The partners did not share a common approach to technical assistance delivery.
- Not all the staff members assigned to the project were experienced technical assistance providers.

Before rushing to develop outcomes, measures and tools, the evaluation team had to take some steps back and work with four partners on more formative issues building an effective collaborative and shared practice for the delivery of technical assistance.<sup>4</sup> The evaluators coached some TA providers and gave them support in a number of areas, such as how to write a work plan, how to conduct a CBO needs assessment, and how to clarify training objectives when conducting workshops.

*Recent evaluation projects across the country have stressed the need to coach ground-level workers in how to evaluate and/or to self-evaluate.*

Recent evaluation projects across the country have stressed the need to coach ground-level workers in how to evaluate and/or to self-evaluate. Taking the time at the beginning and throughout the project to build the foundation for evaluation was a key element of The Capacity Project evaluation. As a

result, the evaluation had an impact on the entire project itself. The evaluation assisted the TA providers to: work together to agree on quality standards for technical assistance delivery; value evaluation as an ongoing practice; and more closely define a theory of technical assistance practice.

As a direct result of participating in this evaluation, the two larger partners, CRE and FPWA, have moved to institutionalize evaluation as an organizational practice and/or service. FPWA has begun to evaluate its TA practice using the model and instruments developed through The Capacity Project. John Glover, Senior Program Associate for Management and Technical Assistance at FPWA, credits The Capacity Project with enabling FPWA to strengthen its already substantial commitment to internal and external evaluation. CRE is in the planning stages of institutionalizing the evaluation of its TA work, described later in this report.

**Approach:** Despite some overwhelming odds—working with as many as 30 TA providers employed by four distinct capacity-building agencies and 240 diverse CBOs—The Capacity Project’s evaluation team:

- Established critical relationships with the four agencies to raise the level of trust so that the evaluators could both evaluate and “coach” as needed.
- Designed a uniform way to diagnose and document overall organizational needs and capacity. This ensured that the diversity and range of CBO characteristics and services in this project would be equally well described. Peter Block stresses the importance of the entry phase in capacity building, which is captured in the evaluation intake and diagnosis instruments and process developed by the evaluators in collaboration with the TA providers.<sup>5</sup>
- Developed an extensive, structured protocol to ensure that there is a direct connection (even if long-term) between the kinds of TA provided and the CBO’s *effectiveness* at improving or expanding the specific service for which funding was awarded (in this case, HIV/AIDS prevention services).

- Helped the collaborative create an agreed upon structure for developing a “Technical Assistance Work Plan” to create quality control and consistency across the TA providers. The protocol identifies expectations, goals, objectives and activities mutually agreed upon by the technical assistance provider and the CBO.
- Instituted a quarterly data reporting mechanism to capture how the TA provider efforts led to increased organizational capacity and, on the longer-term, to new and improved HIV/AIDS prevention services. The form captures links between TA activities, accomplishments and changes at the CBO level, and the amount of time it takes to implement a comprehensive TA work plan. It also allows for the description of barriers encountered and/or modifications typically needed to realize a technical assistance work plan. Quarterly report data informs discussions among project participants and also is included in final reports.
- Designed a CBO exit interview protocol that measures all key interim and longer-term outcomes.
- Focusing on choosing outcomes first is “like hearing the end of the story.” Pay attention to the process of the evaluation—gathering stakeholders, building shared understanding and expectations, understanding the contextual issues presented. In other words, get perspective before you design—get information from the stakeholders, including their information needs; understand who is the consumer of the project being evaluated (in this case a CBO). The up-front work is critical for building relationships, understanding potential barriers for the evaluation process, and for the process itself.
- When working with community-based organizations, the commitment to both the capacity building and evaluation must be longer than three years.
- Be thoughtful about the amount of time a TA agency has for data gathering; this federal grant required a high level of data gathering, but where possible, funders and evaluators should create economies of scale.
- Plan on providing ample time and sufficient funding for project start-up, including establishing roles and responsibilities, finalizing work plans and developing and testing data collection instruments.
- Failure is as interesting as success; it is important to learn by collecting information on the barriers and obstacles identified during the TA process—and how they were overcome.
- Qualitative data is centrally important and puts the meat on the bones of empirical data; good evaluators create systems for capturing both.

*Evaluation is not neutral. Make your ideology visible and articulate how it translates into evaluation methodology. Teach, do not mystify.*

The evaluation component of The Capacity Project required significant time and commitment, but it produced substantial benefits for the project as well as a number of useful tools.<sup>6</sup>

### Major areas of learning

- Evaluation is not neutral. Make your ideology visible and articulate how it translates into evaluation methodology. Teach, do not mystify. Be prepared to coach staff within the organizations being evaluated in regard to what evaluation is, how to use tools and/or how to develop tools. This adds learning and capacity after the evaluator leaves.

The evaluators produced a system of data collection and measurement, taught people how to do this, and learned from the field to improve their own thinking, practice and, ultimately, the evaluation design. The evaluation team paid attention to detail while recognizing the context in which the TA takes place from the perspective of both TA providers and CBOs.

## Emphasis on Restructuring

### STRATEGIC SOLUTIONS INITIATIVE

Capacity Builder: La Piana Associates

Evaluator: The Conservation Company

Funded by: David and Lucile Packard Foundation, James Irvine Foundation, and Flora and William Hewlett Foundation

Another complex project with a significant evaluation attached to it is Strategic Solutions Initiative, funded by the David and Lucile Packard Foundation, James Irvine Foundation, and Flora and William Hewlett Foundation and managed by La Piana Associates in California. The Strategic Solutions Initiative combines research and development, direct assistance, communication and dissemination, training and development—all with an aim to increase the sector’s understanding and use of strategic restructuring (SR) to add capacity so that nonprofits better advance their missions.

Strategic Solutions retained the Conservation Company in November of 1999 to evaluate the initiative during its first 18 months; it has now completed two evaluation reports (April 2000 and September 2001). Formed in 1980, the Conservation Company is a multidisciplinary firm employing a team approach to consulting with nonprofit organizations, philanthropies, corporate community affairs departments and public agencies. The Conservation Company has assisted a variety of funders to plan, implement and evaluate capacity-building activities.

Conservation Company Vice President Paul Connolly recently completed the book *Strengthening Nonprofit Performance: A Funder’s Guide to Capacity Building* (2002) along with Carol Lukas, Director of National Services for the Wilder Center at the Amherst H. Wilder Foundation (the publisher). In addition, the Conservation Company is now conducting an assessment of 26 management support organizations (funded by the David and Lucile Packard Foundation), seeking to create a baseline of current practice and also to evaluate best practice.

The Conservation Company also wrote “Strengthening New York City Nonprofit

Organizations: A Blueprint for Action,” based on a survey of New York’s nonprofit community and grantmakers across the country. The work was done on behalf of the New York Community Trust and United Way of New York City. The purpose was to define the scope of infrastructure needs and to outline helpful measures that private and public funders can take. This seminal report made a series of important recommendations for grantmaking strategies to help strengthen nonprofits.

Peter York, senior associate and director of evaluation at the Conservation Company,<sup>7</sup> presented his work in evaluating the Strategic Solutions Initiative at the March 2002 Grantmakers for Effective Organizations (GEO) conference. For York the centerpiece for framing the evaluation is creating a “theory of change” or logic model for the capacity-building effort at hand. The “Strategic Solutions Theory of Change” is shown here as Exhibit 5 (page 47). An exploration of the underlying assumptions for a project, the inputs, its strategies, outputs and finally outcomes constitutes an essential first step in designing both the evaluation approach and tools.

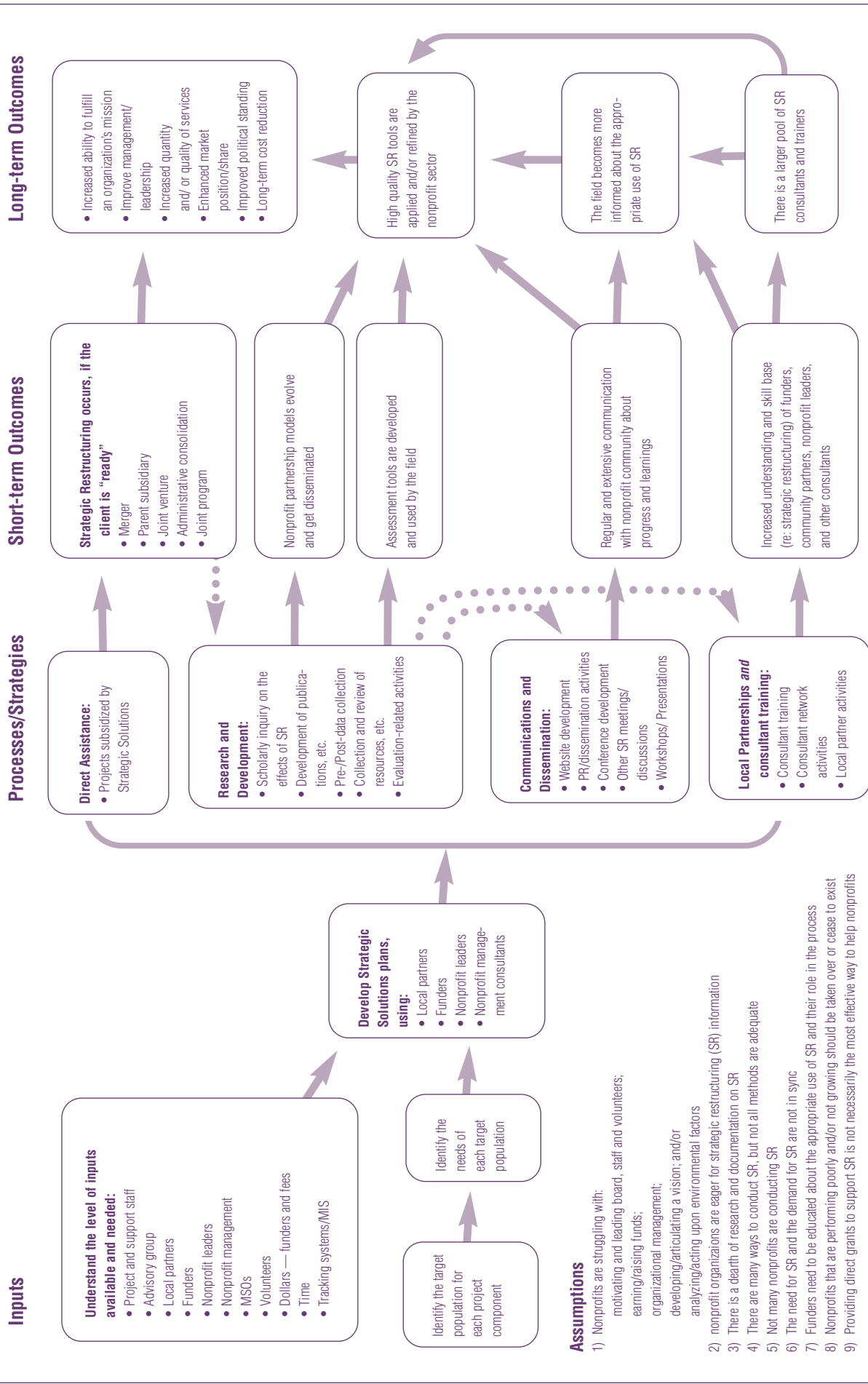
The Strategic Solutions Initiative evaluation process was well planned and designed and was comprehensive in both implementation and synthesis of findings. The evaluation included steps to:

- Confirm the project’s underlying assumptions;
- Build a “theory of change” to guide the evaluation process;
- Interview various stakeholders by phone, in-person or through focus groups;
- Develop online field-wide surveys sent to more than 7,000 randomly selected nonprofit leaders, funders and consultants, with 440 responding. (The surveys examined how these groups access and use information on organizational capacity building; their familiarity with strategic restructuring concepts and processes; and their actual application of SR models.);
- Surveyed (online) workshop attendees and consultant trainees; and
- Conducted a review of SR literature from 1993–2001.

The findings were impressively detailed and gave valued feedback to the Strategic Solutions Initiative



**Exhibit 5: Strategic Solutions Theory of Change—The Logic Model**



(SSI). For instance, one finding was that the SSI strategies affect two levels of outcome 1) familiarity, confidence and knowledge of SR concepts and process, and 2) use of SR as an organizational capacity-building tool—and that these outcomes are accomplished primarily through the research and communication strategies. However, the evaluation also pointed out that organizations undertaking SR will likely require assistance; it suggested that SSI improve its ability to provide the hands-on technical assistance as a follow-up to the training activities and tools it provides.

The evaluation—through its review of the literature—was also able to identify a trend toward less research activity related to SR. The evaluator hypothesized that funder interest in SR might be waning. This was an important “environmental” or contextual trend to capture and share with Strategic Solutions Initiative. It was coupled with the recommendation that SSI publish more success stories on the Web, market its Web site, and basically enhance communications to change the prevalent perception among many funders, consultants and nonprofits—essentially that “SR is important to the field, but not for me.”

York found that a major barrier in conducting this evaluation was measuring “pre” and “post” changes in capacity improvements. This challenge was due to difficulty in getting responses to a “post-restructuring” survey. He recommends providing incentives to pay for the time of all the surveying, pre- and post-testing that complex evaluations of this type require.

Based on his experiences as an evaluator, York named these challenges to evaluating capacity-building efforts in his presentation at GEO:

- It is difficult to develop measurements for assessing organizational effectiveness and management assistance success.
- Determining the causal relationship between the capacity-building interventions and client and community impact is not easy.
- How one measures success varies greatly in relation to the type of capacity-building intervention that is provided.

- Evaluation can be multi-layered—focusing on individual, organizational, programmatic, client and/or community impact.

York’s advice on “How to Evaluate Capacity Building Initiatives”:

- Determine who will participate in designing and implementing the evaluation, as well as who the key informants will be.
- Determine the level of outcomes on which to focus the evaluation: individual, organizational, programmatic, client, community.
- Develop the evaluation framework, (i.e., logic model), articulate evaluation questions and decide how to measure success.
- Develop an evaluation work plan and implement evaluation methods.
- Use and share the evaluation results.

*When it comes to evaluating capacity-building efforts, scientific rigor and objectivity may not be possible, but that doesn't mean we can't do a better job seeking a contextualized understanding of the impact.*

This evaluation is important for its level of planning for the evaluation—including the development of a logic model for framing the planning as well as its disciplined approach combining research, hard data and critical thinking to provide intelligent and honest feedback to the project. Three of the evaluation steps involve planning and design—well before getting to the actual implementation of evaluation.

York offered these thoughts about evaluation of capacity building at the 2002 GEO conference:

- When it comes to evaluating capacity-building efforts, scientific rigor and objectivity may not be possible, but that doesn't mean we can't do a better job seeking a contextualized understanding of the impact.
- Support the effective use of program evaluation and organizational assessment; they are critical organizational capacities in their own right, and

will in turn serve as ongoing impact measures of other organizational capacity-building efforts.

- Be patient when looking for impact. It takes time.

## FOCUSED PROJECTS AND THEIR EVALUATION

Some capacity building is focused on a particular area of capacity. In the following two cases, strategic alliances and technology are the areas of focused activity to build capacity.



### Capacity through Technology CALIFORNIA'S COMMUNITY CLINICS INITIATIVE

Collaborating Grantmakers: Tides Foundation and California Endowment

Evaluator: Blueprint Research and Design, Inc.

The Tides Foundation, in partnership with the California Endowment, developed a major grant program to strengthen the information management capacity of community clinics and health centers throughout California. By providing grants to advance the use of technology by local clinics and regional clinic consortia, the Community Clinics Initiative (CCI) seeks to increase their efficiency in providing quality health care services.

An award of \$30 million was made to 170 clinics (90 percent of the clinics in the state) and their regional consortia in the first 18 months of the program. Another \$15 million will be distributed over the next three years. And in the spring of 2002, CCI received an additional \$45 million to be spent over the next five years, focusing on leadership, capital campaigns and related issues.

Blueprint Research and Design, Inc. was retained to conduct an ongoing study. Ellen Friedman of the Tides Foundation says it was important to find an evaluator who understood the core principles of nonprofit management and capacity in general, and nonprofit technology needs in particular. The evaluator had to be able to build rapport with the clinics while also being able to do the empirical research

needed to understand whether the clinics increased their efficiency as a result of the grant.

Kendall Guthrie led the Blueprint team that worked closely with the CCI staff and the clinics to design a formative evaluation for an evolving grant program. They aimed to answer three key questions:

1. What are effective grantmaking strategies to build the capacity of clinics to use data and information technology?
2. Can investment in information systems enable clinics to strengthen their organizational capacity and operational efficiency?
3. Can investment in IT enable clinics to improve performance, compete in the marketplace more effectively, advance their social mission, contribute to public health knowledge in their community and improve patient health outcomes?

The staff wanted an evaluation process that would capture enough information about the clinics' "current reality" regarding technology capacity to create benchmarks and show change over time. They also wanted a flexible design that could feed the evolving learning needs of CCI staff and the Steering Committee of community clinic leaders as well as support iterative program refinement.

The Blueprint team used multiple research methods, including written surveys, case studies and semi-structured interviews with staff at grantee organizations. Blueprint adjusted research strategies to the changing priorities of an evolving grant program by designing work plans in six-month increments and providing findings via more frequent informal memos rather than waiting to sum up complete results in final reports.

The team developed an annual Information Management Assessment Survey administered during the first three years of the program. The survey included questions about the kinds of data the organization regularly collects, how it uses that data for administrative, business and clinical purposes, with which organizations the clinic exchanges data, and the capabilities of the current software and hardware.

The first-year survey provided an assessment of where the clinics were in regard to their technology capacity. The emerging information was one of the first field-wide comparative portraits for the community clinics.

The subsequent surveys became more sophisticated as the evaluators were able to start measuring change over time as well as the impact of that change on the organizations. The third-year survey also included questions for medical directors about how clinics used technology and managed data specifically for clinical purposes.

Blueprint and Tides both recommend developing as many feedback loops to the groups being evaluated as possible and separating out the evaluation from future funding needs.

Both made it clear to the clinics that the survey was not being used to evaluate individual clinics and that the responses were not tied to any decisions regarding future funding for the organization. The evaluators summarized the data and presented it back to Tides in summary form. It also was shared in “real-time” with the grantees. Moreover, the survey itself provided a learning experience for many grantees by showing them the range of data they might collect, how they might use that data to inform their business and clinical decision-making, and how their providers can use technology in new ways.

Case studies of six clinics were an important complementary strategy. They provided an in-depth look at how a representative sample of clinics had implemented and benefited from CCI funds; what roadblocks clinics encountered; and the process clinics used to change systems, attitudes and roles within their organizations. The case studies were particularly valuable for identifying the factors that facilitate and impede clinics’ ability to expand their information management capacity. CCI staff used this information to refine subsequent RFPs and design technical assistance and learning opportunities for grantees.

The Community Clinics Project also developed an online learning community—very valuable for the entire community. There are discussions about community clinics, daily headlines about health issues that affect community clinics, and best practices information. The information sharing was a positive outcome of the technology project and the evaluation’s intent to communicate in real-time

*It is critical to provide real-time feedback from the evaluation findings to the funders and grantees—so they are able to make immediate use of findings.*

across a field in a large state. Online communication was the key.

### **Lessons from the Evaluators**

1. Wherever possible, have the evaluation designed at the same time that the capacity-building intervention is being designed, so it can be integrated. This allows an integration of data collection with all the other reports that foundations request.
2. Coordinate deadlines for surveys with other foundation deadlines.
3. Foundations and management support organizations should collect the baseline data in their grant applications to save nonprofits from duplicative reporting when it comes to the evaluation.
4. Capacity building may be at the top on our radar screen, but service/mission of nonprofits is number one for them; this is an important truth to remember. Building in incentives for participation in the evaluation is important.
5. The value of an open partnership with the foundation is key. The more open a foundation is to learning about its own practice in funding capacity building, the more helpful an evaluator can be in providing meaningful information.
6. It is critical to provide real-time feedback from the evaluation findings to the funders and grantees—so they are able to make immediate use of findings where applicable to improve the program.

7. To use evaluators effectively, foundations have to see evaluators as partners in a continuous improvement loop (not just graders for a report card).

Guthrie adds that based upon this project and others it takes a three- to five-year process minimally to build capacity deeply. There will be few if any measurable results in the first year—both the capacity building and the evaluation need to be supported over the true arc of learning—not simply for a set, arbitrary time period (one year or three years) defined at the beginning of the project.

### Peer and Participatory Learning

Peer learning and participatory evaluation projects are important on several levels.

- Participatory projects are those that strongly involved nonprofit end users in determining outcomes for the project as well as in the planning and design of the evaluation.
- Evaluation is shared back to all the participants, leveraging broader learning across the participant community.
- Peer learning builds peer support for ongoing capacity building and evaluation, creating less reliance on “experts.”

Three models are illustrated here: the Learning Circles Project of Innovation Network and the Rochester Effectiveness Partnership, both of which bring together learners from various nonprofits serving a particular geographic community (Washington, D.C., and Rochester, N.Y., respectively); and the Success Measures Project, which is piloting its participatory evaluation model for community-based organizations with a focus on social change.

## Multi-Strategy Capacity Building

### LEARNING CIRCLES PROJECT

Capacity Builder: Innovation Network, Inc.

Evaluator: Dr. Margo Bailey, Public Administration, American University

Funded by: Fannie Mae Foundation, Eugene and Agnes E. Meyer Foundation

This project demonstrates the importance of coaching and peer learning and the need to customize capacity-building efforts based on assessment of the level of readiness for capacity building. These themes are articulated by Innovation Network (InnoNet) Founder and Executive Director Allison Fine in the paper “Echoes from the Field—Proven Capacity-Building Principles for Nonprofits.” The paper was based on substantial research done by InnoNet on behalf of The Environmental Support Center. The Learning Circles Project puts into action the principles of capacity building it has identified through experience.

The Learning Circles Project (LCP) works in one-year rounds with a cluster of nonprofit organizations in the D.C. metro area. The first round of the project began in 1999 with 10 organizations and has since worked with more than 40 nonprofits. Each year, InnoNet has conducted extensive evaluation activities to identify the aspects of the project that have worked well and to improve on those that have not.

The goals of LCP are to:

- Build the knowledge and skills of participants to continually assess organizational problems;
- Ensure that each organization receives a learning experience tailored to its own unique needs; and
- Build sustainable networks for peer-to-peer mentoring and information-sharing.

The Learning Circles Project Web site ([www.learningcirclesproject.org](http://www.learningcirclesproject.org)) provides substantial information on the project, including a description of the project—its mission and core values—as well as a list of participant organizations. Some anticipated outcomes include:

- Participants will build their capacity to learn and lead, in order to sustain excellence and their long-term organizational health;
- Participants will be better able to identify and address organizational challenges;
- Participants will engage in peer-to-peer mentoring and information-sharing networks will be created;
- A framework will emerge for identifying products and replication of this project in other regions with Fannie Mae Foundation support.

The components of the program include a combination of coaching, active learning workshops and information-sharing networks.

InnoNet designed an assessment tool to provide organizations with a snapshot of their strengths and weaknesses in specific areas. The assessment tool focused on the following characteristics:

- Strategic planning
- Board training and development
- Financial planning, management and accountability
- Communicating programs and outcomes to stakeholders

A written assessment based on the results of the assessment tool and a one-on-one visit to the organization was provided to each participating agency. A lead coach was assigned to each organization and worked with a mix of stakeholders to identify learning priorities based on the assessment and goals identified by the organization.

*The findings from the evaluation showed that a mix of assessment, peer-learning and consultative interventions leads to greater capacity for participating organizations.*

In addition to the on-site assistance, participatory capacity building was used to build the knowledge and skills of the organization's staff. This was accomplished by bringing the participants together for training in areas such as program planning,

fundraising, marketing and communications, and evaluation.

## Project Evaluation

The evaluation of the first year of the project included three stages:

- Process evaluation
- Diagnostic evaluation
- Impact evaluation

Three overarching questions were also identified at the beginning of the project:

1. To what extent did the Learning Circles Project help participants to build:
  - a. An understanding of what an organization needs to improve?
  - b. The ability to implement a strategic plan?
  - c. An understanding—and the skills—necessary for program planning, evaluation and fundraising?
2. What seemed to make a difference in whether or not organizations improved?
3. How well did the LCP transfer the skills, knowledge and capacity to do program planning and evaluation to participants of the training workshops?

The LCP evaluator then designed a collection methodology to gather data, focusing on:

- Impact—a questionnaire;
- Characteristics of effectiveness—pre- and post-test using a diagnostic (assessment) tool and observation; and
- Project evaluation—focus groups, interviews and records review.

The evaluator also used case studies to deepen understanding of the findings from quantitative and qualitative information.

## Findings from the Evaluation

The findings from the evaluation showed that a mix of assessment, peer-learning and consultative

interventions leads to greater capacity for participating organizations in knowledge gained.

In regard to the field, InnoNet states, “The past rounds of the LCP taught us that organizations at different developmental stages demonstrate different levels of readiness for capacity building and therefore require different levels and types of intervention . . . . The Learning Circles Project has been designed to provide information, tools and learning opportunities to a larger audience within the nonprofit community, while focusing the intensive coaching on a small cohort of agencies.”

### Lessons from the Evaluation Process

- The evaluation was incorporated into the design of the project from the beginning.
- Outcome measures are not enough to measure “capacity” or capacity-building programs; assessment and process evaluation need to be incorporated. The evaluation uses multiple approaches to match the multiple approach theory of the capacity-building intervention, building on the realization that “outcome measurement is not enough.” (Dr. Margo Bailey)
- The assessment tool is important for the organization and for the evaluation, but it does not stand alone. LCP used interviews with participants to deepen the information on readiness, life stage and context. This allowed each organization to prioritize where growth and learning was needed, not just march toward perfection on broadly defined characteristics of effectiveness and benchmarks.
- The nonprofit end users of evaluation should be informed (and, ideally, included) from the very beginning about the evaluation design, its intention and their roles.
- Evaluation takes time—as does capacity building. The first year of evaluation may not yield visible results.
- Be intentional about data gathering—there is a limit on the time you can ask participants to respond to the needs for data.
- It is important to collect information on continual improvement during the course of the project, not just at the end of the project.

- Use mid-course information to make changes to improve the intervention.
- Evaluation findings should be used to reflect upon and improve the capacity-building intervention in real time.
- Learning based in the data from the evaluation should be shared with the field to improve practice across the field.

### Community Co-Learning

#### THE ROCHESTER EFFECTIVENESS PARTNERSHIP

Capacity Builder: Anita Baker Consulting for Rochester Effectiveness Partnership

Evaluator: Kim Sabo

Funded by: Partnering grantmakers including Bruner Foundation, City of Rochester, Monroe County, United Way of Greater Rochester

The Rochester Effectiveness Partnership is a collaborative partnership that provides an in-depth training and hands-on experience in participatory evaluation for nonprofit practitioners and funders.

This project is notable for several reasons:

- It was designed as a community co-learning project geared toward building capacity for funders and nonprofits.
- It is a capacity-building project where funders, nonprofits, consultants and, later, the third-party evaluator worked together to design, oversee, reflect upon and change the program as needed.
- It was founded on the belief that participatory evaluation is a practical management tool that can help organizations evaluate and make decisions about their programs based on meaningful information.
- It has succeeded in building capacity—and this success has been documented.

### The Project in Brief

The Rochester Effectiveness Partnership (REP) began in 1996 and continues today. The Bruner Foundation, a small family foundation with more

than a 25-year history with evaluation, had a strong interest in working collaboratively with other funders and nonprofits to effect larger change in the Rochester community. The foundation co-convened a funder summit with the Rochester Grantmakers Forum in 1996 to address the rising angst among nonprofits regarding outcome measurement. REP was born shortly thereafter.

The process of convening stakeholder partners before taking action was critical and set the tone for the project. Beth Bruner of the Bruner Foundation suggests that bringing good thinkers together to think through the larger “macro” questions and plan the details is important—not only for participatory projects, but for all complex capacity-building interventions. Initial convening also lays the groundwork for assessing where people are and where they want to go—the beginning of defining the evaluation framework for the project. Bruner feels it is critical for foundation staff to understand evaluation before asking the nonprofits to do this work. Philanthropists have to grapple with the limitations of their own knowledge base, and more importantly educate themselves and partner more broadly to fill information gaps and test assumptions. More equity in the power structure between funders and grantees is important to generating mutual goals based on shared missions of community well being. This builds an approach that focuses outward on the community and its needs, then culls information from all sectors of the community to shape programs to address the need.

### How the Project Works

**The funding:** REP is administered by the Rochester Grantmakers Forum and funded by a number of diverse local partners, including the City of Rochester, Monroe County, the United Way of Greater Rochester, and local foundations and businesses.

**The structure:** The governance team consists of both nonprofits and funders—and is designed to be a peer group. It meets regularly to make management decisions and to discuss areas of common and community concern.

**The program:** REP worked with Anita Baker of Anita Baker Consulting to design 32 hours of classroom training. It also coached evaluation projects on topics such as domestic violence, prevention of school violence and the like. In addition, REP brings together alumni who choose to continue the exchange.

*It is critical for foundation staff to understand evaluation before asking the nonprofits to do this work.*

**The Evaluation:** Kim Sabo of Innovation Network, Inc. was the external REP evaluator. Baker reports that “evaluation was incorporated from the beginning. The original class of trainees wrote the logic model for all of REP; all of the trainees filled out assessment forms. At the end of the first year of the project they conducted cross-partner interviews—formatted so that different types of partners responded to both a standard set of questions and separate questions pertaining to their role as learner, as nonprofit or grantmaker. Participants were ‘scrambled’ so that different people did the interviews.”

The internal evaluation process pulled together all the information from direct reports, plus cross-partner interviews and observation data and sent it to the governance group. They also shared their feedback with other evaluation professionals and thinkers such as Heather Weiss, Ricardo Millet and Michael Quinn Patton, who provided overarching feedback about the project and its results.

Several years into the project, the governance committee decided to push evaluation one step further and brought in an outside evaluator (Sabo). They were seeking to bring in new perspective and look at whether practices were being institutionalized and the project was having an impact on organizational effectiveness. Along with data review, continuation of focus groups and cross-partner interviews, the evaluator also conducted one-on-one interviews to begin to look for “ripple” effect. The process of the outside evaluation helped stake-



holders to clarify what they meant by effectiveness and impact.

She found that the capacity to do evaluation was being built in three ways:

- In nearly all nonprofits, the staff participant had built the improved capacity into the organizational department or team they represented;
- In some, but not all nonprofits, the participant was successful at creating a “ripple” effect where the learnings were becoming widespread in the organization. For instance, several nonprofits were pushing the evaluation practice they learned through REP system-wide;
- For several nonprofits, the learning was becoming institutionalized, and this was indicated by the agencies incorporating the evaluation into job descriptions, job performance appraisal and overall organizational planning.

Sabo views both capacity building and evaluation as long-term processes and investments—often taking more than three years to bring people to a point where skills are being institutionalized. She says the REP project accomplished the institutionalization of evaluation as an ongoing practice more quickly than any other capacity-building project she had reviewed.

*Convening stakeholders is critical to shape both the capacity-building project and its evaluation.*

“Other projects lack capacity and buy-in. The CEOs go to training, and learning is not necessarily rippled throughout the organization. With REP, the organizations have to commit to allow staff relief time to attend, and there is intensive training upfront; it is practical and hands-on training that is immediately applied to their own organizations. They [the participants] start doing evaluation activities that require them to begin by sifting through existing materials in their agencies. By the end of 18 months, they have completed an evaluation, including writing a report.”

## Lessons Learned

- Convening stakeholders is critical to shape both the capacity-building project and its evaluation.
- It takes a certain type of agency to commit to a program like REP. The leadership has to be ready to learn and must care about building its capacity.
- Evaluation as a capacity-building tool is a good point of entry for building other types of capacity in an organization.
- Funders’ co-learning is essential so that they hold, for themselves and others, an understanding of what evaluation is, the limitations of evaluation, and the issues surrounding what they might ask from a nonprofit.

For instance, a local funder asked an agency providing information and referral to more than 20,000 people per year to sample 10 percent—or 2,000 callers—by telephone interview as a way of measuring client satisfaction.

This was an enormous burden—not to mention a full-time job for the organization—to do follow-up calls testing for client satisfaction. It turns out that a more limited sample of 250 provided valid information that benefited both the funder and the nonprofit as they went through REP. The nonprofit was more easily able to survey 250 callers randomly, and the foundation received the information it needed.

Baker also found that smaller agencies institutionalized evaluation practice more quickly than larger agencies. Larger agencies were encouraged to come back for another round of REP and send another representative or team from another part of the agency.

Finally, the evaluation found that its participatory learning programs are effective. REP gave line staff skills and learning that was then incorporated within organizations. While the level of institutionalization differed from agency to agency, there is a larger community of nonprofits and funders who now value evaluation as another component of nonprofit effectiveness.

## Learning from a Field-Wide Model

### THE SUCCESS MEASURES PROJECT

**Intermediaries: Development Leadership Network (DLN) in partnership with McAuley Institute**

**Evaluators: Local community-based organizations focused on social change activities, with coaching from Success Measures Project staff**

The Success Measures Project (SMP) is sponsored by the Development Leadership Network (DLN) in partnership with McAuley Institute. DLN's main purpose is to help its members working in the community development arena who are dedicated to moving the field toward practices that dismantle racism, empower community residents, build locally controlled institutions, and nurture and develop the capacity of individuals. SMP is a project designed to a) engage these members and the communities they serve in self-defining what constitutes success and b) support the members in measuring progress toward success.

SMP's stated goals are to:

1. Increase the capacity of community-based organizations and the residents they serve to better analyze the impact of their work;
2. Generate new and better information that contributes to more effective local and national community development organizations and programs;
3. Demonstrate the value and impact of community development to a broad range of audiences, including the general public; and
4. Shift power dynamics in the community development field by making evaluation and research something that local organizations control and use effectively, and by increasing the voice of practitioners and the residents they serve in determining priorities and how to measure them.

Their approach is to:

- Involve stakeholders,
- Articulate a “benefits picture,”
- Choose indicators to measure progress,
- Decide on data collection tools,

- Collect information and analyze results, and
- Report and use knowledge gained.

The following set of assumptions informs SMP's measurement practice:

- Programs are too often driven by resources, not by community needs and priorities.
- We need ways to evaluate progress based on our values.
- Practitioners are capable of being doers and thinkers.
- We need better ways to inform the larger world about the impact of our work.
- If people working closest to the ground don't establish measures, others will do it for us.

In 2000 the Success Measures Project identified seven to eight groups in diverse parts of the country, such as West Virginia, Michigan, California and Missouri, that were willing to engage its participatory methodology.

After identifying partners, SMP coordinated a meeting with each site, the goal of which was to create a “Benefits Picture.”

### The Benefits Picture

The Benefits Picture starts with a question about what success would look like within a three-year time frame. A stakeholder group outlines outcomes that are truly meaningful to them, to the organization and to the residents/community it serves. The Benefits Picture asks participants to go beyond the typical indicators—such as how many housing units were created at what cost, how many jobs were generated and so forth—and to get at the deeper outcomes and values that underlie housing production or job creation.

Questions that helped to frame an overview of why measuring success is important included: What matters most to us? What are the most important outcomes? What are the challenges to different neighborhoods? How well are we garnering resources to do our work? Is it possible to do cost-benefit analysis across different regions? What are

the challenges to documenting our success?

## Creating Indicators

The Benefits Picture was then translated into a set of indicators. This was done by breaking the Benefits Picture outcomes into particular areas: housing program benefits; economic development benefits; and community building initiative benefits. These were sent to groups across the country specializing in a particular area, which then generated indicators for each area of benefits. The initial list was an unwieldy 112 indicators that were later (with the help of an academic) reduced to 44 indicators.

SMP was also able to convene groups nationally to share the work, get feedback and continue building the culture for and desire to measure.

## Creating Tools

The staff of SMP then created a variety of tools for gathering data. Based on the culture of the organization and desired data, users can choose surveys, focus groups, interviews and/or other tested data collection methods to garner information. The technical assistance provided by SMP or local evaluators help guide the process. The tools have been captured in the *Success Measures Guidebook*.

## Field Testing

SMP initially proposed a six-month field-testing period. It is now more than two years later and the first results are being submitted from the field. One of the “delays”<sup>8</sup> was the discovery that local coaching was going to be needed to help people with the more technical parts of their measurement plan—validating a survey and/or helping create a usable database for crunching data.

It was difficult for SMP to find consultants at the local level who had the technical skills and also were interested in working with groups in a participatory manner. This echoes other findings in this report indicating there basically are not enough consultants

at the community level around the country who understand evaluation and can coach organizations that are willing to take on measuring their overall or their program’s effectiveness. The United Ways resolved this issue in different ways—some bringing in experts, but others going to the expense and time of providing “training of trainers” to ensure availability of enough consultants.

*It was difficult for SMP to find consultants at the local level who had the technical skills and also were interested in working with groups in a participatory manner.*

As SMP awaits the end of the field-testing, its staff offered several observations based on their experience and upon a survey they conducted of more than 400 organizations in 2001:

- The process is organic; field-testing will alter tools, and communities may change indicators based upon their first round of data gathering.
- Peer sharing of lessons learned is critical to improving everyone’s skills and is integrated into the plan; also, sharing results across sites may lead to some data that will influence the field as a whole.
- The model is not exclusive of other outcome measurement model systems; it is simpler in that it does not rely on developing a logic model that has been a barrier for some people/groups.
- The process will take longer than expected.
- This particular model was easier for groups learning evaluation for the first time and somewhat more difficult for groups who already practice some level of evaluation and had to re-think making evaluation participatory.
- Organizational buy-in (not just one person) is critical to the process, and particularly to institutional learning, which leads to a shift in organizational culture around the idea of measurement and what constitutes success.
- Evaluation *is* capacity building.

Additional findings from a survey SMP conducted in 2001 of 453 community development organizations (see Appendix B) led to SMP findings on these characteristics of successful evaluations:

- Staff and constituents determine desired outcome indicators and measurement standards.
- Evaluation goals and standards of success are identified by the organization.
- Evaluation is not tied to funding decisions, so the organization can learn from mistakes.
- Evaluation results can be readily incorporated into organizational planning.
- Evaluator is familiar with the organization's work and culture.

These findings on the characteristics of successful evaluations resonate with the findings from the research for this report. The first three findings have not been widely put into practice and are echoed as recommendations in this report.

## **CAPACITY BUILDERS LOOK AT THEIR OWN EFFECTIVENESS**

**Described below are the efforts of philanthropic organizations to “walk their talk” and look at their own effectiveness while asking the same of their grantees and clients. One management support organization, Community Resources Exchange, is designing a longitudinal study to better understand the impact of its developmental approach to capacity building.**



### **Walking the Talk HAWAII COMMUNITY FOUNDATION**

Capacity Builder/Grantmaker: The Hawaii Community Foundation  
Evaluator: Renee A. Berger of Teamworks

In 2001 the Hawaii Community Foundation (HCF) launched an organizational effectiveness grant-making program where nonprofits can apply for technical assistance grants to improve their capacity (in traditional areas such as fundraising, governance,

planning and so forth). Under the leadership of Kelvin Taketa, HCF has taken the approach that the foundation must “walk their talk” by internalizing becoming more “effective.” HCF in recent years has been an inward looking foundation—but Taketa is moving the foundation toward becoming a learning organization—by taking stock of what it has learned in its past and turning outward to engage in dialogue with the nonprofits it serves. As Chris van Bergeijk, director of programs said, “It makes no sense to preach organizational effectiveness when we are not walking the talk ourselves. We ourselves are in practice regarding learning to listen better and most importantly, process knowledge and share it better.”

The foundation is pushing information, knowledge and communication to the forefront as indicators of its own capacity. Hence, HCF is listening more to grantees and learning to close the information loop (What did we learn from grants we made a year ago? What do we distill and communicate back to the broader community so that we are all learning together?). HCF's own capacity to learn and be effective underscores its “theory of change” for the overall organizational effectiveness grant program.

Van Bergeijk has been working to design and implement the organizational effectiveness (capacity building) program and ensure that it is well evaluated. She spent time in the beginning speaking with many people in the funding and nonprofit communities who had thought deeply about capacity building. Strategies began to emerge—and one of them was to engage an evaluator who would not simply evaluate and produce a report, but who would help to institutionalize evaluation practice at the foundation.

She engaged Renee A. Berger of Teamworks, who is well matched to HCF in that she also believes that in the ideal world, foundations would ask questions about their own core work and methods before asking the same of consultants, management support organizations and nonprofits.

The HCF grantmaking program was recently launched and involves making grants to nonprofits for support in board development, strategic planning, fund development—all the classic areas of

capacity building. It also involves building the strengths of a small pool of local consultants using the Institute of Nonprofit Consulting from CompassPoint.

As planned, when HCF implemented its grant program it also focused on strengthening its own internal effectiveness and on developing a culture of learning. The evaluation planning is well underway. Berger believes it is essential to use both qualitative and quantitative approaches when evaluating capacity-building efforts. She emphasizes that good evaluation starts with stating the “theory of change” at hand. A good evaluator works hard to understand the contextual issues of the capacity-building project, advises the client on the core questions to guide the evaluation and suggests the methodology for getting at the most meaningful information.

In the case of HCF, Berger helped van Bergeijk articulate the theory of change for the evaluation of the capacity-building program. Together they planned a complementary process to foster internal learning for the HCF staff. As part of walking the talk of the capacity-building program, HCF took its own internal steps by having each of its program officers describe their grant program’s history and capture a baseline of organizational learning. They were asked to:

- State the goals of the program area of funding;
- Describe the theory of change;
- Describe the actual grants;
- Identify whether evaluations were done;
- Identify the lessons learned; and
- Identify if and how lessons were shared.

*The challenge for this evaluation is to not only capture “traditional” information through assessment, data collection and follow-up, but also to stand back and articulate the core competencies involved in creating a culture of learning and open communication.*

This work is the beginning of creating a discipline among foundation staff of planning, implementing, learning, sharing learning, getting feedback and making program improvements. These improvements will be shared with the community, and the community will help shape future program design at the foundation through ongoing communication.

For the grantees, HCF has designed a baseline assessment that the organizational effectiveness grantees fill out. They borrowed from a prominent organizational effectiveness assessment tool, but they spent time customizing questions, re-scaling and hiring a research company to input the data and create the baseline. Organizations will be “post” surveyed to establish gains made. Overarching critical questions have been established, and part of the evaluation process will include site visits by Berger both before and after the intervention. The building of the consultants’ capacity will also be reviewed as the project evolves further.

The challenge for this evaluation is to not only capture “traditional” information through assessment, data collection and follow-up, but also to stand back and articulate the core competencies involved in creating a culture of learning and open communication—with grantees and within the foundation as well.

### **In-House Evaluation of Consulting COMMUNITY RESOURCE EXCHANGE**

Capacity Builder: Community Resource Exchange (CRE)  
Evaluators: CRE staff in partnership with Dr. Barbara Blumenthal

One capacity builder that has challenged itself to understand the longer-term impact of its interventions on nonprofit effectiveness is the Community Resource Exchange (CRE) of New York City. CRE has been providing capacity-building assistance to New York City community-based organizations for more than 22 years. With a budget of more than \$3 million, CRE is one of the largest management assistance providers in New York City.

After two decades of working with a range of nonprofits on a broad spectrum of management issues and using one-to-one methodology characterized as “developmental consulting,” CRE plans to examine how its approach builds organizational capabilities and improves performance, for whom it can be most effective, and under what circumstances. CRE plans to use the information to further its mission of delivering quality service to indigenous community-based organizations in an urban environment and to inform the thinking of funders and other practitioners within the field of capacity building.

*The central challenge for consultants then becomes, not a correct diagnosis and sound recommendations, but improving client readiness to tackle difficult issues.*

CRE acknowledges its own growth and capacity as a cornerstone of its move toward evaluating its own effectiveness. In 1999 CRE received a \$3.6 million grant from the U.S. Office of Minority Health to implement a collaboration called The Capacity Project to provide technical assistance to community-based organizations serving communities of color to encourage the development of HIV prevention programs. Attached to the project funding was an evaluation component (described later) that paved the way for pursuing further evaluation within CRE. During the past year, CRE went through a strategic planning initiative that yielded a blueprint for the future, including the establishment of a research and evaluation (R&E) function within the organization to assess its own work and to use the data collected for continuous improvement. CRE’s commitment to R&E represents a critical step of moving away from funder requested evaluation and toward self-initiated evaluation. This, in turn, has enabled the organization to identify its own core questions to be answered and to design a study that will measure what it values and yield findings that are immediately relevant to practice improvement. This vision alone places CRE on the cutting edge of evaluation of capacity building.

To develop the evaluation design, processes and tools, CRE has established a partnership with Dr. Barbara Blumenthal, an independent researcher, management consultant and visiting professor at the Woodrow Wilson School at Princeton University. Both CRE and Blumenthal speak to the importance of their shared interest in the “developmental approach” of on-site consulting as described in detail in Blumenthal’s paper “How Can We Help? A Comparison of Capacity Building Programs.” She writes:

The developmental approach is based on several beliefs: first, that limited projects are often unsuccessful, either because solutions are never implemented or they don’t address important underlying issues. A second belief is that poor performance in nonprofits is often caused by cultural conflicts, political conflicts and organizational issues such as management style and weak problem solving. A third belief is that significant improvement is only possible if the nonprofit managers are ready to address underlying issues. The central challenge for consultants then becomes, not a correct diagnosis and sound recommendations, but improving client readiness to tackle difficult issues.

By contrast, a focused approach to capacity building refers to targeted work on improving a capability such as fundraising or financial management. This approach can lead to quickly improving functioning within the particular competency but does not get at root causes of organizational effectiveness. “A sudden cash flow crisis, for example, can stem from any number of internal issues: a political dispute that makes it impossible to set a clear direction or respond to changing conditions; a lack of candor within the top management team; or failure to regularly review financial measures against targets. Installing a better financial management system will not address these issues and the organization is likely to face one crisis after another unless the underlying issues are resolved.”

CRE and Blumenthal have devised a system for conducting empirical research that provides evidence on many levels of the effectiveness of their

shared theory of change—the “developmental approach.” They plan to collect and analyze survey data from both client organizations and the CRE consulting staff at set intervals of time: before work begins, within weeks of a consulting project’s completion and two years after completion. Data will be collected on 150 to 200 client organizations per year, with the goal of compiling complete data sets for 500 organizations within a five-year period. Data collected include indicators of organizational performance; a full assessment of organizational capabilities, including indicators of leadership, culture and infrastructure; and environmental factors that may affect the organization and the technical assistance relationship. The goal is to collect data that are critical to understanding not only the effectiveness of intervention, but the effectiveness of the organization as well.

Areas of inquiry that this study will inform include:

### Consulting Impact

- Do consulting interventions change organizational capabilities over time? Which interventions have the greatest impact?
- Changes in which capabilities lead to improved performance?
- What situational factors, such as client readiness or consulting approach, are related to significant changes in capabilities?
- When do successful short-term projects lead to long-term change in capabilities and performance? When do they not?

### Profile of High-Performing Nonprofits

- What characteristics distinguish high and low performance?
- What are the characteristics and other factors that explain high performance? Low performance?
- Which situational factors, such as type of organization, its history or condition, are correlated with high performance?

### Improvement Process

- What situational factors explain organizations that achieve significant improvement?
- What presenting issues or types of projects lead to

significant improvement?

- What barriers to implementation explain the lack of progress?

### Patterns of Development

- Are there patterns in the development of capabilities over time?
- Is this relative to the size, type or age of the organization?

The study will afford CRE the opportunity to examine its assumptions about the characteristics of good on-site consulting including the competence of the provider, the ability to develop trust and communicate with candor, client-readiness factors, clarity of expectations of the consulting process, design of the intervention, and so forth.

There have been very few (if any) empirical studies of this type or scope done to date by a capacity-building organization or management support organization. Although the process has only just begun (first data was collected late fall of 2002), the results of this work will add critical knowledge to the field.

Capturing the process by which CRE garnered the resources and partners to actualize a longitudinal study of this scope and effectiveness will provide an important early formative lesson. The ability to do this takes *capacity* on the part of the management assistance program to be ready for evaluation and to develop a partnership with a researcher who can bring learning and experience to bear on the project and its needs.

CRE represents an organization that meets a “readiness to evaluate” threshold in its deepest sense: in terms of its leadership, its vision, its relationship with both nonprofit and funding partners, its ability to define its theory of intervention or change, and its ability to commit its own resources to the endeavor. Helpful to the community will not only be the empirical findings of CRE’s evaluation of its work, but also the “story” about its own capacity and commitment to take on this level of evaluation.

## Assessing Investment in Social Change SOCIAL VENTURE PARTNERS

Grantmaker/Capacity Builder: Social  
Venture Partners

Evaluator: Kendall Guthrie,  
Blueprint Research and Design

Social Venture Partners (SVP) is one of the pioneers in practicing venture philanthropy or “engaged” philanthropy. Engaged philanthropists see themselves as applying some of the funding strategies of high-end venture capitalists to their work with nonprofits in their community. They provide not only financial resources but also management and technical support. This support is focused on enabling nonprofits to build greater organizational capacity and infrastructure through long-term, engaged relationships with those in whom an investment is made. SVP makes investments of funding and time via management support in Seattle-area nonprofits focused on working in the environment, in education and with children. Investments are annual and renewable, typically allowing SVP to work with organizations from three to five years.

SVP is currently planning an extensive evaluation of its own effectiveness in grantmaking and capacity building (by matching experts with nonprofit organizations). The evaluation was field-tested over the summer of 2002.

SVP works with lead evaluator Kendall Guthrie of Blueprint Research and Design. Methods will include an organizational capacity assessment of the “investees” (funded nonprofits) with year-one and year-two comparison points; review of SVP archival material; structured interviews with SVP partners; and structured interviews with SVP investees, including some of these questions:

- How effective is SVP at building the organizational capacity of its investees?
- How do investees compare their relationship with SVP to their relationship with other funders?
- Are investees receiving volunteer skills they couldn’t access through other means?
- Would investees prefer to have the money

without having to incorporate volunteers and SVP paperwork?

Other research methods and strategies include: analysis of other matching systems, interviews with other types of individual donors to compare SVP donor experience, networking, volunteering, philanthropic experience and practice evolution with other types of donors; interviews with staff at the Seattle Community Foundation to compare strategies and get an outside opinion of strengths, weaknesses and impact of SVP.

*It is not only the nonprofit’s outcomes that are under the microscope, but it should be the funder’s as well.*

SVP has an ambitious plan that could not be replicated by a small management support organization or other type of nonprofit seeking to understand its own effectiveness. However, the principles of planning the evaluation, asking the right (and daring) questions, and sharing with an eye to improving the field of practice all are ones that can be followed. Other important principles:

- Transparency: SVP is committed to sharing the results of its work with the field—to further learning about what works or doesn’t work in capacity building and what works in funding of capacity building.
- Timely and planned: SVP thought through the steps of the evaluation deeply and immediately brought in the evaluator and other partners to help them do this.
- Theory of change: SVP has established a theory of change with visual logic models to define what it is evaluating. The SVP “Theory of Change for Organizational Capacity Building” is described as: *Organizing SVP partners to provide nonprofits with a coordinated package of money and business expertise over five years strengthens the organizational capacity of investees, which leads to more efficient and more effective delivery of social change services.*
- There are central questions about SVP’s overall effectiveness—versus only looking at particular



activities (again without these types of overarching questions, lessons for the field are diminished).

- Multiple evaluation methods are used to match the complexity of measuring effectiveness.
- SVP is sensitive to not asking nonprofits to over-report.
- SVP will put the evaluation results to use both for itself and for others by sharing its findings.

Paul Shoemaker of SVP and Melinda Tuan of the Roberts Enterprise Development Fund (REDF) wrote in a paper (“Adventures in Venture Philanthropy: What Works and What Doesn’t”) these thoughts about evaluation:

**“Measuring Means and Ends.** Like all funders, we know nonprofit outcomes are not as black and white as earning per share.... SVP has chosen to measure two areas,” the means and the ends. Infrastructure, capacity and sustainability—these are the means through which a nonprofit executes its mission. The ends are the ultimate behavioral, academic, social outcomes being achieved by the nonprofit’s clients.

**“Accountability vs. Program Quality.** What is the primary purpose of a nonprofit’s measuring of outcomes. Is it to report to a funder (which is a valid purpose)? Or is it to create a critical tool for a nonprofit to evaluate its own program quality.... It’s a subtle difference, but the latter approach represents a key part of helping [build] the capacity of a nonprofit organization.

**“Self-Examination.** It is not only the nonprofit’s outcomes that are under the microscope, but it should be the funder’s as well.... The venture philanthropy funder must constantly look inward and hold itself accountable to its investees and to the community. That means an ongoing self-analysis and search for how to get better and better.”<sup>9</sup>

SVP is pushing itself to understand its role in helping nonprofits become more effective and to test its theory of change regarding a long-term financial investment coupled with capacity-building assistance. The results of its evaluation are something to which we can look forward.

## Analyzing One Subsector

### WHAT THE FIELD OF COMMUNITY DEVELOPMENT CAN TEACH US

Capacity Building in Community Development Corporations (CDCs): A Model for Identifying Outcomes and Benefits <sup>10</sup>

This section takes a closer look at the world of capacity building and evaluation in community development corporations (CDCs). This field has a number of national supporting organizations that help local, regional and statewide CDCs with a variety of nonprofit capacity building areas as well as with technical support regarding housing development and economic development. Considering the depth of experience—especially in ways to include end users in planning and evaluation, and practices for sharing information across the field—organizations in community development have much to share that could benefit others in the nonprofit arena.

In reviewing the literature on CDC capacity-building efforts, issues that consistently emerge include:

- The importance of community development partnerships (CDPs)—important partners whose primary purpose should include strengthening CDC capacity as a basis for increasing the production of affordable housing, as well as providing financing and other technical assistance.
- The promotion of “best practices” in the industry as the vehicle and standard for improving performance across CDC’s of varying sizes and maturity.
- Recognition that CDCs grow in their effectiveness by learning from their experiences and that of their peers, through learning collaboratives, and in their direct participation in the design, implementation and evaluation of the technical support provided to them.
- Recognition that CDCs grow in housing production far faster than they do in the capacity to produce and manage the housing.
- The employment of the concept of an “organizational life cycle,” linking technical assistance to an

identified life cycle stage of CDCs and their consequent needs.

- Growing recognition that CDCs vary greatly in shape, size and age, as do their capacities and need for different forms of support based on their experiences and communities. Hence, “one size fits all” will not work as a capacity-building strategy in this industry.
- The need for long-term, trusting, collaborative relationships between CDCs, their funders and those who provide their technical assistance for assessments, training or evaluation.
- The technical assistance provided must be timely, context-based, stakeholder-driven and focused on outcomes.
- There is a need for better performance standards, benchmarks and measurement systems, including a framework of core competencies for the industry.

A strong network of alliances and supporting organizations, such as the Local Initiative Support Center, the Development Leadership Network and others, has enabled the community development field to identify the above factors in capacity building and its measurement. Delving into the work also has helped them raise critical questions.

Nancy Nye, a highly respected and well established evaluator in this field, says evaluation of capacity in community development must take into account the need to understand the relationship of three concepts—capacity, effectiveness and impact—in a field where myriad external variables overshadow what an organization can control to ensure success. CDCs deal with systemic, structural problems in the economies of cities—external variables upon which they have little control. And their funding is short-term, performance-based, and demands measurable results.

Nye also points out the complexity of evaluating capacity for CDCs: What is being evaluated—the funder’s capacity-building program and its effectiveness in bringing technical assistance to the group of CDCs; the effectiveness of the intermediary’s technical assistance in building capacity in the individual CDC; or the increased capacity of the individual organization itself or the neighborhood itself? And to what end?

Nye, who evaluated the Corporation for Supportive Housing Capacity Building Program for Supportive Housing Projects, found that it is nearly impossible to actually evaluate the questions at all the levels—particularly within the funding timeline for the project—say, at the end of three years. True outcomes need a longer timeline, and evaluators may want to go back at a five- or seven-year point to see if intended outcomes were reached.

Short of this, Nye has found that evaluation *can be most valuable as a mid-course correction; stakeholders are most interested in knowing how they are doing in the course of the program, not after it is concluded. That is, evaluations are more valuable in shaping mid-course corrections than in demonstrating impact, since the majority of these types of evaluations are of projects too small to have scientific grounding to demonstrate impact results.*

## Capacity Building with CDCs

### LOCAL INITIATIVES SUPPORT CORPORATION

Local Initiatives Support Corporation (LISC) is on the path to creating a capacity-building program steeped in ongoing “assessment” and using the assessment as a way to both identify next steps and measure progress. It is practical and done in real time with multiple partners, including the CDC (end-user of capacity-building intervention), LISC and investing partners.

For LISC, capacity building with CDCs is primarily an in-house operation. LISC provides an infrastructure of support for the work of CDCs through its network of program directors at its 43 sites across the country. The program directors maintain an extremely strong relationship with their CDCs and serve multiple roles, one part funder, three parts consulting, and one part therapist. The program directors are the “choreographers of resource applications” to their CDCs based on their intimate knowledge of these organizations. They help to manage the assessment process to determine need, provide ongoing counsel and technical assistance in the implementation phase, collaborate on outcomes-based evaluation, and also function as a con

duit through which additional resources flow to the CDCs.

“Staying ahead of the curve and real-time change” are two important operating principles for LISC’s capacity-building effort. Staying ahead of the curve starts with identifying where the CDC is on a developmental continuum through assessment.

“The single most important resource in any organizational change process is the energy and commitment of the organization’s leadership,” notes Maria Gutierrez of LISC. “We treat their time and energy as a precious and limited commodity.” The assessment provides a structure for helping the CDC mobilize itself to articulate where it needs to be and achieve clear and quantifiable targets to get there.

LISC’s assessment tool is called CAP MAP (short for capacity mapping). Capacity mapping is an asset-based approach that locates an organization in its current stage of development, to help determine the organization’s direction and the resources needed. It outlines progressive stages of competency and describes what most organizations at the varying stages of development are able to produce and act on. The individual organization determines what stage of competency it wants to achieve in order to produce the results it wants (outcomes). Once an organization clearly understands where it is (operational baseline that identifies its stage of development), and where it wants to be (envisions the results it wants), CAP MAP can help point the way to where it needs to go next, and outline the critical gates that an organization should be passing through as its capacity continues to grow (indicators of success for the capacity-building effort).

*CDC leaders cannot be passive informants in this process. They must be fully engaged as full participants in both the diagnostic and implementation phases of the process.*

LISC then provides or helps to identify enablers of technical and organizational assistance to help the CDC through the critical gates. Gutierrez says of

this process, “CDC leaders cannot be passive informants in this process. They must be fully engaged as full participants in both the diagnostic and implementation phases of the process. A ‘one size fits all’ approach to capacity building will not fly in this industry. There are too many variables within these organizations and their communities for this approach to work.”

*Capacity builders who are expert in a particular issue area or field—as well as the organizational growth dynamics critical to capacity within the field—can contribute significantly to the nonprofit capacity, success and impact at the local level.*

Critical to the approach is that LISC serves as a convener of stakeholders in an ongoing loop of assessment (learning), capacity building and evaluation/assessment. LISC does this through the development of local operating support collaboratives (OSCs). The OSCs are a collection of various programs, external experts and funders working in collaboration with CDCs. Specifically, they collaborate to focus long-term financial and technical assistance on increasing production while simultaneously expanding organizational capacity. Strengthening all of these relationships in the hope of building ever greater durability among CDCs means the continuous expansion of the circle of mutual learning and consultation that is structured between CDCs and their partners.

LISC is currently creating infrastructure to capture local learning at the national level and share it. It sponsors an annual Durable CDC Conference where clusters of CDCs and their partners and investors come together to ask questions, compare experiences, distill learning, and identify issues that warrant further study in building their capacities. The conferences are predicated on an honest dialogue and confidentiality that defines the working relationship that LISC has established with these CDCs.

Finally, the Organizational Development Initiative of LISC is initiating a major project to gather and ana-

lyze CAP MAP results from hundreds of CDCs across the country to identify trends in CDC capacity and organizational growth.

LISC and the broader CDC field provide a model for other nonprofit fields through the following:

- Capacity building is grounded in assessment.
- Stakeholders (nonprofits, local LISC, investors and funders) are involved in the assessment, the capacity-building design and the measurement of outcomes.
- Outcomes are established both locally and by national trends (learning increases through networked information across the country). Learning is captured nationally so that the learning curve moves faster for local networks of CDCs and individual CDCs.
- National or regional capacity builders are attached to a particular field of nonprofits. That is, capacity builders who are expert in a particular issue area or field—as well as the organizational growth dynamics critical to capacity within the field—can contribute significantly to nonprofit capacity, success and impact at the local level.

### Drawing from Another Subsector

#### WHAT THE ARTS TEACH US: EVALUATING CAPACITY BUILDING IN THE ARTS

Funders have long recognized both the value of arts programs to the health of their communities and the fragile nature of the nonprofit organizations that create, present, interpret and support the arts. Since the mid-1960s grantmakers have been implementing programs designed to sustain arts organizations and evolving program design and practices based on their learning. Through the years, funders used both formal and informal evaluation to assess the effectiveness of their programs. The results of their successful and sometimes less successful evaluation efforts provide a historic perspective and learning that are presented in this report to inform discussions about evaluation as it applies to other disciplines.

### History of Arts Capacity-Building Programs

Initially “stabilization” programs focused on building financial assets by infusing organizations with added funds. The Ford Foundation’s Symphony Orchestra’s Stabilization Program provided \$80 million over 10 years primarily for endowments. At the same time, the National Endowment for the Arts, foundations, and state and local arts agencies began providing operating and other financial support. By the mid-1970s, they found that some organizations that had been in stabilization programs continued to have financial difficulty.

In *Rethinking Stabilization*, a 1996 study that explored the stabilization experience, researchers from Strategic Grantmakers Services reported that, once the funders realized that an infusion of funds alone did not sustain the organizations, they began to develop approaches that linked assets and management. From the mid-1970s through the early 1980s, stabilization programs focused on aligning an organization’s financial base and its ability to manage funds with “long-range mission, goals, program, governance and management.” These programs, especially at the national level, were focused primarily on large organizations.

Through the 1980s and early 1990s, the number and variety of arts organizations grew dramatically. The number of organizations grew faster than the funds available to sustain them, and when financial crises affected government and corporate funders, arts programs were often targeted for cuts. In response, programs to promote sustainability evolved to focus on capacity building so that the organizations could adapt successfully to changing circumstances.

Arts capacity-building programs today operate primarily at the local level. They use a wide variety of approaches that often involve an assessment of the organization’s key needs and a flexible program or project that responds to those needs. Financial support, technical assistance and training remain the core strategies, but programs are flexible and work holistically on organizational issues.

## Evaluating Arts Capacity-Building Programs

**Evaluation Research Project.** Although funders had spent millions of dollars on arts stabilization and capacity-building programs, Strategic Grantmakers Services, in *Rethinking Stabilization* found “few efforts to measure effectiveness, use evaluation to improve and refine stabilization services, or document and understand better the long-term impact of stabilization grantmaking on arts organizations and grantmakers.” As a result, the Ford Foundation in 1997 selected National Arts Stabilization (NAS) to undertake a multi-year evaluation research project that would develop and test a methodology to measure the impact of stabilization and capacity-building projects and disseminate the learning from the project to the field.

The project uses a collaborative framework for investigation that involves funders, practitioners, evaluation professionals, and arts organizations. Through a competitive process, five different stabilization and capacity-building programs located across the United States and one in England joined NAS as program partners. Each program selected five to eight arts organizations to participate in the project based on their own program criteria.

The initial research design focused on measuring the effectiveness of disparate programs using a common methodology and cross-site measurement and comparisons. During the first year, each participating arts organization completed a comprehensive self-assessment tool in order to provide baseline data, and local evaluators in each community reviewed and pursued additional information with the organizations.

NAS and the project team analyzed the first year’s data, including feedback from participants, and found that the methodology needed modifications. NAS reported findings in its Fall 2000 *Journal* that included:

1. A data collection tool that tracked most aspects of an organization’s operations did not provide the information needed to determine whether changes in the organizations were attributable to the stabilization or capacity-building program.

2. The differences in the participating programs meant that many questions were relevant to some but not all of the arts organizations or programs so that organizations did not know how to respond to certain questions.
3. The arts organizations had no or limited experience with evaluation, and as a result, the responses were so varied that analysis revealed few trends in the data.

*Once the funders realized that an infusion of funds alone did not sustain the organizations, they began to develop approaches that linked assets and management.*

The project team revised the evaluation design to focus on measuring whether the program partners achieved their defined goals while collecting common data nationally so that trends and factors relevant across the programs could be identified. This approach resulted in a shift from a single national data collection tool to a locally based data collection tool that seeks to measure the achievement of each program’s specific goals combined with a set of national questions asked of all the arts organizations.

NAS and the project team are now in the final stages of analyzing the data and assessing the effectiveness of the methodological approach. NAS will publish the learning from the project and make it available broadly to stabilization and capacity-building practitioners, the arts community and grantmakers.

### **Ford Foundation Assesses the Effectiveness of its National Arts Stabilization Programs.**

The Ford Foundation’s stabilization and capacity-building programs for arts organization have generally been national in scope and offer multi-year financial and/or technical assistance services. For the early programs, tracking financial results over time provided an indicator of impact. Beginning in the mid-1990s, Ford began to do multi-faceted formal assessments using outside evaluators to measure program effectiveness on multiple

levels. The selected evaluators had extensive evaluation experience in a variety of areas, but did not need arts experience because Ford believes that analogies in social services, human rights and business can provide deeper insights for the arts. Ford's evaluations take into account the unique nature of each program. One program, for example, included the use of an ethnographer to document the creative process.

Two capacity-building programs currently have evaluations in process. Lynn Stern, Project Specialist, indicated that the New Directions, New Donors program uses a logic model approach to look at comprehensive capitalization while the Working Capital Fund assessment has financial indicators and subjective data to test the assumptions embedded in the program design. Both programs include interviews with the arts organizations, because subjective information is critical to measuring qualitative change.

*The assessments revealed that in addition to the operating support, some organizations needed to build leadership and management capacity to be effective. In response, the foundations revamped their support for the arts to include capacity-building programs.*

Both programs include individual arts organizations in geographically dispersed communities throughout the country. The multiple locations, said Stern, did not change the data collection methodology; however, the analysis has to take the local variables into account so that local differences can be isolated as program impact is measured.

### **The Evolution of Community Foundation Methodologies for Evaluating Arts Programs.**

Community foundations have a long-term commitment to funding programs in the arts and seeing those programs evolve to meet the changing needs of the organizations they serve. In the 1990s, three large urban foundations—the Cleveland Foundation, the Heinz Endowments and Pew Charitable

Trusts—independently conducted comprehensive reviews of their operating support programs for local arts organizations.

The assessments revealed that in addition to the operating support, some organizations needed to build leadership and management capacity to be effective. In response, the foundations revamped their support for the arts to include capacity-building programs. Each foundation designed a program tailored to its local community needs. Although the programs are different, they all offer a combination of training and technical assistance opportunities for participating organizations. Each foundation is using its own organizational philosophy and experience with evaluation to design the evaluative methodology.

Kathleen Cervený, senior program officer for arts and culture, said that the Cleveland Foundation's BASICS program evaluation focuses both on whether the program is successful for organizations and on the foundation's own process in developing and managing the program. The structured grant-making program is the first of its type for the foundation, and it is important for the evaluation to provide learning about the foundation's internal decision-making process.

Arts organizations participating in the Heinz Endowments' capacity building and operating support program annually complete both a self-assessment based on criteria in five well-defined categories and a financial assessment. The financial assessment uses a model to identify risk potential based on a set of criteria. Janet Sarbaugh, senior program officer and director of arts and culture programs, indicated that the goal of the evaluation is to determine whether the program itself is successful in leading to changes that advance nonprofit effectiveness.

The Pew Charitable Trusts' Philadelphia local arts grantee program combines operating support and capacity building. Marian Godfrey, director of the Culture Program, reported that evaluation would be premature for the redesigned program at the year-and-a-half mark. However, when the evaluation does take place, the process will look holistically at the

impact of the integrated program, not just the capacity building. Pew assesses an individual organization's performance only when it is making decisions about giving grants. Pew uses evaluation to assess programmatic strategy in a five-year cyclical process of planning and evaluation.

Although the three foundations have different experiences in assessing their arts programs, they expressed similar lessons that will influence their future evaluation designs. These lessons are:

- The evaluator's perspective should be included during the program design stage so that goals and expectations are defined in a manner that is measurable.
- The arts organizations that contribute data for the evaluation process want to receive feedback on the assessment of the data and how they can use this information to improve.
- The evaluative process is more effective if the evaluator has knowledge of the artistic environment and pertinent issues in addition to analytic skills. In some cases, the funder paired a content specialist and an evaluation specialist when it could not find one person or organization that combined both perspectives.
- The most informative evaluations integrate both qualitative and quantitative approaches.
- Approaches that combined data collection at different points throughout the project with the collection and comparison of data over time produced more useful results than a one time retrospective approach.
- The challenge with arts evaluation is that the outcomes are harder to measure and there is little data available for long- term comparisons.

Many of these lessons learned about capacity building in the arts may be generalized to the broader field.<sup>11</sup>

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<sup>1</sup> \_\_\_\_\_ (2001). "Outcomes Report 2001." Management Assistance Program, Inc. Tampa, FL.

<sup>2</sup> Cousins, J.B., and E. Whitmore. 1998. "Framing Participatory Evaluation." In E. Whitmore (ed). *Understanding and Practicing Participatory Evaluation*, 80, Winter, pp 5-23. Fetterman, D.M., Kaftarian, S. J. and Wandersman, A. (eds.). 1996. *Empowerment Evaluation*. Thousand Oaks: Sage Publications. Burke, W.W. 1992. "The Changing World of Organizational Change." Paper presented at the annual meetings of the American Psychological Association. Nadler, D.A. and Tushman, M. T. 1982. "A Model for Diagnosing Organizational Behavior," in *Organization Development: Exercises, Cases and Readings*, (eds.) M. Plovnick, R.E. Fry, and W.W. Burke. 1982. Boston: Little, Brown and Company. Weisbord, W. 1982. "Organizational diagnosis: Six Places to Look for Trouble with or without a Theory." In Plovnick et. al. *Ibid*.

<sup>3</sup> House, E.R. and K.R. Howe. 2000. "Deliberative Democratic Evaluation." In: K.E. Ryan and L. De Stefano (eds.). "Evaluation as a Democratic Process: Promoting Inclusion, Dialogue and Deliberation." *New Directions for Evaluation*. 85. San Francisco: Jossey-Bass.

<sup>4</sup> CRE's technical assistance framework was the basis for the proposal to OMH and therefore the evaluation design.

<sup>5</sup> Block, Peter. 1981. *Flawless Consulting*. San Francisco: Jossey-Bass.

<sup>6</sup> The Evaluation Director, Dr. Mary Ann Castle, and the Senior Evaluation/OD specialist, Dr. Lorinda R. Arella, documented their approach and methods in a paper entitled, "Evaluation as Technical Assistance for System Change" that was at the American Evaluation Association conference in November 2002.

<sup>7</sup> York was also the evaluator (with Susan Batton) of the Evaluation of the Eureka Communities. This important project is well documented and publicized and while not "modeled" here the evaluation process and findings were taken into account in the synthesis process of this report.

<sup>8</sup> While DLN felt initially this was a delay—the time frame of bringing groups up to speed to do their own evaluation is similar to that experienced by others (i.e., another field-wide nationally focused evaluation effort and a community-wide effort) both of which have taken about three years to see evaluation practice widely understood and institutionalized within the local organizations.

<sup>9</sup> Shoemaker, Paul. Spring 2001. *Adventures in Venture Philanthropy: What Works and What Doesn't*, *Responsive Philanthropy*.

<sup>10</sup> This section was researched and drafted by Marianne A. Cocchini, Ph.D. candidate in Program Planning and Evaluation, Cornell University.

<sup>11</sup> This section was researched and drafted by Sally Zinno, M.A.



# Part V

## Conclusion

Whether considering the impact of a single consulting engagement, or looking at outcomes for major field-wide initiatives, reflection on evaluative practice for nonprofit capacity building offers a wealth of insights. The lessons learned point to the importance of being conscious about who is involved and when, what will be the focus, how and where the process will unfold, and why documentation and measurement ultimately matter.

This study has found that evaluations of capacity building have the most to offer if several conditions are satisfied. First, there is a need to generate increased and more consistent use of evaluation and circulation of results to provide broader significance and reliability. Second, and closely related, is the development of a larger pool of evaluators experienced in assessing nonprofit capacity building, keenly aware of the larger context, and employing a range of approaches. Third, evaluations should fully engage the people most involved in and affected by the capacity building itself, in a learning climate that promotes the highest degree of honesty and transparency.

As this study concludes, it is natural that its findings push on the next set of questions to be explored. As evaluation of capacity building becomes more widespread, how can we capture appropriate data that will allow diverse capacity building evaluations to have the greatest comparability—so that we can establish which interventions make measurable differences and produce desired outcomes? What types of capacity building approaches correlate to what types and levels of change? What grantmaking strategies are most effective for particular types of capacity building? How can evaluation and capacity building be strengthened by closer attention to cultural difference? How does the impact of capacity building relate to the types organizations being assisted (new or old, alternative or mainstream, etc.)? We would do well to deepen our understanding of how capacity-building interventions—and their evaluations—can deal with external factors (such as public policy or economic conditions), the roles that these factors play and how they can be measured. As our inquiry continues, we welcome input from practitioners in the field. If you are working on an evaluation of capacity building, let us know! Visit [www.allianceonline.org](http://www.allianceonline.org) or call 202-955-8406 for more information.

It is our hope that these “lessons from the field” will contribute to more widespread engagement in effective evaluation of capacity building and result in more, better informed capacity builders, better equipped to offer the highest quality of service.

## APPENDIX A

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## APPENDIX B

### INTERVIEWEES/INFORMANTS

**Lorinda R. Arella, Ph.D.**, ORDA and The Capacity Project  
**Thomas Backer, Ph.D.**, President, Human Interaction Resource Institute  
**Margo Bailey, Ph.D.**, American University and Innovation Network, Inc. (InnoNet)  
**Anita Baker**, President, Anita Baker Consulting  
**Lisa Barr**, Robin Hood Foundation  
**Bryan Barry**, Director, Wilder Center for Communities  
**Mary H. Beck, MSW**, Center for Organizational Research & Effectiveness (CORE)  
**Deborah Bedwell**, Executive Director, Baltimore Clayworks  
**Elizabeth Beimann**, The Rockefeller Foundation  
**Renee A. Berger**, Teamworks  
**Barbara Blumenthal, Ph.D.**, Princeton, New Jersey  
**Beth Bruner**, Bruner Foundation, Inc.  
**Mary Ann Castle, Ph.D.**, Evaluation Director, The Capacity Project  
**Kathleen Cerveney**, Senior Program Officer, Arts and Culture, The Cleveland Foundation  
**Paul Connolly**, Vice President, The Conservation Company  
**Gail Crider**, National Arts Strategies (formerly National Arts Stabilization)  
**Lee Dennison**, Program Officer, National Endowment for the Arts  
**Marilyn Durbin**, Director, Program Development, The Center for Nonprofit Management  
**Deborah Edward**, Greenlights for Nonprofit Success  
**Ellen Friedman**, Program Officer, Tides Foundation, The Tides Center  
**Cynthia Gibson**, Carnegie Corporation of New York  
**Marian Godfrey**, Director, Culture Program, Pew Charitable Trusts  
**Kendall Guthrie**, Blueprint Research & Design  
**Maria Gutierrez**, Local Initiative Support Corporation  
**Rick Green**, David and Lucile Packard Foundation  
**Monica Heuer**, Innovation Network, Inc. (InnoNet)  
**David Hunter**, Edna McConnell Clark Foundation  
**Valyrie Laedlein**, Community Resource Exchange  
**Ann Larsen**, Management Assistance Program, Inc., Tampa, Florida  
**H. Tia Juana Malone**, Coordinator, Success Measures, Development Leadership Network  
**Leena S. Mangrulkar**, W.K. Kellogg Foundation  
**Sharon Markham**, Retirement Research Foundation  
**Ruth McCambridge**, Third Sector New England, Inc.  
**Glenn McRae**, Vermont Community Foundation  
**Susan Naimark**, Executive Director, Development Leadership Network  
**AnnMarie Riemer**, Hartford Foundation for Public Giving  
**Denice Rothman**, Management Performance Concepts  
**Constance Row**, Maryland Association of Nonprofits and Row Associates  
**Tracey A. Rutnik**, Director, Funders Evaluation Initiative, Association of Baltimore Area Grantmakers  
**Kim Sabo**, formerly of Innovation Network, Inc. (InnoNet)  
**Elizabeth Sadlon**, Sadlon & Associates



**Janet Sarbaugh**, Senior Program Officer and Director, Arts and Culture Programs, The Heinz Endowments  
**Paul Shoemaker**, Executive Director, Social Venture Partners  
**Jonathan Spack**, Third Sector New England  
**Nike F. Speltz**, Speltz Consultant LLC  
**Monica Steigerwald**, Program Analyst, OMG Center for Collaborative Learning  
**Lynn Stern**, Project Specialist, Media, Arts and Culture, Ford Foundation  
**Russell Willis Taylor**, National Arts Strategies (formerly National Arts Stabilization)  
**Tina Trent**, Fannie Mae Foundation  
**Christine van Bergeijk**, Hawaii Community Foundation  
**Denice Williams**, Director of The Capacity Project, Community Resources Exchange  
**Ken Wing**, OGM Center for Collaborative Learning  
**Peter York**, The Conservation Company

**People who provided information, copies of evaluations and feedback via e-mail/mail included:**

**Ron Ancrum**, President & CEO, Associated Grant Makers (Boston)  
**Pamela Becker**, Director, Leadership Center of the Community Foundation of Collier County  
**Barbara Blumenthal**, Princeton, NJ  
**Kelly Butler**, Parents4PublicSchools  
**Dan Caccavaro**, Third Sector New England  
**Judith E. Donaldson**, Grantmakers of Western Pennsylvania  
**Jane Garthson**, Mills Garthson & Associates  
**Stacey L. Flanagan**, Director of Engagement, The Peter F. Drucker Foundation for Nonprofit Management  
**Nancy Fuhrman**, Executive Service Corps of Chicago  
**Cheryl Gooding**, Consultant, Gooding Associates  
**Barbara Kibbe**, Packard Foundation  
**Martin Lehfelddt**, President, Southeastern Council of Foundations  
**Laurel Molloy**, New York Support Center  
**Betsy S. Nelson**, Executive Director, Association of Baltimore Area Grantmakers  
**Connie Skillingstad**, Minnesota Council on Foundations  
**Rusty M. Stahl**, Program Associate, Ford Foundation  
**Bill Tucker**, Isoph  
**Diane Kaplan Vinokur**, Associate Professor & Co-Director, University of Michigan, Nonprofit & Public Management Center  
**Liz Wilder**, Executive Director, Rochester Grantmakers Forum  
**Donna Wilson**, MS, Sierra Nonprofit Support Center

*Special thanks to staff at the Alliance for Nonprofit Management for their support.*

## APPENDIX C

### ORGANIZATIONAL EFFECTIVENESS FRAMEWORKS

#### CHARACTERISTICS OF EFFECTIVE NONPROFITS

##### Ewing Marion Kauffman Foundation

###### Sustainable

Indicators (a selected sample):

- The organization has diverse funding sources.
- There is mutual respect, knowledge and integrity between the organization and funders. The organization communicates with its major funders on an ongoing basis.
- The organization attracts, creates and sustains sufficient new resources by continuously seeking potential funding sources.
- Independent auditors conduct financial audits and reviews at regular intervals.

###### Customer-focused

Indicators (a selected sample):

- Everyone connected to the organization treats customers with respect and courtesy.
- There are well established and publicized channels through which the opinions and concerns of customers may be expressed.
- Feedback from all customers is solicited and responded to on an ongoing basis.
- Customer satisfaction is a primary concern.

###### Entrepreneurial

Indicators (a selected sample):

- The organization continually pursues opportunities that are aligned with its mission.
- The organization has taken the lead in identifying unmet community needs and developing innovative solutions to address those needs.
- The organization uses due diligence when approaching new challenges or opportunities.

###### Outcomes-oriented

Indicators (a selected sample):

- The organization recognizes the importance of incremental achievement.
- Procedures are in place to measure program and organizational outcomes.
- The organization reviews the quality of services to generate improvements that benefit clients.
- A strategic plan guides the organization.
- The organization documents the connections between the mission and outcomes.

###### Adaptable

Indicators (a selected sample):

- The organization can identify major changes it has made within the past several years to meet changing community needs.
- Continuous innovations and learning prevail throughout the organization.
- The organization uses partnerships, strategic alliances and collaborations to leverage opportunities.

###### Mission-directed

Indicators (a selected sample):

- The organization uses the mission statement as a guidepost by which success is determined.
- Mission and vision statements are communicated throughout the organization and prominently displayed.
- Actions and programs reflect the mission.
- The organization can document how the strategic and/or business plans are aligned with the mission.
- A dynamic and engaged board clearly understands governance and carries out its responsibility to the organization.

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Taken from: Ewing Marion Kauffman Foundation "Profiles in Organizational Effectiveness for Nonprofits" Improving the lives of children, youth and families in Kansas City. A report by the Ewing Marion Kauffman Foundation, 2001. [www.emkf.org](http://www.emkf.org).

## **SEVEN ELEMENTS OF NONPROFIT CAPACITY**

### **Venture Philanthropy Partners**

#### **Aspirations**

An organization's mission, vision and overarching goals, which collectively articulate its common sense of purpose and direction.

#### **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 things (among others) as performance measurement, planning, resource management and external relationship building.

#### **Human Resources**

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, interfunctional coordination and individual job descriptions that shape the organizations' legal and management structure.

#### **Culture**

The connective tissue that binds together the organization, including shared values and practices, behavioral norms, and most important, the organization's orientation towards performance.

## LEARNING ORGANIZATIONS

### The Fifth Discipline, P. Senge et al

#### Systems Thinking

“Business and other human endeavors are systems ... we tend to focus on snapshots of isolated parts of the system, and wonder why our deepest problems never seem to get solved. Systems thinking is a conceptual framework, a body of knowledge and tools that has been developed over the past 50 years, make the full patterns clearer, and to help us see how to change them effectively.”

#### Personal Mastery

Personal mastery is the discipline of continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively...few organizations encourage the growth of their people in this manner. The discipline of personal mastery, by contrast, starts with clarifying the things that really matter to us, of living our lives in the service of our highest aspirations.

#### Mental Models

Mental models are deeply ingrained assumptions, generalizations, or even pictures or images that influence how we understand the world and how we take action. Many insights into new markets or outmoded organizational practices fail to get put

into practice because they conflict with powerful, tacit mental models.

#### Building Shared Vision

If any one idea about leadership has inspired organizations, it's the capacity to hold a shared picture of the future we seek to create. One is hard pressed to think of any organization that has sustained some measure of greatness in the absence of goals, values, and mission that become deeply shared throughout the organization. When there is a genuine vision (as opposed to the all-too-familiar “vision statement, people excel and learn, not because they are to told to, but because they want to.

#### Team Building

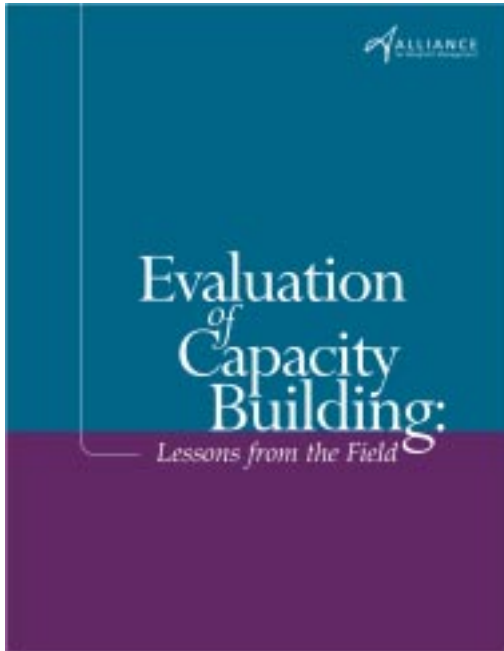
In business, there are striking examples where the intelligence of the team exceeds the intelligence of the individuals in the team, and where teams develop extraordinary capacities for coordinated action. When teams are truly learning, not only are they producing extraordinary results but the individual members are growing more rapidly than could have occurred otherwise.







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## Evaluation of Capacity Building: *Lessons from the Field*

by Deborah Linnell

*Evaluation of Capacity Building: Lessons from the Field* is packed with information and resources on how to effectively evaluate capacity building programs. It includes resources such as:

- Findings from more than 60 interviews, literature review, and scan of capacity-building evaluations;
- Sample logic models;
- Definitions of key concepts;
- Evaluation tips and checklists; and,
- Rich case studies and lessons learned.

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