



# The Nonprofit & volunteer Capacity study



## **An Analysis of the Nonprofit and Volunteer Capacity-Building Industries in Central Texas**

*A Report Compiled for United Way Capital Area  
and the Texas Nonprofit Management Assistance Network*

*Based on a Collaboration of  
The LBJ School of Public Affairs at the University of Texas at Austin  
&  
The Bush School of Government and Public Service at Texas A&M  
University*

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The RGE Center for Philanthropy and Community Service  
Lyndon B. Johnson School of Public Affairs  
University of Texas at Austin  
P.O. Box Y  
Austin, Texas 78713-8926

George Bush School of Government and Public Service  
Texas A&M University  
2129 Allen Building, No. 1082  
4220 TAMU  
College Station, Texas 77843-4420

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## Executive Summary

Recent research has identified explosive growth in the nonprofit sector and an increased interest in evaluating and improving nonprofit performance through organizational capacity building. The growing emphasis on capacity-building services for nonprofits nationwide has resulted in the need for better information about support services for the sector. Considering the burgeoning role of capacity building in nonprofit operations, it is important to understand more about the “industry” that provides support and resources to nonprofits, including in the growing communities located in Central Texas. This report represents the first comprehensive study of nonprofit and volunteer capacity-building activities in Central Texas.

The result of a unique collaboration between graduate students at the Bush School of Government and Public Service at Texas A&M University and the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin, this study was conducted under the supervision of Dr. Angela Bies at the Bush School and Dr. Sarah Jane Rehnberg at the LBJ School. Twenty-three graduate students in both programs conducted the research and analysis for this report from September 2005 through April 2006. The Bush School and the RGK Center for Philanthropy and Community Service at the LBJ School provided funding for the study. The project also partnered on a pro bono basis with two client organizations, the United Way Capital Area and the Texas Nonprofit Management Assistance Network.

The primary research objective was to replicate two recent studies. The first was Millesen and Bies’ 2004 report for the Forbes Funds, “An Analysis of the Pittsburgh Region’s Capacity-Building ‘Industry.’” The second was an examination of volunteer management capacity modeled on a nationwide volunteer management study (Hager, 2004) conducted by the Urban Institute in collaboration with the Corporation for National and Community Service. Because our research took place in the aftermath of Hurricanes Katrina and Rita in 2005, we also explored nonprofit capacity issues related to emergency interventions, particularly how crises affect organizations’ needs for and uses of capacity building.

### Research Design

The Pittsburgh study focused on explaining “*who* (the capacity builders) is doing *what* (the kinds of support services available) for *whom* (the types of nonprofits engaging in capacity-building initiatives), and *to what end* (whether capacity-building initiatives produce desired organizational change)” (Millesen & Bies, 2004, p. 1). Using the same four-part framework, we described our findings in terms of capacity-building *providers*, *services*, *recipients*, and *results*. We designed our study around seven key research questions:

1. What characterizes the local capacity-building landscape, and which services do Central Texas nonprofit organizations most utilize?
2. What is the quality and accessibility of the regional capacity-building “industry,” including consultants, management support organizations, and academic institutions?
3. How do capacity-building programs and services lead to nonprofit organizational change or improvement?
4. What role does the funding community play in promoting organizational change through capacity building?
5. What capacity do Central Texas nonprofit organizations have to effectively engage volunteers in mission-critical work?

6. How extensive is the volunteer support provided to area nonprofits, and what are the barriers to volunteer participation within the larger community and within nonprofits?
7. How do nonprofit capacity-building needs change when organizations are called upon to respond to emergencies, such as Hurricanes Katrina and Rita?

In order to answer our seven research questions, we created a four-stage multi-method research design to gather in-depth quantitative and qualitative data about capacity building, volunteer management, and disaster response in Central Texas. First, we collected archival data, conducting an in-depth literature review and environmental scan of the region. Second, we gathered quantitative and qualitative data through two comprehensive surveys, a mail-in and online survey of nonprofit executive directors and an online survey of volunteer managers. Third, we conducted one-on-one interviews with local capacity builders and funders. Fourth, we conducted two series of focus groups, one with nonprofit executive directors and another with volunteer managers. This report summarizes the findings of both the archival data collection and our primary research, which includes information from 188 survey responses from nonprofit executive directors, 50 survey responses from volunteer managers, 37 interviews, and seven focus groups.

### **Literature Review and Environmental Scan**

The literature review component of our study examined existing theories, research, and practice in capacity building for the nonprofit sector. Researchers have noted that, despite a variety of capacity-building resources for nonprofits, many organizations remain hampered by a lack of access to capacity building, due to a variety of internal and external barriers (Baumann, Lowell, Mallick, & Okonkwo, 1999; Blumenthal, 2003; De Vita & Fleming, 2001; Draper, 2000; Greene, 2001; Jacobs, 2001; Kearns, 2004; Millesen & Bies, 2004; Szabat & Otten, n.d.).

Prior studies of nonprofit capacity building have found: that nonprofits need better, more centralized access to capacity builders; that nonprofits benefit from sharing resources and interacting with their peer organizations; and that much more research is needed to document the impact of and ongoing need for capacity building (Backer & Oshima, 2004; Millesen & Bies, 2004; Theisen, Paine, Cobb, Lyons-Mayer, & Pope, 2003).

Research on the relationship between capacity building and volunteer management has revealed that success in maximizing volunteer engagement results from training staff in best management practices and volunteer protocols (Ellis, 1996; Rehnborg, Fallon, & Hinerfeld, 2002; Brudney and Kellough, 2000). Nonetheless, internal and external barriers frequently hamper the attempts of nonprofits to offer volunteer management training and staff development to improve strategic work with volunteers (Hager, 2004; Hager and Brudney, 2004; Hange, Seevers, and Van Leeuwen, 2001).

To learn about the specific context within which local nonprofits and capacity builders operate, we conducted an environmental scan of Central Texas, examining demographic, economic, and social service statistics and trends in 10 counties in Central Texas: Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano, Travis, and Williamson. Together, these counties have a population of 1.5 million (U.S. Census Bureau, 2006) and are home to more than 1,600 nonprofit organizations (Texas Association of Nonprofit Organizations, 2002). The urban center, including Austin and its suburbs, is among the fastest-growing regions of the United States (Texas Workforce Commission, n.d.). Dozens of independent, corporate, and community foundations exist in Central Texas (Foundation Center, 2006), but some research has indicated charitable giving in the region lags behind other areas of the country with comparable wealth

(Anft and Lipman, 2003). Data on volunteerism suggests Central Texans tend to be more generous with contributing volunteer time, with levels of volunteering in the region outpacing most communities elsewhere in the nation (Musick, 2005). As the Central Texas nonprofit sector has grown with the boom in the local population, a range of consultants, nonprofit management support organizations (MSOs), and service providers at academic institutions have emerged to provide capacity-building support to organizations.

### **The Environment for Central Texas Capacity Building**

Surveyed nonprofit executives reported facing a number of critical issues in Central Texas, including the need to increase accountability and responsiveness to constituents and challenges in raising funds. Foundation representatives and capacity builders characterized the local nonprofit and philanthropic environment as “youthful,” as well as “in transition.” Central Texas’s nonprofit, capacity-building, and funding stakeholders were seen as benefiting from an entrepreneurial spirit in the region, but they were also perceived to lack the sophistication of their counterparts in more established communities.

Nonprofit executive directors, capacity builders, and funders discussed other aspects of the environment, such as the differing needs for nonprofit support between the Austin metropolitan area and more rural parts of Central Texas, where far fewer capacity-building services exist. Within the urban environment, capacity-building and nonprofit services were perceived to be divided along the east and west corridors of Interstate 35. Other key themes included the importance placed on collaboration in the local nonprofit culture and the effects of public policy changes on organizations.

### **Defining Capacity Building**

When asked to provide a definition of capacity building, nonprofit representatives, capacity-building providers, and funders in Central Texas offered divergent descriptions or reported unfamiliarity with the term, suggesting no clear or shared definition of capacity building exists. Study participants frequently provided a definition related to activities that make nonprofits more robust and effective, particularly technical activities (such as marketing or budgeting support) and planning. Many nonprofit executives also defined capacity building in terms of two key inputs: funding and qualified staff. Survey respondents described lower turnover rates as invariably leading to fewer complications among workers and a lower frequency of training sessions and, thereby, better organizational capacity.

For the purposes of this study we based our definition of capacity building on the work of Hansberry (2002) and Millesen and Bies (2004), focusing on nonprofit support services that enable long-term improvement and sustainability within organizations. Following these authors, we probed for data related to services that support nonprofits’ ability to adapt to their environment, address management and governance issues, and develop systems and processes that ensure effective mission-related results.

### **Capacity-Building Providers**

Perhaps as a result of inconsistencies in study participants’ definition of capacity building, the question of who provides capacity building produced mixed responses. A significant majority of nonprofit executives indicated their organizations rely heavily on “internal capacity building” from board members and staff, followed by peer-exchange networks

and consultants. Management support organizations received moderate usage, and university-based centers appeared to be the least utilized type of capacity-building provider. Though few nonprofits mentioned funders as a source of capacity building, a number of funders viewed themselves as providing capacity development support.

### **Capacity-Building Services**

Many nonprofit executives had difficulty assessing the quality, quantity, and accessibility of the region's capacity-building services, citing limited knowledge about available capacity building (which, in itself, may suggest inaccessibility). This may be exacerbated by capacity builders' tendency to rely on word-of-mouth promotion for their services. The nonprofit executives who had experience with capacity building expressed general satisfaction with the available services, especially from academic institutions and management support organizations. A majority of survey respondents reported directing less than 3% of their annual budgets and less than half a day a month of staff time for capacity building.

Greater availability of services in rural communities and more affordable services generally were perceived to be needed. Several study participants also called for more funders willing to provide capacity-building support. Perceived gaps in the capacity-building supply also included a dearth of programs to support evaluation and assessment in nonprofits and few resources for executive-director training and transitioning.

### **Capacity-Building Recipients**

Nearly all nonprofit executives reported they value capacity building and have a wide range of needs for it, but many encounter barriers to engaging in capacity building. Eight in 10 survey respondents cited time as a barrier, while 59% noted limited funding available. Other barriers included lack of board support for capacity building, and organizations' difficulty understanding they need support.

Organizations most likely to engage in capacity building were characterized as "proactive" and open to change and constructive criticism. Agencies unlikely to allot resources for capacity building, according to capacity builders we interviewed, included those with staff whose entrenched practices eclipsed a willingness to consider organizational change.

### **Capacity-Building Results**

Assessing the direct outcome of capacity building was beyond the scope of this study, but indirect evidence of capacity-building's results emerged. Nonprofit executives said capacity building resulted in information that improved performance and enhanced their ability to achieve their organizational mission. Nearly all nonprofits also felt capacity building could promote best practices in their agencies.

Study participants described successful capacity-building projects as partnerships between nonprofits and capacity builders, where nonprofit leaders champion change in their organizations. Peer interaction and learning and clear communication were also seen as key to successful capacity building. Drawbacks to capacity building mentioned in the study included tension that sometimes emerged between capacity builders, nonprofits, and funders when they had different expectations of capacity building's purpose.



## **Drivers for Capacity Building**

Nonprofits' motives for capacity building included a desire to create stronger organizations and attempts to secure additional funding. Some organizations engaged in capacity building in response to a crisis or in an effort to gain support from colleagues. Capacity-builder motivations for working with nonprofits included a desire to help agencies act more strategically. Funders said they desired capacity building to improve and sustain nonprofit programs.

## **Volunteer Capacity**

Nonprofits perceived numerous benefits to engaging volunteers, including organizational cost savings, improved responsiveness or level of services to clients, and improved public relations and support; few organizations, however, employed full-time volunteer managers. Organizations that dedicated more staff time to managing volunteers tended to have greater numbers of volunteers and to believe they received more high-value service from volunteers. Most agencies offered little staff development or professional preparation for volunteer managers and most organizations required volunteer managers to perform several frequently competing job duties. Although volunteers were perceived as furthering the organization's mission, few organizations could articulate strategic opportunities to expand the role of volunteers within their organizations.

## **Emergency Relief and Capacity-Building Needs**

More than half of survey respondents reported that they engaged in relief after Hurricanes Katrina and Rita, and for many it was their first involvement in emergency relief. Most nonprofits that participated in the relief effort expressed that they had sufficient capacity to respond to the disaster, and many interview participants heralded the good work organizations performed. Organizations reported they were able to extend their capacity through collaborations and networks with other nonprofits, and by engaging a large number of volunteers. Most of this capacity extension, however, was only temporary, and some study participants acknowledged a general apprehension about the hurricanes' long-term impact on demand for services.

## **Implications for Practice and Related Recommendations**

The following recommendations and implications for Central Texas stakeholders followed from the findings of our report.

- Develop a Shared Understanding about the Definition and Role of Nonprofit Capacity Building in Central Texas. A common lexicon, championed by funders and including a more widely-held or shared notion of what capacity building is and entails, could be an essential step in making communication more fluid between nonprofits, funders, and capacity builders and could help form a common vision for regional capacity building that would also improve funders' return on investment in nonprofit agencies.
- Form Umbrella Associations to Advance Quality Capacity Building in Central Texas. Organizations to bring nonprofits greater access to information about capacity-building opportunities available to them would provide a centralized mechanism for nonprofits to organize information-sharing and collaboration within the sector and offer capacity-building providers greater opportunities to collaborate and engage in self-improvement efforts.
- Use Evidence-Based Decision-Making to Inform Capacity-Building Investments and Activities. More strategic investments in capacity building by local funders and more

deliberate efforts by nonprofits to avail themselves of evidence-based tools would ensure better planning for limited capacity-building dollars.

- Compile a Repository of Information on Available Capacity-Building Resources. Given that Central Texas capacity builders do little marketing and many executive directors indicated they do not know how to access local capacity-building resources, a central directory could educate local nonprofits about the range of “shared tools” available.
- Foster Partnership Relationships between Nonprofits and Capacity Builders. Clear communications upfront about expectations, available services, necessary time commitments, and resources required help facilitate mutual understanding between capacity builders and nonprofits and shared commitment to seeing capacity-building endeavors through to their conclusion.
- Improve the Link between Capacity-Building Interventions and Long-Term Organizational Development. Capacity building should be an integrated approach linked to organizational development, planning, and evaluation, and capacity builders need the skills and systems to help nonprofit clients leverage desired organizational change.
- Develop Critical Diagnostic Tools to Assist Nonprofits in Ascertaining Capacity-Building Needs and in Selecting Appropriate Service Providers. Assessment with diagnostic tools will help facilitate appropriate matches between nonprofit support needs and capacity builder interventions.
- Create More Opportunities for Peer Learning and Exchange. Most respondents found engaging in peer-learning networks useful and would welcome more opportunities in the community.
- Extend Capacity-Building Opportunities for Rural Agencies. To provide more equitable access in rural communities, funders and nonprofits can further the development of local peer learning networks and opportunities for collaboration and resource-sharing, and capacity builders can work to market their services more to outlying areas
- Increase Investments in Long-term Sustainability. Funders, who are generally reluctant to support general operating expenses and capacity development, have an opportunity to play a more strategic role in the sustainability of nonprofits by encouraging capacity building.
- Improve the Strategic Engagement of Volunteers. Greater organizational support and more strategic thinking about the range of potential roles volunteers might play in addressing key organizational goals would greatly enhance volunteer engagement.
- Plan for Collaborative Short- and Long-Term Emergency Response. Building collaborative relationships before disaster strikes can foster successful emergency response through clear communication, planning for large volunteer deployments, and a willingness to “share the credit” with others.

## **Introduction**

This study of the nonprofit and volunteer capacity-building industry in Central Texas is the result of a unique collaboration between graduate students at the Bush School of Government and Public Service at Texas A&M University and the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin. Under the supervision of Dr. Angela Bies at the Bush School and Dr. Sarah Jane Rehnberg at the LBJ School, 23 graduate students in both programs coordinated and conducted the research and analysis for this report from September 2005 through April 2006. (Information about the authors can be found in Appendix G.) The purpose was to better understand the “industry” providing support and resources to nonprofit organizations in Central Texas.

Funding for the study came from the Bush School and the RGK Center for Philanthropy and Community Service at the LBJ School. The project also partnered on a pro bono basis with two client organizations. Our primary client was the United Way Capital Area, which serves the 10-county Central Texas region; the secondary client was the Texas Nonprofit Management Assistance Network, a statewide association of capacity-building providers.

Our primary research objective was to replicate two recent studies – a Pittsburgh-based study on nonprofit capacity building and a national study of volunteer management capacity in nonprofit organizations – to illuminate capacity-building needs and services in Central Texas. Most significant to our research design was Millesen and Bies’ 2004 report for the Forbes Funds, “An Analysis of the Pittsburgh Region’s Capacity-Building ‘Industry’” (hereinafter referred to as “the Pittsburgh study”). In line with this report, our core research purpose was to describe and analyze the quantity and quality of capacity-building services provided to nonprofits and to volunteer programs within the 10-county region of Central Texas. The Pittsburgh study provided a template for our “multi-method research process, designed to capture both the diversity of the sector and the continuum of capacity-building services offered to nonprofit organizations” (Millesen & Bies, 2004, p. 1).

Our research, however, diverged from the prior study in several ways. First, we included a specific examination of volunteer management capacity, not addressed by the Pittsburgh study. For this component of our research, we modeled the research design on a recent volunteer management study (Hager, 2004) conducted nationwide by the Urban Institute (hereafter referred to as “the Urban Institute study”). Second, because our research took place in the aftermath of a

seismic change for Central Texas nonprofits – the arrival of thousands of evacuees from Hurricanes Katrina and Rita in 2005 – we included several questions to explore critical issues resulting from the influx of new arrivals and related relief needs, as well as the emergency’s impact on local nonprofit organizations.

This report represents the first comprehensive study of nonprofit and volunteer capacity-building activities in Central Texas. At a time when government social services are increasingly devolved to local actors including nonprofit organizations (Alexander, 1999) and when the nonprofit sector is experiencing exponential growth to fill important service gaps (Salamon, 1999), this report is critical. In conjunction with the Pittsburgh and Urban Institute studies and future studies in other areas of the country, this study will help community leaders understand whether nonprofits are currently capable of accomplishing the tasks being asked of them and, if not, what capacity-building services may be needed.

In Central Texas, this research dovetails with a Community Agenda research project that is working to identify and develop community priorities for the same 10-county region (Tang, King, Brown, Ryan, & Hershey, 2006). That research, conducted by the Ray Marshall Center, a research center affiliated with the LBJ School, together with this nonprofit capacity-building study will help policymakers, funders, and nonprofit practitioners understand both what communities need from local nonprofit agencies and what Central Texas nonprofits need from their community in order to meet those needs.

The following sections outline the purpose and key research questions of the study, provide a summary of the literature on the subject of nonprofit capacity building, describe contextual issues relative to Central Texas, detail the research methodology employed, and present the key findings and implications of the research. Similar to the research process, the report structure is parallel to that in the Pittsburgh study in order to facilitate comparisons between the two regions. That study focused on explaining “*who* (the capacity builders) is doing *what* (the kinds of support services available) for *whom* (the types of nonprofits engaging in capacity-building initiatives), and *to what end* (whether capacity-building initiatives produce desired organizational change)” (Millesen & Bies, 2004, p. 1). Using the same four-part framework, we describe our findings in terms of capacity-building *providers*, *services*, *recipients*, and *results*. In addition to exploring these broad areas of capacity building, we discuss also: relationships among capacity-building providers, recipients, and funders; incentives and

barriers to capacity building; qualities of effective and ineffective interventions; evaluation and assessment of capacity building; the ability of nonprofits to engage volunteers in mission-critical work; and specific capacity and disaster relief issues facing Central Texas nonprofits. Finally, we conclude with a comparison between findings in our research and those in the Pittsburgh and Urban Institute studies, and we offer recommendations for future research and policy.

## **Purpose**

We designed this study of Central Texas nonprofit and volunteer capacity building around seven key research questions. We examined each question within the context of the experiences and opinions of capacity-building providers, nonprofit executives, volunteer managers, and funders supporting agencies in the region. The first four research questions we modeled on the Pittsburgh study (Millesen & Bies, 2004):

- *What characterizes the local capacity-building landscape, and which services do Central Texas nonprofit organizations most utilize?*

This question helped provide baseline data and context about the utilization of capacity-building interventions and support in the region as well as an overview of existing services available. Through interviews with capacity builders and funders and focus groups with executive directors, we examined the local capacity-building environment with regards to types of providers in the region, variations among providers in terms of services offered, and how services matched up with nonprofits' perceived need for support.

- *What is the quality and accessibility of the regional capacity-building "industry," including consultants, management support organizations, and academic institutions?*

Next, we worked to assess how well local consultants and educators were succeeding in reaching and, ultimately, serving nonprofit organizations in Central Texas. To analyze the overall health and effectiveness of nonprofit and volunteer capacity building in Central Texas, the survey and focus groups queried nonprofit leaders about how well served they were by local capacity builders and whether they encountered any barriers to participation. We also asked funders and volunteer managers for their insights in a series of interviews and focus groups, respectively.

- *How do capacity-building programs and services lead to nonprofit organizational change or improvement?*

With this research question, we hoped to learn what tangible components of a capacity-building program are most effective. In order to discover what works and what does not work in nonprofit capacity building, we asked capacity builders and nonprofits about the results of organizations' investments in capacity building. We also asked capacity builders how they develop their own programs, specifically, how capacity builders are able to evolve in order to meet the changing needs of nonprofits.

- *What role does the funding community play in promoting organizational change through capacity building?*

Because of the inextricable link between nonprofit funding and capacity, we posed this question to examine the contextual issues surrounding private foundations, government offices, and their attitudes and perceptions of capacity building. Our intention was to explore funders' influence on capacity-building outcomes and role in promoting organizational change in nonprofits.

The next two research questions were designed to assess volunteer management capacity in the region. These additional questions explored issues related to the Urban Institute study (Hager, 2004). The final question explores nonprofit capacity issues in times of regional crisis:

- *What capacity do Central Texas nonprofit organizations have to effectively engage volunteers in mission-critical work?*

With this first question, we worked to evaluate organizations' staff capacity to work with volunteers and current perceptions of how nonprofits are able to utilize the services volunteers offer in ways that advance organizational goals. We also asked nonprofit leaders and volunteer managers what nonprofit capacity needs emerge in the context of a major disaster.

- *How extensive is the volunteer support provided to area nonprofits, and what are the barriers to volunteer participation within the larger community and within nonprofits?*

To further our understanding of volunteer management capacity, we examined the level of volunteer involvement in various agencies, as well as the attitudes and perceptions held by nonprofit organizations about volunteer management and organizational characteristics that support or impede volunteer engagement.

- *How do nonprofit capacity needs change when organizations are called upon to respond to emergencies, such as Hurricanes Katrina and Rita?*

Because vast numbers of nonprofit organizations in Central Texas participated in relief efforts linked to the 2005 hurricanes, we designed this question to learn more about the impact of the event on nonprofits' capacity. An additional goal was to learn whether and to what extent nonprofit capacity helps nonprofits respond to emergencies and whether it shapes organizations' ability to extend resources during times of crisis.

## **Literature Review Summary**

To provide a context for assessing the state of the capacity-building industry for the clients of this study, our initial research involved a thorough literature review examining theories, research, and practices in capacity building for the nonprofit sector. This first component of the research served to provide background about the history of the capacity-building industry, as well as to define the various processes of capacity building, commonly encountered services, and participants in the field. We performed a survey of published materials through journal article database searches, research of prior studies conducted in the fields of capacity building and volunteer management, and examination of works by established authors in the capacity-building field. We then compiled and revised the document and presented it to the United Way Capital Area staff in December 2005. The unabridged literature review is available as Appendix F.

The literature review revealed an explosive growth in the nonprofit sector, brought about in part by a fundamental shift in attitudes about the government's role in providing welfare and community services (De Vita and Fleming, 2001; Salamon & Anheier, 1997). This growth has recently combined with greater levels of social innovation and increasing sophistication in the nonprofit sector as a whole and has generated new and growing demand for capacity-building services (Warren & Aronson, 1981). The histories of capacity building in other sectors (private, as well as federal, state, and local public sectors) showed similar trends as in the nonprofit arena, where demand for capacity building grew alongside an increasing need to make tighter budgets work more efficiently, broadening sophistication in audiences and participants, and heightened competition between providers (Cigler, 1984; Jones & Doss, 1978; Warren & Aronson, 1981). Likewise, parallel research found that effective capacity building for private foundations supporting nonprofits could lead to greater outcomes in funding initiatives (Backer & Bare, 2000; Greene, 2001; Mayer, 2000).

Despite a variety of capacity-building resources for nonprofits, we found ample evidence that some in the nonprofit sector remain hampered by a lack of access to these resources, due to geographical constraints or consultants' unfamiliarity with challenges specific to the nonprofit field (Baumann, Lowell, Mallick, & Okonkwo, 1999; Blumenthal, 2003; De Vita & Fleming, 2001; Draper, 2000; Greene, 2001; Jacobs, 2001; Kearns, 2004; Millesen & Bies, 2004; Szabat



& Otten, n.d.). Additionally, many organizations face other external and internal barriers to successful capacity building. Both Backer (2000) and Light (2005) found that nonprofit staffers often lacked the time and funds to engage in or plan for capacity-building efforts. Additionally, Light (2005) and McKinsey & Company (2001) found that funders often preferred to support direct program expenses rather than capacity building, which they tended to regard as overhead or administrative costs. A lack of extensive research on capacity building also acted as a barrier, as several studies noted that an information void prevented nonprofits from knowing about or being able to advocate for the value of such support services (Light & Hubbard, 2004; McKinsey & Company, 2001; Millesen & Bies, 2004).

Three major empirical studies to date have examined nonprofit capacity building extensively in Greater Los Angeles, Pittsburgh, and Arizona respectively (Backer & Oshima, 2004; Millesen & Bies, 2004; Theisen, Paine, Cobb, Lyons-Mayer, & Pope, 2003). From these studies, several common themes emerged about the challenges and issues facing capacity builders and nonprofit organizations. Among the conclusions shared by all three studies were: (1) that nonprofits needed better, more centralized access to capacity builders; (2) that nonprofits benefited from sharing resources and interacting with their peer organizations; and (3) that much more research needed to be undertaken to document impact of and ongoing need for capacity building in nonprofits. Other findings included that funders played an integral role in the success of capacity-building initiatives (Backer & Oshima, 2004; Millesen & Bies, 2004); that capacity-building needs varied significantly between rural versus urban nonprofits (Theisen et. al, 2003); that financial planning represented an area for capacity improvement in most organizations (Backer & Oshima, 2004); and that diagnostic tools to help nonprofits identify their capacity-building needs might be warranted (Millesen & Bies, 2004).

Other researchers in more targeted studies of capacity building have found that effective capacity building was characterized by relevant content and services tailored to meet the unique needs of each client organization (Backer, 2000; Blumenthal, 2003; De Vita & Fleming, 2001; Kearns, 2000; Light, 2000). In addition, because capacity building is an iterative and ongoing process, successful interventions required that management and capacity builders alike acknowledge the potential length of, as well as allow for flexibility in, the process (Blumenthal, 2003; De Vita & Fleming, 2001; Greene, 2001; Jacobs, 2001; Light, Hubbard, & Kibbe, 2004; Wing, 2004). The practice of sharing information and advice about capacity building between

sister nonprofits also appeared to be a predictable indicator of success (De Vita & Fleming, 2001; Jacobs, 2001).

Research on the relationship between capacity building and volunteer management revealed that the greatest success in maximizing volunteer utility tended to come from training staff in best practices and volunteer protocol (Ellis, 1996; Rehnborg, Fallon, & Hinerfeld, 2002; Brudney and Kellough, 2000). Nonetheless, various studies found that the realities of limited funding, time constraints, and a lack of understanding of volunteer management frequently hampered the attempts of nonprofit organizations to offer this type of staff development (Hager, 2004; Hager and Brudney, 2004; Hange, Seevers, and Van Leeuwen, 2001). In addition, Dolan (2002) documented that few offerings in subject matters other than fundraising were available in professional development for nonprofit employees, including those working with volunteers.

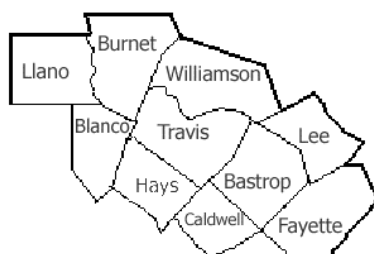
Finally, the literature review suggested the growing emphasis on capacity building for nonprofits generally could be contributing to new trends in the sector. For one, researchers have found an increasing amenability among nonprofits towards building cross-sector coalitions to advocate for better quantity and quality of support services (Abernathy & Fine, n.d.; Boris, 2001; Constantine, 2001). Others have noted the development of and call for better research and evaluation techniques to identify what services nonprofits most desire, as well as which capacity-building practices yield the best results (Boris, 2001; Houchin & Nicholson, 2002; Light & Hubbard, 2004; Millesen & Bies, 2005).

In summary, the literature suggests more research is needed to evaluate effective nonprofit capacity building, to examine capacity-building needs across rural and urban communities, and to identify widespread practices and trends. With these issues in mind, the critical importance of understanding the Central Texas capacity-building landscape and conducting the present study becomes evident.

## Context of the 10-County Central Texas Region

In addition to the literature review, we examined demographic, economic, and social service statistics and trends in Central Texas to learn about the milieu within which local nonprofits and capacity builders operate. Sources including the U.S. Census, the Texas Workforce Commission, and the Texas Association of Nonprofit Organizations provided critical data in our exploration of specific issues, themes, and challenges distinctive to Central Texas's urban and rural communities. Highlights of our environmental scan of the Central Texas region follow.

**Figure 1:  
10-County Region**



Source: Tang et al, 2006, p. 6.

### Overview

This research focuses on 10 counties in Central Texas: Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano, Travis, and Williamson (see Figure 1). In 2004, roughly 1.5 million people resided in this region, representing 6.7% of the total state population (U.S. Census Bureau, 2006). The urban center, including the state capital of Austin and its suburbs, experienced a population boom in the late 1990s tied to growth in the local technology sector – making Central Texas one of the fastest-growing communities in the nation (Texas Workforce Commission, n.d.). While the entire state grew at a rapid 23% between 1990 and 2000, the Central Texas region outpaced it, increasing its population by nearly half in the same time. Despite an economic downturn precipitated by declines in the technology sector in 2001, many local communities have continued to grow more quickly than Texas as a whole (U.S. Census Bureau, 2006).

Table 1 highlights major demographic indicators in the 10-county region as compared to statewide trends (U.S. Census Bureau, 2006, Texas Workforce Commission, n.d.). In education, income, and minority representation, Central Texas diverges somewhat from state trends. The region's population is more highly educated and more likely to be employed, has a higher per capita income and a lower poverty rate, and has a slightly smaller proportion of African American and Latino residents than Texas as a whole. Variations in these trends occur among the 10 counties, however. For example, Williamson County, north of the capital, ranks above the regional average on most measures of income, while Bastrop and Caldwell counties rank well below the region – though still above the state – on the same indicators (Tang et al., 2006).

**Table 1:  
Demographics of the Central Texas Region**

	<b>Urban Counties</b> Travis and Williamson	<b>Rural Counties</b> Blanco, Bastrop, Burnet, Caldwell, Fayette, Hays, Lee, and Llano	<b>Central Texas</b> 10-county Region	<b>Texas</b>
Total population (Estimated, 2004)*	1.19 Million	331,044	1.52 Million	22.49 Million
Population Growth (1990 to 2000)**	48.4%	39.8%	46.5%	22.8%
White**	71.6%	81.2%	73.6%	70.9%
African-American**	8.3%	5.4%	7.7%	11.5%
Hispanic**	25.6%	24.1%	25.3%	31.9%
19 and under**	28.6%	29.2%	28.8%	31.4%
Over 65**	6.9%	11%	8.0%	9.9%
Per Capita Personal Income (2002)**	\$32,452	\$23,333	\$30,491	\$28,553
Unemployment (2005)**	3.9%	3.7%	3.9%	4.8%
Poverty Rate (Total non-institutionalized population, 2002)**	10.5%	12.1%	10.9%	15.4%
Uninsured Children (under 19)**	9.5%	8.2%	9.2%	7.1%
% over 25 with BA**	25.7%	14.3%	23.3%	15.6%
% over 25 with graduate degree**	13.3%	6.7%	11.9%	7.6%
Top 3 Manufacturers**	Dell, Freescale, Advanced Micro Devices	International Mufflers, Goodrich, Aerospace, Chatleff Controls	Dell, Freescale, Advanced Micro Devices	Not Available

2000 data unless noted otherwise \*U.S. Census Bureau, 2006

\*\*Texas Workforce Commission, County Narrative Profiles based on 2000 Census data

Despite the demographic variations, Central Texas residents across the 10 counties share similar views about local needs related to the demand for nonprofit services. In a recent survey of prior regional studies, needs assessments, and other reports, researchers at the Ray Marshall Center at the LBJ School of Public Affairs at the University of Texas at Austin found seven issues identified as priorities by eight or more counties in Central Texas (Tang et al., 2006). These priorities were: (1) advancing affordable health insurance and access to high-quality care (especially for children); (2) creating job opportunities; (3) increasing the availability of affordable housing; (4) supporting affordable and high-quality education (including pre-school, child care, and after-school programs); (5) reducing domestic violence and child abuse or neglect; (6) addressing traffic challenges and the need for road construction and improvement; and (7) improving the quantity and quality of the water supply. Some needs varied between urban and rural areas, which are described in more detail below.

### **Urban Central Texas**

Two counties in Central Texas, Williamson and Travis, are home to nearly 80% of the region's population (U.S. Census Bureau, 2006). As urban centers, these two counties have a higher percentage of minorities, particularly African Americans and Latinos, than do neighboring areas (see Table 1). Also, due to their numerous colleges and universities, these two counties have some of the nation's highest rates of college degree-holders (Bauman & Graf, 2003) and a younger population than the state as a whole (U.S. Census Bureau, 2006). In Travis County alone, more than 40% of people 25 or older held a bachelor's degree or higher in 2000. Major employers include the 50,000-student University of Texas, local and state government, and the healthcare and high technology industries (Texas Workforce Commission, n.d.). All of the top 10 manufacturers in Central Texas, including Dell Computer Corporation, Advanced Micro Devices, and Motorola, are based in either Travis County or Williamson County.

The periods of growth, change, and recovery after the economic boom and bust leading up to this study of nonprofit capacity building have brought several challenges to urban and suburban Central Texas. According to Tang et al. (2006), traffic, land use, and water quality are of growing concern in the region, as are communities' ability to meet basic needs. The researchers, noting 2005 data from the Community Action Network, found that local requests for food and clothing increased more than 60% in two years. Meanwhile, thousands of local

residents that year lingered on waiting lists for affordable housing, child care, mental health services, and substance abuse support. Demand for services spiked even more in 2005 with an influx of new residents relocating to Central Texas in the aftermath of two major Gulf Coast storms. In the six months following Hurricanes Katrina and Rita, more than 12,000 storm evacuees settled in the Austin-Round Rock metropolitan area (FEMA Recovery Division, 2006).

### **Rural Central Texas**

Many of the counties close to the region's urban center boomed alongside the urban population, as farmland gave way to new suburbs along the major corridors to the capital. The population of Burnet and Bastrop counties, for example, increased by nearly 20% between 2000 and 2004, while nearby Hays County grew even faster (U.S. Census Bureau, 2006). Areas further from Austin were less affected by population and economic shifts during this period. For example, in outlying Fayette County, the population increased by only 3% over four years, while in Llano and Caldwell counties, the median household income remained around \$14,000 below the regional level (Tang et al., 2006).

Tang et al. (2006) summarized prior research on needs in the various communities in rural Central Texas. They reported that Bastrop, Burnet, and Caldwell counties faced healthcare access challenges, as shortages of primary care physicians and long distances of 40 miles or more to the nearest indigent care facility presented barriers for local residents. Long commutes to Austin and rising real estate costs simultaneously contributed to new traffic woes and needs for affordable housing in communities closer to Austin. Citing 2005 data from the Capital Area Council of Governments, the researchers showed that real income declined slightly in the four counties with the highest proportion of retirees: Burnet, Fayette, Lee, and Llano. Additionally, rural Central Texans identified coordination of communication, growing strain on social services in rapid-growth areas, and increases in crime as issues local nonprofit and public agencies should address.

### **Nonprofits and Volunteerism in Central Texas**

In part because it includes the seat of state government, Central Texas houses a disproportionate number of the state's nonprofit organizations, including the headquarters of several statewide and some national organizations. Out of the roughly 14,000 501(c)3 nonprofit organizations in Texas that filed in 2002 with the Internal Revenue Service, more than 1,600 – or

12% – are located in Central Texas (Texas Association of Nonprofit Organizations, 2002). Most local nonprofits have budgets of less than half a million dollars; about one-third spends between \$100,000 and \$500,000 annually, while more than 40% have budgets below \$100,000 annually. Human service organizations represent the largest share of the total, making up more than one in four local nonprofits, followed closely by organizations with missions focused on education.

Dozens of independent, corporate, and community foundations exist in Central Texas, including one of the nation's 50 largest charitable foundations, the Michael and Susan Dell Foundation (Foundation Center, 2006). Nonetheless, the region trails most of Texas's other major metropolitan areas in charitable foundation giving. In part this is because the state's other major cities (Houston, Dallas, and San Antonio) are significantly larger and have greater bases of wealth than Austin. In addition, individual per capita giving in Central Texas falls behind other parts of the state. Researchers Anft and Lipman (2003), examining charitable contribution data based on tax returns as well as reports by the Bureau of Labor Statistics, found that Austin ranked 48<sup>th</sup> out of 50 major cities in personal giving; those earning more than \$50,000 in the Austin area contributed less than 6% of their income to charity, compared to average donations of more than 12% among similar populations in Detroit.

Data on volunteerism suggests that Central Texans may be more generous with their time than their funding. Researchers at the RGK Center conducted a survey in 2003, wherein about 62% of adult Texans said they had volunteered in the past year, contributing an average of six hours per week in charitable service (Musick, 2005). In contrast, the Current Population Survey found that less than one-third of all American adults volunteered regularly in 2005 (U.S. Bureau of Labor Statistics, 2005). Using a more broad definition of volunteering, the nonprofit organization Independent Sector also found 44% of American adults volunteer regularly (2001), still below the Central Texas average. Several local organizations have worked to advance volunteerism in Central Texas, including community- and university-based volunteer centers. The largest of these is Hands On Central Texas, a project of the United Way's Volunteer Center, which matches more than 10,000 volunteers annually with organizations in need of service and offers support to volunteer managers at nonprofit organizations (United Way Capital Area, 2005).

Other local resources have materialized to support the growing number of nonprofit organizations in Central Texas, including a range of consultants, management support

organizations (MSOs), and service providers at local universities and community colleges. Two major organizations with missions focused broadly on strengthening Central Texas nonprofits emerged on the scene in 2001 and 2002, respectively: Greenlights, a nonprofit agency based in Austin, and the Center for Community-Based and Nonprofit Organizations at Austin Community College (Young & Silverberg, 2004; Greenlights, n.d.). Each group works with hundreds of nonprofit organizations annually, providing resources, information, training, consulting, networking opportunities, and other services, alongside the variety of niche providers of capacity building to regional nonprofits. Also entering the mix in the early years of the new millennium was the RGK Center for Philanthropy and Community Service, a project of the University of Texas at Austin that operates out of the LBJ School of Public Affairs. With an initial focus on university-wide graduate education in nonprofits and philanthropic studies, the Center's portfolio designation (a cross-disciplinary minor) has rapidly become the university's largest such program.



## **Methodology**

In order to answer our seven research questions, we created a four-stage multi-method research design to gather in-depth quantitative and qualitative data. We collected data related to capacity-building providers, services, recipients, and results in Central Texas. We also collected data about the capacity of nonprofit organizations to engage volunteers and to respond to disaster in the wake of Hurricanes Katrina and Rita. We based our definition of capacity building on the work of Hansberry (2002) and Millesen and Bies (2004), focusing on nonprofit support services that enable long-term improvement and sustainability within organizations. Following these authors, we probed for data related to services that support nonprofits' ability to adapt to their environment, address management and governance issues, and develop systems and processes that ensure effective mission-related results.

Our multi-method qualitative and quantitative research included four parts:

- Archival Data: we conducted an in-depth literature review and environmental scan of the region;
- Interviews: we conducted 28 one-on-one interviews with capacity builders and nine with funders;
- Focus Groups: we conducted four focus groups with nonprofit executive directors and three with volunteer managers; and
- Surveys: We gathered data from 188 nonprofit executive directors and, in a separate survey, 50 volunteer managers.

In the sections that follow, we present information about the interview, focus group, and survey data collection methods and a more detailed description of our samples and respondents.

### **Capacity Builder and Funder Interviews**

We interviewed a total sample of 28 capacity builders and nine funders. Of the capacity builders in our sample, 13 were private consultants, 10 were from management support organizations, and two were from educational institutions. The funders we interviewed represented five family foundations, three corporations, and one community foundation.

To develop our sampling frame for capacity-building providers, we created a list of 57 potential capacity builders for interviews through recommendations from our two clients, United Way Capital Area and the Texas Nonprofit Management Assistance Network, as well as from

the local management support organization, Greenlights. Our sampling frame for funders was derived through recommendations from the RGK Center and the United Way, resulting in a list of 15 funders. We contacted potential interview participants by phone or email to invite them to participate in the study. While we attempted to conduct in-person interviews wherever possible, time constraints and other barriers resulted in eight telephone interviews.

A written set of interview protocols based on the Pittsburgh study (Millesen & Bies, 2004) served as our guide, although we made minor adjustments to account for issues unique to Central Texas. (Appendices A and B include the capacity builder and foundation executive protocols, respectively.) We conducted interviews in pairs and utilized a semi-structured format to allow potentially unanticipated findings to emerge. Although interviews ranged from 20 minutes to two hours, most averaged about one hour. A coding system was developed to annotate the interview notes and transcripts.

### **Nonprofit Executive Director Focus Groups**

To provide more detailed information about nonprofit experiences in capacity building, four focus groups with nonprofit executive directors were held in March 2006. Each focus group was coded according to the same coding scheme developed for the interviews.

To develop our focus group sampling frame, we asked capacity builders to nominate nonprofit executives with experience in capacity building. The resultant list of 52 executive directors received invitations to participate in focus groups; 20 attended the four focus groups. (Appendix C includes the focus group protocol for nonprofit executives.) Participants represented a range of large and small health and human services and education organizations, including food banks, elderly care facilities, literacy programs, child advocacy organizations, criminal justice programs, and faith-based agencies.

### **Volunteer Manager Focus Groups**

Three focus groups were held with volunteer managers to improve our understanding of nonprofit experiences in volunteer management. Each focus group was digitally recorded, transcribed, and reviewed for overarching themes related to our research questions.

In order to identify potential participants in the volunteer manager focus groups, we contacted volunteer leaders, coordinating organizations, capacity builders, and Hands On Central Texas, a project of the United Way's Volunteer Center, with a request for recommendations of

volunteer managers with reputations for well-run programs and dedication to program improvement. The resultant list of 69 volunteer managers represented a variety of organizations, such as arts and culture, health and human services, and environmental organizations. After we emailed them a description of the study and an invitation, 15 agreed to participate. The three volunteer manager focus groups, each averaging an hour in length, took place in February 2006. (Appendix D contains the protocols for these focus groups.)

### **Survey of Volunteer Managers**

In addition to the series of focus groups, we conducted a small, online survey of volunteer managers in Central Texas. This survey included 64 questions and specifically examined the organizations’ experiences with volunteers, volunteer management, and volunteer capacity. The survey was designed to link demographic data about the organizations and the volunteer manager respondents with perceptions of volunteer value, techniques used to engage volunteers, and barriers to volunteer recruitment. It also probed for organizations’ responses to Hurricanes Katrina and Rita and agencies’ ability to leverage current and new volunteers in an emergency situation. Many questions paralleled those from the executive director survey instrument in order to provide comparison data. Additional questions originated in the Urban Institute volunteer management study (Hager, 2004). (Information about how to access the volunteer manager survey instrument can be found in Appendix E.)

**Table 2:  
Volunteer Manager Survey Respondents**

<b>Mission Area</b>	<b>Count</b>	<b>Percent</b>
Education	12	24
Human Services	12	24
Health	8	16
Other	7	14
Advocacy/Public Societal Benefit	5	10
Arts & Culture	3	6
Community Development	2	4
<b>Total</b>	<b>49*</b>	<b>100</b>

\*One respondent did not provide their mission area

The United Way Capital Area supplied us with a list of volunteer managers in Central Texas, which we augmented with volunteer manager contact information collected during the

phone-based verification phase of the larger capacity-building study. The resultant list of 188 volunteer managers received email invitations to participate in the survey. After about three weeks, we received responses from 50 volunteer managers, yielding a response rate of 27%. As Table 3 shows, respondents most frequently represented educational or human service organizations.

### **Survey of Nonprofit Executive Directors**

To ascertain whether and to what degree Central Texas nonprofit organizations utilized the capacity-building industry and for which purposes they worked with capacity builders, we developed a mail-in survey and companion Internet-based survey. The 15-page survey included detailed questions to determine not only users' experiences with capacity building but their assessments of these initiatives and their impact. The survey additionally probed for baseline data such as number of staff, years the organizations had existed, and annual budgets, as well as outcome-related data such as satisfaction with capacity building and perceptions of its relationship to organizational change. Additionally, we collected data about the organization's capacity to engage volunteers and to address disaster and emergency relief needs. Survey questions were derived from the Pittsburgh study (Millesen & Bies, 2004) and the Urban Institute study (Hager, 2004) with permission from their authors. (Information on how to access the survey instrument can be found in Appendix E.)

Two sources – the National Center for Charitable Statistics at the Urban Institute (NCCS) and the United Way Capital Area – provided data for the study's sample. The NCCS list included a total of 1,424 nonprofit 501(c)3 organizations within Central Texas. We combined this with the United Way list, eliminated duplicate records, limited selection to those organizations with over \$50,000 in annual expenditures, and excluded non-operating foundations and primarily philanthropic organizations, as well as apparent all-volunteer organizations, such as PTAs, garden clubs, and amateur sport leagues. After adjusting for duplicate records, incorrect addresses, and organizations that were defunct, the resulting sample size was 1,155 organizations.

Study recruitment was extensive. In addition to the telephone requests for participation, we sent a cover letter with the written questionnaire and a postage-paid envelope to all organizations in the sample. As an incentive, we offered participants a \$10 gift card to a local

retail establishment, an electronic copy of the study’s final report, and an invitation to the conference where we would present the research. We also sent simultaneous email invitations with a direct link to the online survey instrument to the 646 organizations for which we had electronic mail addresses. After the initial return deadline, we sent two subsequent reminder requests for participation and made direct inquiries to organizations that had partially completed the online survey. A total of 188 surveys were returned, representing a 16% response rate.

*Description of Nonprofit Executive Director Survey Respondents*

Respondents to our nonprofit executive director survey represented a broad range of mission areas. The areas with most representation were human service (28%), educational (20%), and health-focused organizations (12%). This distribution is fairly similar to the existing distribution of all Central Texas nonprofits. Table 2 summarizes the frequencies and related percentages of each mission area classification in more detail.

**Table 3:  
Mission Area of Nonprofit Survey Respondents**

<b>Purpose</b>	<b>Frequency</b>	<b>Percent</b>
Human Services	53	28.1
Education	37	19.6
Health	22	11.7
Advocacy/Public Societal Benefit	17	9
Arts & Culture	16	8.5
Community Development	14	7.4
Other	12	6.3
Economic	6	3.1
Environment	6	3.1
Legal	3	1.6
International	2	1
<b>Total</b>	<b>188</b>	<b>100</b>

Nearly 79% of the respondents reported being direct-service providers. The range of people served, however, varied widely from as few as 20 to as many as 4.5 million. About a quarter of respondents in the sample served fewer than 425 people annually, and half served fewer than 2,000. Annual budgets and organizational age also varied among respondents: 25% of the organizations reported less than \$129,000 in annual expenditures, 50% less than \$348,000,

and 75% less than \$1 million. Dates of organizational establishment ranged from 1857 to 2004, with the majority of organizations having formed after 1980.

Many organizations in the sample operated with few or no paid staff: the most frequently reported staff size was one. Additionally, a quarter of the respondents reported having no full-time staff; half had fewer than four full-time staff members. Some 82% of the respondents said they engage volunteers in their work, either as board members or in other capacities.

Organizations that reported having a chief executive officer or executive director position (nearly 90% of the respondents) shared information about the executives' gender, age, race, education, tenure, and salary. Nearly three-quarters were female, and the average age was 52 years, with the distribution ranging from 29 to 75 years old. The majority (87%) of the respondents were Caucasian, while 8% were Latino, 3% were African American, and 2% were Asian American. The respondents were well-educated: 38% had an undergraduate degree, 41% had obtained a graduate or law degree, and 6% possessed doctorates.

One in 10 of the organizations with executive directors had executives that worked on a volunteer basis, receiving no annual income. Eighty-six percent of the executive directors worked full-time, with an average tenure of about six years. Of the executive directors that received salaries from their organization, 5% earned less than \$25,000, 29% earned between \$25,000 and \$49,999, 34% earned \$50,000-\$74,999, and about 22% earned more than \$75,000.

## Findings

The findings reported here reflect the nonprofit capacity-building landscape in Central Texas, as captured in study participants' comments and survey responses. These findings relate to whether – and to what extent – local nonprofits are being served by capacity builders, what types of assistance are most needed and utilized, where challenges and barriers to capacity-building service exist, and how specific groups or events within organizations or in the environment shape nonprofit capacity, volunteering, and disaster response.

The first section of findings describes how nonprofit administrators, capacity builders, and foundation representatives think about the Central Texas nonprofit sector and its distinct environment for capacity building. Next, we explore how these groups understand and define capacity building. The findings that follow describe what we learned about capacity-building *providers, services, recipients, and results* based on responses in surveys, interviews, and focus groups. We then examine some of the motivations and drivers for capacity building, before concluding with specific findings related to nonprofit capacity to utilize volunteers and respond to emergencies.

### **The Environment for Central Texas Capacity Building**

To ascertain the capacity-building context in Central Texas, we surveyed nonprofit executive directors about the most critical issues they face and asked interview and focus group participants a series of questions to learn more about their perceptions of the local nonprofit environment. Survey respondents considered all issues we listed in the survey “critical” for their organizations (see Figure 2, below), but three were rated as most urgent. On a scale of 1 to 10, where all issues fell between 6.9 and 8.7, “Responsiveness to Clients/Consumers,” “Accountability,” and “Fundraising” received the highest ratings, each rated above 8.5 by respondents. Test results showed the ranked order of means were statistically significant (i.e., the most critical items were significantly higher, and the least critical were significantly lower). Our finding shares some limited overlap with the prior Pittsburgh study (Millesen & Bies, 2004), which also found fundraising to be critical; in other ways, however, our findings diverged from the Pittsburgh study, where more nonprofits considered “Building Sustainable Organizations” and “Board Development” among the top challenges they faced.

**Figure 2:  
Critical Issues Facing Central Texas Nonprofits**



**(On a scale of 1-10)**

In our qualitative data collection, nonprofit executives, capacity builders, and funders expressed another set of concerns separate from those of the survey respondents, focusing in particular on four distinct components of the capacity-building environment in Central Texas. First, they repeatedly mentioned important differences between needs in the urban (Austin-metro) area and other, more rural parts of the region. Second, they emphasized special funding considerations, particularly the difficulty of securing resources for capacity-building activities. Third, they mentioned the need for collaboration between nonprofits. Finally, they noted key policy issues that impact the capacity-building industry in Central Texas.

*Urban and Rural Issues*

In Central Texas, capacity building is largely an urban phenomenon. With only a handful of exceptions, nonprofit capacity builders base their services out of the Austin metro area, which



houses the greatest concentration of local nonprofit organizations (and is where 69% of survey respondents are based). Fewer funding opportunities and resources exist in outlying counties. As one funder explained, “The rural area is simply devoid of resources for funding capacity building.” Several funders perceived that the less developed nature of many rural nonprofits creates a barrier to capacity building; as one funder put it, “capacity building cannot happen without solid infrastructure.” Few capacity builders could point to efforts to gain more clients in rural Central Texas.

Local funders and capacity-building professionals remarked repeatedly on the “youthful” characteristics of Austin as a city. Because the technology boom of the 1990s brought an influx of new companies, professionals, and wealth to the traditionally university- and government-oriented town, focus group and interview participants also repeatedly described the environment in Austin as “in transition.” Some participants said that the innovative and entrepreneurial spirit in the city helped to generate a healthy and thriving nonprofit sector. Others, however, saw drawbacks to the youthful local environment. As one capacity builder said of Austin residents, “We don’t value the past enough...we go off too fast in a direction and don’t think.” Another capacity builder, reflecting a sentiment shared by several interview participants, noted “a lack of capacity-building identity” in Austin. Others suggested that the local nonprofit community lacked capacity-building “sophistication.”

Within the urban environment, capacity-building and nonprofit services were perceived to be divided along the east and west corridors of Interstate 35. Several interview and focus group participants noted the challenge of bridging communities from what was perceived to be the generally higher-income, Caucasian west side of the city and the more moderate-income east side, where more African American and Latino citizens reside. Some survey respondents, additionally, noted the need for more diversity training to help local nonprofits understand the multi-ethnic communities they serve. “The barriers can be geographic, financial, and cultural,” one funder summarized.

### *Funding*

Although rural nonprofits seemed to face some of the greatest funding challenges, survey respondents region-wide reported difficulties securing funding for capacity building. Nonprofit executives surveyed about the critical issues they face in Central Texas ranked “Fundraising and

Resource Development” as the third most critical issue. Additionally, when survey respondents were asked an open-ended question regarding further critical issues in the sector, many provided more details about the funding challenge. A number of nonprofit executives framed their “lack of resources” especially in terms of the “competition for resources” or “the need for donations from corporations and individuals.”

Resources for capacity-building initiatives may be especially scarce, according to some interview and focus group participants, because capacity building often falls under an umbrella of administrative expenses that many donors eschew in favor of direct program funding. A number of people we interviewed attributed challenges in the local nonprofit environment to the emerging and entrepreneurial nature of many foundations in Central Texas. They saw local funders as gravitating towards the sponsorship of new nonprofits or short-term program funding. Some contrasted Central Texas foundations with funders in older and more established cities, such as Pittsburgh, where funders seemed to do a better job of nurturing an array of nonprofits over time. In Austin, however, many funders view their sponsorship of a program as an investment, interview and focus group participants said, and those funders seek to obtain the largest “return” by supporting only the most innovative or efficient organizations. As one capacity builder put it, a cycle takes hold in Central Texas nonprofits wherein “the poor get poorer, and the rich get richer.” Capacity builders identified older, more established local and national foundations as the primary financial supporters of Central Texas capacity-building efforts. According to one capacity builder, “For funders who have been around for a while, they start to get the feeling that their money could be used more effectively, and they start to ask, where is my money going?”

### *Collaboration*

Interview and focus group participants, as well as many survey respondents, discussed the important role of local collaborations. They cited numerous coalitions, networks, and task forces created in recent years at the urging of funders, capacity builders, and nonprofit executive directors. Nearly three out of four survey respondents said that they collaborated with at least one other organization during the past year. Even so, a number of survey respondents responded to an open-ended question about critical issues by saying the region needed more “partnerships” and “networking opportunities.” One nonprofit executive wrote in a survey response:

A very critical issue is learning how to collaborate and what “real collaboration” looks like. The word is used a lot but is more than just coordination or communication and networking. Agencies say they “collaborate,” but that term means different things as well.

Participants in the interviews and focus groups reported working in collaboration through a range of venues, from formal coalitions focused on achieving mission-related goals such as alleviating poverty, to more informal peer networks that allow nonprofits to share advice and support, to networks of funders who have realized the benefit of coordinating resource allocation.

A diverse range of study participants perceived collaboration as a key strategy in Central Texas for building capacity in the community and increasing the efficiency of organizations. Interview participants gave examples of collaborations that had helped prevent service duplication and had facilitated the pooling of scarce resources. Several funders and capacity builders specifically indicated a desire for more collaboration between nonprofits. As one capacity builder recalled,

People come to me with not much knowledge of duplication of service...they'll often say they're starting a nonprofit, and I say, “Do you know that so-and-so is already doing that?” I'm always surprised they don't scope out the environment.

Several capacity builders and funders felt that they could act as a resource in promoting opportunities for collaboration among local nonprofits. “We have what we call a ‘helicopter view’ of the community,” one capacity builder remarked. “Because we work in so many different sectors and with so many different agencies, we see areas of overlap that they can't see themselves from their vantage point.” Helping organizations work collaboratively appeared to be part of the local capacity-building culture.

### *Policy Considerations*

The policy environment and the role of government also affected capacity-building services and needs in Central Texas, according to study participants. Survey respondents describing critical issues they face sometimes specified government regulation as among their top concerns. One respondent framed the policy environment as a critical barrier to capacity building by saying the “changing governmental and community mindset about the importance of infrastructure investment” represents a critical challenge.

Several focus group and interview participants pointed toward government devolution as a key policy issue facing nonprofits in Central Texas. Interview participants saw decreased funding for many nonprofits and increased accountability requirements in government grants as some of devolution's outcomes – and these effects perhaps factored into survey respondents' decision to rank “accountability” as one of the most critical challenges local nonprofits face. Participants also noted uncertainty about how measures such as Sarbanes-Oxley or tighter restrictions on lobbying activities might affect their work.

### **Defining Capacity Building**

Recognizing that nonprofit capacity building is a complex and multifaceted concept, the Pittsburgh study, nevertheless, indicated that when nonprofit organizations, funders, and capacity-building providers share a common vision of what capacity building means and entails, the nonprofit sector as a whole functions more productively and effectively (Millesen & Bies, 2004). With this vision in mind, we asked survey respondents and participants in interviews and focus groups to define capacity building in their own words. Many individuals, both through the survey and in person, could not identify a definition of capacity building or said they had never heard the term before, perhaps reflecting a lack of experience with or “sophistication” about capacity building.

Participants who formulated a definition of capacity building generally defined it as activities to make nonprofits more robust and effective. In expanding on this definition in focus groups and interviews, some nonprofit executives and capacity builders noted that capacity building could increase levels of services and thereby help organizations achieve their missions. Others did not hold the view that capacity-building services necessarily led to operational efficiency and effectiveness. Rather, as occurred among many survey respondents, defining capacity building frequently entailed listing activities associated with the term, such as workshops, staff training, continuing education for staff, conferences, establishing networks with peers and community leaders, strategic planning, and fundraising.

Most nonprofit executives considered capacity building a tool to enhance an organization's technical abilities (e.g., its ability to handle functions such as accounting, budgeting, fundraising, marketing, and evaluation). Others, however, saw capacity building as a practice for strengthening management or for facilitating organizations' ability to adapt to their

environment. A few of the more contemplative definitions centered on capacity building as a source for enhancing leadership or for leveraging wider community support – what some respondents referred to as “external” capacity building. One survey respondent took a broad view:

[It’s] the ability of a nonprofit organization to carry out its mission in the most effective manner. And capacity is a word that can deal with everything from resources, to know-how, to leadership, to marketing, to all kinds of miscellaneous operational kinds of things, as well as vision.

Survey respondents most frequently listed two key inputs needed to foster effective capacity building: funds and talented staff. Emphasizing the former, one respondent said, “Capacity building means sustainability and growth. We seek and leverage funds from all facets of government, corporations, foundations, individuals in order to remain sustainable.” Another survey respondent noted, “Capacity building means new skills and knowledge gained through training, mentoring, and consulting and, as well, the money to afford to pay for those skills and knowledge.” One capacity builder with extensive experience studying and working with nonprofits made a similar observation in an interview, noting that financial resources, particularly general operating support, are the critical first component of any definition of capacity building.

Providing a strong base of operations also requires recruiting and retaining qualified, educated staff, nonprofit executives reported. Survey respondents described lower turnover rates as invariably leading to fewer complications among workers and a lower frequency of training sessions, and, thereby, better organizational capacity. Several survey respondents described needs for capacity building arising indirectly from challenges with paying staff a fair, livable wage or providing benefit packages. One respondent believed that it was important to “grow leaders within our own organization to carry forth the mission of the association.” Another described using “annual office retreats/trainings so that all employees are committed and on the same page” to build capacity.

Some nonprofit executives extended the definition of capacity building to include board development and activities to foster healthy interaction between board and staff:

We involve the board in the mission of the organization. Consequently, board members feel ownership to make changes that improve the organization and those it benefits.

Training is provided to board leadership and to staff that helps them focus on making improvements that help us into the future.

Many survey respondents identified seeking assistance from local and national consultants on both a “paid and pro bono basis” and forging “collaborations with other organizations” as viable methods of capacity building. As one respondent put it, capacity building consists of “networking and benchmarking with other organizations that have the same...mission.” Several study participants in interviews and focus groups agreed that “enhancing existing programs” or “doing what we do better” is the most effective way to build capacity. Some also believed that building a common vision with the community was vital in promoting organizational effectiveness. The diverse range of capacity-building definitions suggests that the organizations and individuals we surveyed possessed distinct views on the concept and that each definition may have been tailored to the respondent’s particular experiences or point of view.

### **Capacity-Building Providers**

The question of who provides or acts as a source for capacity building produced mixed responses from survey, interview, and focus group participants, perhaps due in part to inconsistencies in how they defined capacity-building. One interview participant referred to capacity builders as being “hidden,” yet prevalent enough that one only needs to “keep your ears and eyes open to the nonprofit community” to learn about the scope of services offered. A diverse range of study participants indicated to us that capacity-building “industry” in Central Texas consists of various public, private, and nonprofit organizations and institutions, as well as individuals within and external to the nonprofits receiving support. Many nonprofit executives acknowledged receiving capacity building from more than one of these sources.

The nonprofit executives surveyed reported using a range of sources for capacity-building including internal facilitators, peer interaction, workshops and trainings conducted by government agencies, management support organizations, state associations, national organizations, academic centers, outside consultants, and university-based course assistance. Our survey broke out these responses based on Connolly and York’s (2003) four types of assistance:

adaptive, leadership, management, and technical capacity support.<sup>1</sup> These data are summarized in Table 4.

**Table 4:  
Types of Capacity-Building Services Provided**

Type of Assistance	Source of Capacity-Building Assistance								
	Facilitated Internally	Peer Learning	Government Agency	Management Support Org.	State Association	National Org.	Academic Center	Consultant(s)	University-Based Course
Adaptive Capacity	120 (68.8%)	38 (20.2%)	12 (38%)	25 (13.3%)	23 (12.2%)	15 (7.9%)	2 (1%)	37 (19.6%)	7 (3.7%)
Leadership Capacity	84 (44.6%)	40 (21.2%)	10 (5.3%)	23 (12.2%)	29 (15.4%)	16 (8.5%)	5 (2.6%)	37 (19.6%)	11 (5.8%)
Management Capacity	119 (63.3%)	31 (16.4%)	11 (5.8%)	18 (9.5%)	16 (8.5%)	13 (6.9%)	4 (2.1%)	34 (18%)	6 (3.1%)
Technical Capacity	109 (57.9%)	36 (19.1%)	9 (4.7%)	26 (13.8%)	14 (7.4%)	12 (6.3%)	6 (3.1%)	49 (26.6%)	8 (4.2%)
<b>Total</b>	<b>432</b>	<b>145</b>	<b>42</b>	<b>92</b>	<b>82</b>	<b>56</b>	<b>17</b>	<b>157</b>	<b>32</b>

Survey respondents reported that their most common source of capacity-building assistance came from within their organizations, under the direction of board members and staff, followed by private nonprofit and for-profit consultants and peer-learning or networking exchanges. In interviews and focus groups, foundation and nonprofit executives and volunteer managers expanded on the role of networks saying they received informal capacity-building support through vehicles such as telephone conversations, emails, luncheons and other social gatherings with peers, support groups, and ad hoc networks. Although only a minority of survey respondents told us they had worked with management support organizations (MSOs) or

<sup>1</sup> Adaptive capacity refers to the ability to monitor, assess, and respond to internal and external changes; its activities may include organizational assessment and collaboration development. Leadership capacity refers to the ability of organizational leaders to inspire, prioritize, make decisions, provide direction and innovate in an effort at mission-achievement; it includes capacity-building interventions such as board development and executive coaching. Management capacity means the ability to ensure the effective and efficient use of resources, including operational, staff, and volunteer resources. Technical capacity refers to the ability to implement key organizational and programmatic functions, such as technology, accounting and budgeting, fundraising, marketing, evaluation and research, legal, and program development.

associations, a number of interview and focus group participants mentioned MSOs and associations from which they had received support by name, including Greenlights, the Center for Community-Based and Nonprofit Organizations, and Leadership Austin. Many nonprofit representatives in our focus groups said that they became members of these organizations to take advantage of the available workshops, training programs, publications, and conferences the MSOs and associations sponsored.

University-based academic centers ranked as the least utilized source of capacity-building assistance in our survey, far behind consultants. Interview and focus group participants expanded on this by mentioning that consultants worked, within Central Texas and beyond, to offer services for local nonprofits, and that many of these consultants specialize in areas where nonprofit executives often need the most help: fundraising, marketing, and strategic planning, according to those we spoke with. Though not as highly utilized, Central Texas academic institutions and centers – most notably Austin Community College, St. Edward’s University, and the University of Texas, all in Austin – had good reputations, interview and focus group participants told us, as significant sources for capacity-building assistance. Whatever the type of capacity builder, most respondents reported seeking providers’ support for building adaptive capacity, followed by technical and management capacity. Fewer organizations reported seeking out support from providers for building leadership capacity.

Although few nonprofits mentioned funders as a source of capacity building, a number of the funders we spoke with said that they viewed their own organizations as capacity builders. Funders felt their demands for well-defined, measurable goals and steps to achieve those goals functioned as a form of capacity building in itself. As one funder put it, “We are very specific about getting nonprofits to articulate how they will measure success.” To help nonprofits attain a high enough level of sophistication to complete the proposal and reporting requirements, some funders we interviewed reported providing direct technical assistance, while others steered nonprofits to the capacity-building services with which the funders themselves were familiar. Many funders also saw themselves as indirect capacity builders, providing program support and funding for various MSOs in the community. One funder even reported on a successful effort to build management support organizations throughout Texas:

Our ultimate goal when we were finished was that no nonprofit would be more than 100 miles from a resource center. And so we mapped our state out, and we went shopping



around. We went to foundation friends in each of these cities and said, “Would you convene a meeting?” and, “Here is who we think should be there: potential users of a center for a nonprofit management, meaning some key nonprofit leaders; some potential funders of such a center, United Ways, foundations, individuals, cities; and...some possible providers.” ...And for the most part we had foundation people who were willing to convene meetings.

## **Capacity-Building Services**

In an effort to learn more about the capacity-building assistance nonprofits receive, we asked survey respondents and interview and focus group participants a number of questions about the types of services nonprofits seek, the ways organizations invest in capacity building, and their perceptions of the quality, quantity, and accessibility of existing capacity building services in Central Texas. This section also shares information about nonprofits’ levels of satisfaction with existing support services in the region. Additionally, perceptions of gaps in capacity-building service are addressed below.

### *How Capacity Building is Utilized by Nonprofits*

We surveyed nonprofit executive directors about the financial resources and time their organizations expended on capacity-building services. The amount of money invested in capacity-building initiatives ranged from \$0 to \$400,000 per year, with an average of \$14,647 spent per organization. Although some nonprofits invested significant amounts of money in capacity building, many invested nothing at all; one third of our sample reported investing no money in capacity-building initiatives during the past year. We analyzed the amount organizations were spending on capacity building in proportion to their total expenses for the year and found the average proportion of expenses directed to capacity building was below 3%.

In contrast, many nonprofit executives reported that their organizations spent considerable amounts of *time* in capacity building. Organizations appeared to define capacity building more broadly when they were discussing time rather than money, since with the latter respondents focused primarily on the costs of specific capacity-building activities such as working with consultants. Thus, nonprofit respondents frequently conveyed that they “invested” in capacity building through dedicating non-monetary or human resources, such as staff and volunteer time. In terms of actual staff hours spent on capacity-building initiatives, survey

responses varied greatly. The average total staff hours spent on capacity building for all nonprofits in Central Texas was 206 hours per year, but this number appeared to be skewed by a few organizations that spent the most time building capacity. Fully 36% of respondents indicated they spent less than one half-day per month on capacity building, and 22% reported spending no time at all. The fact that some organizations reported doing a substantial amount of capacity building while others reported none may reflect either that organizations are not engaging in capacity building or that they are participating in capacity-building activities without actually defining them as such.

Although executive, program, and support staff, as well as board members, all engaged in capacity building, according to survey respondents, a plurality (43%) indicated that executive staff generally are most likely to participate. In addition, one in five surveyed organizations indicated all board members in their organization participated in capacity-building initiatives, but non-board volunteers were far less likely to participate in capacity-building work. More than half of surveyed organizations reported no such involvement by volunteers.

#### *Types of Capacity Building Available*

To ascertain the types of capacity-building services provided in Central Texas, we asked capacity builders, nonprofit executives, and funders about their services in terms of Connolly and York's four core nonprofit capabilities (2003). Despite that we provided definitions of adaptive, management, leadership, and technical capacity building, the terms did not seem to resonate with study participants in interviews and focus groups. Many were able to give examples of providing or engaging in each type of capacity building, but lacked confidence in their responses or felt that the nonprofit capability terms were artificial or foreign.

In both the nonprofit executive survey and focus groups, participants indicated that they often rely on peer interaction as a significant source of capacity building. Nonprofit leaders mentioned several networking opportunities, including attendance at workshops, meetings, and conferences, often convened by third parties such as funders. Capacity builders, too, mentioned their role in providing peer interaction opportunities for nonprofit leaders.

Overall, capacity builders were most likely to say they that provided a variety of services including planning, coaching, evaluation, and workshops. Many capacity builders reported offering assistance with resource or needs analyses, strategic planning (specifically SWOT – strengths, weaknesses, opportunities, and threats – analyses), and defining values, mission, and

vision. Some highlighted the importance of working with boards to help them understand the mission and vision of the organization and how it serves the community. Capacity builders expressed that these services were important in terms of helping nonprofits “move to the next phase” or adapt to changing circumstances. Several capacity-building providers also highlighted that strategic planning helped organizations to prioritize and be proactive, rather than operating in “crisis mode.”

Capacity builders also emphasized that part of their work could include moving organizations from participation in a training course or strategic planning exercise to implementation of new skills or planned changes. Though some capacity builders said that they explicitly included coaching and implementation support as part of their services, others indicated this was beyond the scope of their work. One capacity builder noted the need for such follow-up activities:

One of the things that we are really known for and that we very much focus on is how to move from vision to action. Because in this industry that we work in, it is very typical for a lot of talking and a lot of meeting and a lot of reports, but those reports sit on a shelf, and those groups would not get very high grades for acting on this.

Some capacity builders said that they provided assistance or materials regarding legal and operational logistics of running or starting a nonprofit. This area of service relates to a need nonprofit executives in our survey identified, when they described seeking services that enhance management and technical capacity. In the case of technical capacity in particular, some nonprofits and capacity builders in our sample seemed to blur the line between having capacity builders deliver technical assistance directly (e.g., doing the bookkeeping for an organization) versus working to build nonprofits’ capacity to serve themselves (e.g., training organizational staff in the use of bookkeeping software). Several capacity-building providers offered options more along the lines of direct assistance, either to individual organizations or as a result of pooling funds from several nonprofit organizations to purchase such services. Fewer seemed to offer the training and preparation to support organizations wishing to build these specific capacities from within their agencies.

### *Utilization of Capacity Building*

Nonprofit executive survey respondents who had experience with capacity building indicated their utilization of specific types of adaptive, leadership, management, and technical

capacities and rated their level of satisfaction in each category. A majority who responded said they had sought help with: board development and governance (71%); finance, budgeting, and accounting (69%); marketing and public relations (69%); program evaluation (68%); resource development and fundraising (68%); and strategic planning (64%). For all types of capacity building the satisfaction score was 6.3 or higher on a scale of 10, indicating generally high satisfaction with all four types of capacity building. Table 5 summarizes this data.

**Table 5:  
Types of Capacity Building Received**

<b>Types of Capacity-Building Assistance</b>	<b>Frequency</b>	<b>Percent</b>	<b>Satisfaction (Scale of 1-10)</b>
<b>Leadership Capacity</b>			
Board Development/Governance	134	71.3	6.5
Executive Leadership Development	92	48.9	6.7
Social Entrepreneurship/Venture Capital	25	13.3	6.5
<b>Technical Capacity</b>			
Finance, Budgeting, Accounting	130	69.2	7.4
Marketing/Public Relations	130	69.2	6.5
Resource Development/Fundraising	128	68.1	6.7
Information Technology Systems	106	56.4	6.5
Legal Methods/Litigation	58	30.9	7.6
<b>Adaptive Capacity</b>			
Program Evaluation	129	68.6	7.0
Strategic Planning	121	64.4	6.6
Collaborations/Partnering	100	53.2	7.1
Accountability/ Ethics	97	51.6	7.4
Organizational Assessment	91	48.4	6.7
Advocacy	66	35.1	7.1
<b>Management Capacity</b>			
Program Development	115	61.2	7.3
Volunteer Management	108	57.5	6.8
Operational Management	96	51.1	6.9
Facilities Planning	80	42.6	6.3
Human Resource Development	77	41.0	6.6
<b>Other</b>	7	3.7	6.8

*Adequacy of Capacity-Building Services*

We collected survey, interview, and focus group data in order to assess whether the Central Texas area’s capacity-building industry met local needs in terms of quantity, access, and quality. Through the survey, we originally intended to identify specific strengths and weaknesses in the capacity-building industry based on whether respondents agreed or disagreed with

statements regarding capacity building, such as the number of consultants available, funding and time available for capacity building, and other factors. Making firm distinctions between the capacity-building industry's strengths and weaknesses, however, became difficult because an overwhelming number of respondents indicated that they simply did not know how to properly assess the region's capacity-building resources. This is significant because survey respondents deliberately chose to indicate a lack of knowledge in these areas, instead of merely skipping the questions. The exception to this trend was when respondents were asked if they would like more opportunities to interact with peers for the purposes of learning about capacity building. In response to that question, most respondents gave a positive answer. Interview and focus group participants also sometimes exhibited reluctance to make judgments about the quality, quantity, or accessibility of regional capacity building. Nonprofit executives, in particular, were likely to state that they knew only a limited amount about what was available in the region.

Table 6, on the next page, depicts survey respondent perceptions of the capacity-building landscape in terms of the quantity, accessibility, and quality of capacity-building services. In the table, these perceptions are further categorized by capacity-building provider types. In the sections that follow, we highlight findings about the quantity, accessibility, and quality of the capacity-building industry, integrating data from interviews, focus groups, and the nonprofit survey to afford a more complete picture of available capacity-building services in the region from the varied vantage points of nonprofit executives, funders, and capacity-building providers.

### *Quantity*

Only about one in three nonprofit executives we surveyed indicated that enough capacity-building services exist in the region; 39% simply said they did not know. In focus groups, nonprofit executives provided mixed responses to the question of whether enough capacity-building resources existed in Central Texas. Within the Austin metropolitan area

**Table 6:  
The Central Texas Capacity-Building Landscape**

<i>Note: The “+” sign indicates strength or a positive response from the respondent, a “-” sign suggests a weakness or area of improvement would be desired, and a “+/-” symbol indicates mixed results.</i>	<b>Quantity</b>	<b>Access</b>	<b>Quality</b>	<b>Lack of Knowledge</b>
<b>General Observations on Capacity-Building Resources</b> <i>There are enough capacity-building programs that can be tailored to an individual nonprofit’s specific needs. (32% agreed)</i>	-	-		39%
<i>The capacity- building programs in the area have demonstrated they can achieve results. (26% agreed)</i>			-	52%
<i>Most funders that fund capacity building allow the nonprofit to custom-fit capacity building. (28% agreed)</i>			+/-	60%
<i>Funders help us to participate in capacity-building initiatives. (39% agreed)</i>			+	26%
<i>Nonprofit CEOs have sufficient access to capacity-building research, publications, and tools. (36% agreed)</i>	-	-		35%
<b>Academic Programs and Resources</b> <i>Non-degree programs (e.g., executive education, continuing education, workshops, certificate programs) in the area are of high quality. (41% agreed)</i>			+	48%
<i>Research conducted at local universities on nonprofit issues is important to nonprofit capacity. (57% agreed)</i>			+	34%
<b>Consulting Services</b> <i>Capacity-building consultants in the Central Texas Region offer high quality services. (21% agreed)</i>			-	70%
<i>There are too few capacity-building consultants in the Central Texas region. (19% agreed)</i>	+	+		59%
<i>There is an adequate number of consultants &amp; trainers who 'get it', who are able to meet organizations where they are, with their current needs. (20% agreed)</i>	-			54%
<i>It is difficult to obtain information about capacity-building consultants. (34% agreed)</i>			+/-	42%
<b>Workshops/Training</b> <i>There is insufficient training on adapting to changing external environments. (36% agreed)</i>	-		-	47%
<i>It is difficult to obtain information about capacity-building workshops in the area. (29% agreed)</i>			+/-	31%
<b>Peer Interaction</b> <i>I find it really useful when I interact with peers for the purposes of learning about capacity building. (73% agreed)</i>			+	21%
<i>Capacity building is a good use of organizational resources. (82% agreed)</i>			+	13%
<i>There should be more opportunities to interact with peers for the purposes of learning about capacity-building practices. (66% agreed)</i>		+	+	19%

specifically, some participants indicated there was an oversupply of capacity-building providers, citing a number of independent consultants, university programs, and management support organizations. A few study participants also noted a possible oversupply of capacity-building providers with a narrow focus (such as volunteer management support organizations and board development or fundraising experts) and an undersupply of capacity builders who could provide broadly integrated services. As one capacity builder told us, “I think there’s an oversupply of consultants, many of whom have a very specific niche... though they will sell themselves to be many things.” In contrast, in the rural areas surrounding Austin, most respondents indicated a lack of sufficient capacity-building providers. Due to the lack of capacity-building resources found in rural areas, nonprofits were forced to travel and initiate partnerships with providers or not engage in formal capacity-building programs at all.

Most nonprofit executives we spoke with and surveyed said they would like more opportunities to interact with peers or engage in learning networks. Nearly three out of four nonprofit executives surveyed agreed with the statement, “I find it really useful when I interact with peers for the purposes of learning about capacity building,” and the role of collaborations and inter-organizational networking appeared repeatedly in our focus groups with nonprofits, as well as in interviews with funders and capacity builders.

### *Accessibility*

Just over one-third (36%) of surveyed nonprofit executives indicated that they had sufficient access to capacity-building resources such as research, publications, and tools, though nearly as many (35%) told us they did not know if nonprofit leaders had enough access to such resources. When discussing specific types of access to services, the lack of knowledge was even more pronounced: 59% of respondents indicated that they did not know about consultants available to their community, and 67% could not speak to whether specific ethnic communities had adequate access to capacity-building services. More than one in three respondents agreed that “it is difficult to obtain information about capacity-building consultants” in the Central Texas region, and 29% felt that “it is difficult to obtain information about capacity-building workshops” in the area. Access to capacity building in rural areas was lamented by numerous survey respondents and interviewees alike. In fact, several capacity builders expressed regret that they had not served the rural community as much as the need might warrant.

Although nonprofits appeared to lack awareness about available capacity-building resources, many interview and focus group participants told us that the nonprofits themselves typically must initiate capacity-building engagements because there are limited clear avenues to easily obtain information on capacity-building providers. Difficulty in identifying and investigating capacity-building services seemed to be exacerbated by the fact that a number of capacity-building providers themselves indicated that they normally do not advertise or engage in extensive public-relation activities. This leads to accessibility challenges, as one funder noted, describing capacity builders' limited marketing of their services:

I think there is plenty of support out there, it's just a matter of asking for it or finding out who has the ability to provide it... You've got a lot of people in the area that just need to promote themselves in a better fashion.

Most capacity builders said that they relied on word of mouth to generate interest in their services, and few reported doing any direct marketing to clients. Many capacity builders felt this method conveyed greater credibility, yet several executive directors, in contrast, complained that capacity-building services were difficult to locate.

### *Quality*

Only 26% of nonprofit executives we surveyed confidently agreed with the statement that "capacity- building programs in the area have demonstrated they can achieve results," compared to 52% who said they did not know. Survey respondents asked about the variations in quality of the capacity-building industry in Central Texas indicated that colleges and universities and larger management support organizations offered high quality services, while other capacity builders' services may be mixed. Nonprofit executive directors in focus groups also expressed an overwhelming desire for objective information about the type and quality of capacity-building providers available to them. These executives reported wanting resources to provide information about various features, approaches, and proficiencies of capacity-building providers or tools to help make them smarter consumers in the capacity-building market. One executive director wished for a tool that would provide independent capacity-builder ratings, comparable to a *Consumer Reports* for the nonprofit sector.

Other nonprofit executives were concerned about the quality of training available from capacity builders. Some questioned whether workshops and seminars provided cost-effective training and whether they warranted the cost in staff time away from work. As one executive



director said, “We’ve got to get it where we get more than one idea from a training.” Some capacity builders felt that nonprofits’ negative notions about training reflected their hesitance to invest in high-quality training, which would have a greater impact. One capacity builder remarked:

They really see training as a luxury. If anything is going to get cut, it is training. They go to a lot of local peer training, but very rarely afford their people national training, best-practice training, cutting-edge training... There is so much talk about implementing best-practice models, but the folks don’t have much clue about what that is.

Some nonprofit executives and capacity builders noted that local MSOs, academic institutions, and consultants occasionally exhibit conflicting ideologies about the best approach to capacity building. Although a few felt this provided for more diversity of services in Central Texas, others noted that it could cause confusion for nonprofits. Insufficient or easily accessible information about both the existence of and quality of capacity-building services was pointed to as the source of much nonprofit confusion or frustration about capacity-building providers. A number of study participants expressed that greater accessibility and information had the potential to better align nonprofit capacity-building needs with capacity-building assistance.

### *How Capacity Building Has Evolved*

The Central Texas capacity-building industry’s attempt to evolve and meet the changing needs of local nonprofits received mixed reviews from interview and focus group participants. Funders, capacity builders, and nonprofit executives uncovered several gaps in the supply of capacity-building services, mentioning most frequently the need for funders to provide support for nonprofits to engage in capacity building, the need for more and better evaluation and assessment services, and the dearth of executive director training and transition programs.

Many nonprofit executives and capacity builders identified a need for greater funder support for capacity-building efforts, rather than funds earmarked only for program expenses. One capacity builder noted that the trend of funding only program costs had left many local nonprofits with a shortage of unrestricted funds that risked *decreasing* capacity at many organizations over time.

Capacity builders and funders alike viewed evaluation as a critical activity for nonprofits, but felt that organizations needed more services in this area. Some commented that nonprofits rarely undertook evaluations unless required to do so by a funder, because boards rarely

prioritized it. Noted one capacity builder: “Most nonprofits do not have an evaluative structure. They don’t know they need one and wouldn’t know how to develop it. If funders didn’t require evaluation, they wouldn’t have it. They’re working on a grant-by-grant, project-by-project basis.”

Capacity builders also felt that nonprofits lacked the ability to assess their own needs adequately in order to pinpoint which capacity-building services they should request. One capacity builder expressed that it was the industry’s responsibility to create a framework to help nonprofits ask the right questions.

Several interview participants cited a need for more executive director transitioning and training programs in Central Texas. In a remark similar to one we heard repeatedly, one capacity builder said:

There needs to be a boot camp for executive directors...I mean there just needs to be a thoughtful way to get executive directors supported and developed in their jobs...It has to be ...a little bit more hands on, it needs to be more focused particularly for the new executive directors who have big [positions].

### **Capacity-Building Recipients**

We asked nonprofit executives, funders, and capacity builders participating in our study about the characteristics of nonprofit agencies that engage or would like to engage in capacity building. Specifically, a series of questions probed for information about organizational attitudes toward capacity building, both in the local nonprofit sector generally and among certain types of organizations. We also explored barriers that could prevent organizations from engaging in capacity-building initiatives.

From quantitative and qualitative data we collected, it emerged that nonprofits valued capacity building and had a wide range of needs for it. Among nonprofit survey respondents, 82% agreed that “capacity building is a good use of organizational resources.” Nonprofits’ needs varied with types of services provided, age and experience of the organization, and size of the organization. One funder described this by separating nonprofits into three tiers, ranging from sophisticated, established agencies with little need for oversight, to organizations beginning to move from “survival” to sustainability, to emerging grassroots organizations requiring a great deal of infrastructure development.

Interview and focus group participants mentioned several key characteristics shared by many nonprofits that choose to enter into capacity-building projects. Nonprofit executives and capacity builders generally agreed that “proactive” nonprofits engaged in capacity building because they tend to be more open to change and constructive criticism than those that avoid capacity building. In many cases, the executive directors of proactive organizations expressed a desire to run more efficient, productive, and influential organizations.

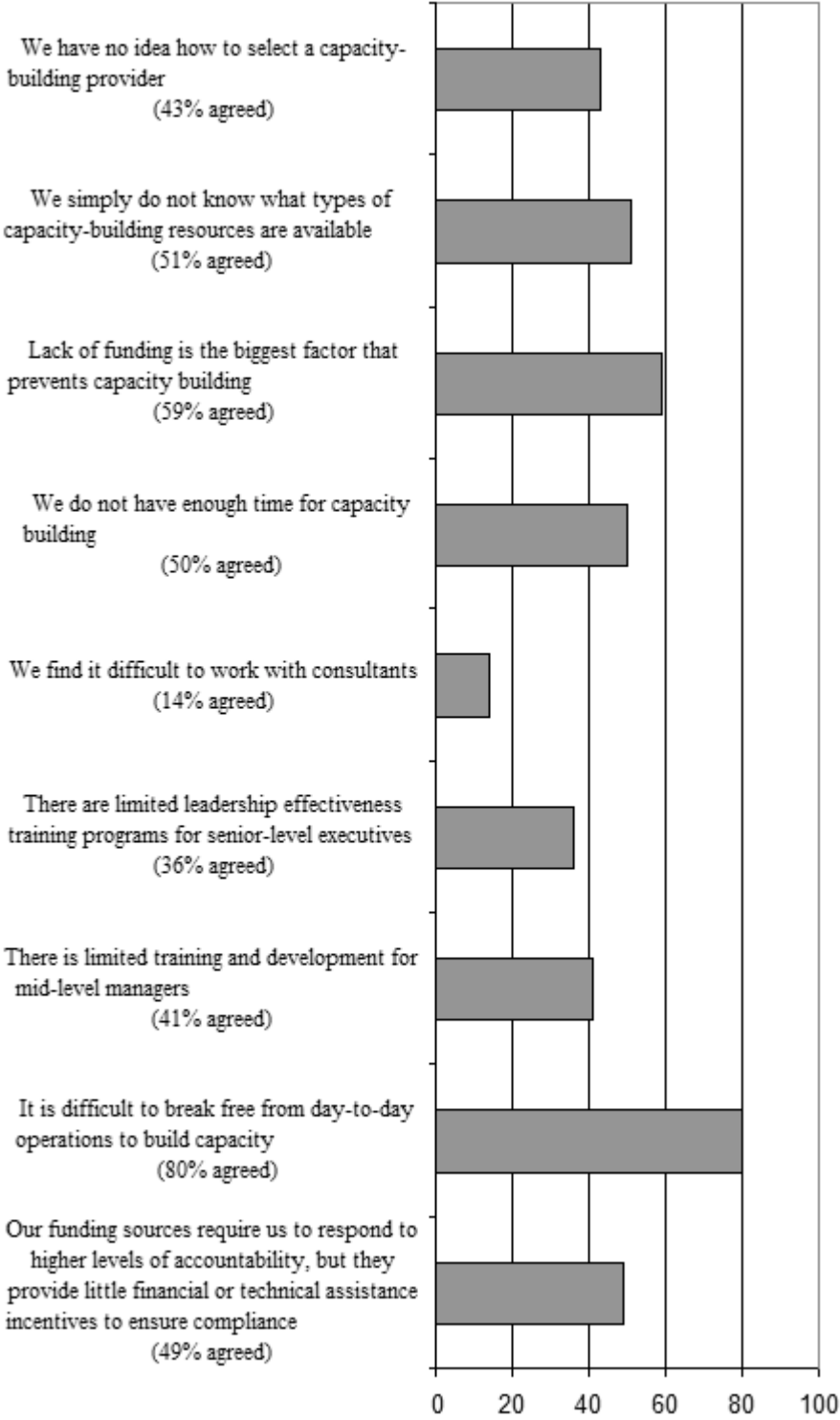
At the same time, those we interviewed described the staff at many nonprofit organizations as overworked, spread too thin, and in need of great assistance with understanding their own technical and technology-related challenges. Capacity builders characterized organizations less likely to engage in capacity building as having “too much heart and not enough head,” meaning staff whose passion for the mission of the organization developed into a reluctance to promote organizational change. As one capacity builder put it:

You have a lot of people with overwhelmingly strong personal commitment and who believe in topics and issues and then they get into these nonprofits and find out that all of a sudden they need to have certain more functional abilities. ...There is a general sense that, if you focus on technical capacity, you are not being true to the real fundamental purpose of the nonprofit, which is to deliver on the mission, and some of those things that...are not instrumental to the mission, they are kind of “luxuries.”

### *Barriers to Capacity Building*

Survey participants identified four primary barriers that frequently hinder a nonprofit’s pursuit of capacity-building services. These issues, outlined in detail in Figure 3, on the next page, and treated in depth below, include challenges of time, funding, and board involvement as identified by nonprofit study participants. Additionally, many funders and capacity builders pointed to limited awareness about the benefits of capacity building at nonprofit agencies as a major barrier.

**Figure 3:  
Barriers to Capacity Building**



Many nonprofit representatives reported finding it difficult to break free from day-to-day operations to build capacity. Eight out of 10 nonprofit executives responding to our survey

reported time as a major barrier. In focus groups and interviews, study participants elaborated on this challenge. One nonprofit representative explained, “You just have so many hours in the day and the night to do these things. And you don’t want to say you’ll be involved [in a capacity-building project] if you can’t contribute in the ways that you’re being asked to contribute.”

In describing a second barrier, 59% of nonprofit executives in our survey said they felt constrained by the limited funding available to build capacity. With limited resources but seemingly unlimited demands on these resources, nonprofits found it difficult to enter into paid projects with capacity builders. Nearly half of nonprofit survey respondents stated that their funding sources required them to respond to higher levels of accountability, but that funders provided little in the way of financial or technical assistance incentives to ensure compliance. One executive director asserted that it was difficult to support capacity-building efforts, “unless you already have resources to attract resources.”

Third, many nonprofit executive directors expressed uncertainty about board support for capacity building. Most surveyed said, although their boards would not oppose capacity building, board members would not require it either. Generally, executive directors said that they wanted their boards to be made up of members willing to foster capacity building by listening to new ideas, making changes, or taking risks. In focus groups and interviews, however, some study participants suggested that boards had an entrenched approach to nonprofit governance that inhibits capacity building. Others described the challenge of initiating strategic planning or other leadership-led capacity building in an environment of frequent board turnover. One capacity builder went so far as to say, “The biggest challenge in terms of strategic planning is that volunteer leadership is in constant flux.” Another told us of frequently having to recommend that nonprofits reduce the size of their boards: “Every project we’ve done, we’ve cut the board down because they can’t get quorum, and they can’t do their work.”

Fourth and last, capacity builders and funders identified another substantial barrier to successful capacity building as nonprofits’ lack of knowledge that they needed help or awareness of how to secure assistance. Forty-three percent of nonprofit survey respondents reported that they “have no idea how to select a capacity-building provider.” Several capacity builders said that nonprofit leaders sometimes lacked information about new technology or best practices, and others were simply suspicious of change. One capacity builder described many nonprofit organizations as being “very insular and insecure,” and several capacity builders mentioned the

challenge of offering assessments to more defensive nonprofit organizations, which tended to view such exercises as “an effort to find fault, basically.” One funder characterized nonprofits as uninformed about available capacity-building services and added, “Even if they know [the services] exist, they’re not in a posture where they are willing to or they don’t want to take the time to do it.”

### **Capacity-Building Results**

Assessing the outcomes of capacity building remains an elusive concept for both capacity builders and nonprofit recipients. Similar to the results from the Pittsburgh study, we found it challenging to measure capacity building’s outcomes and how capacity building leverages organizational change in nonprofit organizations. Daily activities of nonprofit organizations inevitably involve numerous and intertwined interactions, from the lunch meeting of an executive director with the director of another organization, to the interactions between the board and the community, to formal workshops and trainings. Because any of these interwoven activities could provide support for a nonprofit or help increase its effectiveness and strengthen capacity, establishing causal links between a single capacity-building initiative and the effectiveness of a nonprofit organization is challenging. Additionally, nonprofits often struggle to accurately assess their own outcomes, which can obscure measurement of any potential long-term benefits of capacity building. The challenge of evaluating the results of capacity-building activities also complicates the ability of nonprofits to clearly articulate why their organizations need capacity-building support.

To address the need for information about the impact of capacity building and learn more about perceptions of the effectiveness of capacity building, we collected quantitative and qualitative data about the elements of successful and unsuccessful capacity building, as well as outcomes of these efforts for organizations. We asked a series of questions to assess how successful capacity-building interventions leverage organizational change, how providers build their own capacity, and the impact capacity building has on relationships between nonprofits, providers, and funders. With this information, we arrived at a clearer understanding of the value of capacity building for nonprofits and the characteristics of the most promising interventions.

### *Elements of Successful Capacity Building*

Participants in interviews and focus groups reported three important elements of successful capacity building. First, study participants felt capacity-building initiatives should be grounded in a “partnership” approach. Second, initiatives must be clearly supported by leadership in the organization, such as an executive staff member or board officer. Third, excellent capacity building includes peer interaction and learning.

Interview and focus group participants characterized successful capacity-building interactions as partnering relationships, where both the capacity builder and the nonprofit shared a stake in organizational outcomes. This partner approach to capacity building required accountability, transparency, and honesty, study participants explained. As one funder indicated, when partnership exists, the capacity builder is “seen as an honest broker...which comes down to personal trust and relationships.” In a partnership relationship the capacity builder would be more a “mentor” than a formal instructor, the funder added. The partnership approach to capacity building, as one capacity builder said, means “coming alongside and working with” the nonprofits served.

Numerous focus group and interview participants also spoke about the importance of having capacity-building interactions shepherded by an effective leader, described as someone able to maneuver the complex personal dynamics of the board and staff and rally the organization around a common vision. Strong leadership was described as generating capacity-building success in part because it ensures someone in power defines how capacity building will advance the nonprofit’s mission, participants told us. As one capacity builder explained, when capacity building is not “instituted from the top,” changes initiated as a result of a capacity-building effort are likely “not to go anywhere.”

During a focus group, one nonprofit executive explained that leadership around capacity building could come from either the executive director or the board of directors:

We change board presidents every two years, so obviously the executive director is going to be leading most of the initiatives on capacity building. But sometimes you get a really great president who is such a good partner in that and moves the board with you, and then it becomes a really wonderful process. And when I get one of those individuals, I try to use them as much as I possibly can to really start developing the board, because my

ability to move the organization does hinge on that board being willing to listen to the new ideas or new changes or the risk.

Finally, survey and interview participants told us successful capacity-building engagements often featured the opportunity for peer-to-peer interaction. One capacity builder praised peer learning as “one of the most effective ways to deliver capacity building.” Peer interaction and learning were seen to facilitate not only networking and idea-sharing, but also assistance that lets busy executive directors realize what they are going through is, as one capacity builder put it, not unusual:

What works is timely, hands-on help and making people realize that the stuff they’re going through is normal. So our classes are really, more than anything, places for people to say, “You know what? I was really, really worried about this, and now I realize it’s a problem – but I’m not so worried, because everybody’s got this.”

#### *Elements of Unsuccessful Capacity Building*

Some nonprofit executives, capacity builders, and funders offered examples of experiences they had with unsuccessful capacity-building interventions. Among the descriptions of unsuccessful capacity building we heard, two key themes emerged. First, a diverse range of study participants pointed to nonprofits’ unwillingness or inability to change. Second, they noted a lack of clear communication or other infrastructure to support healthy capacity-building endeavors.

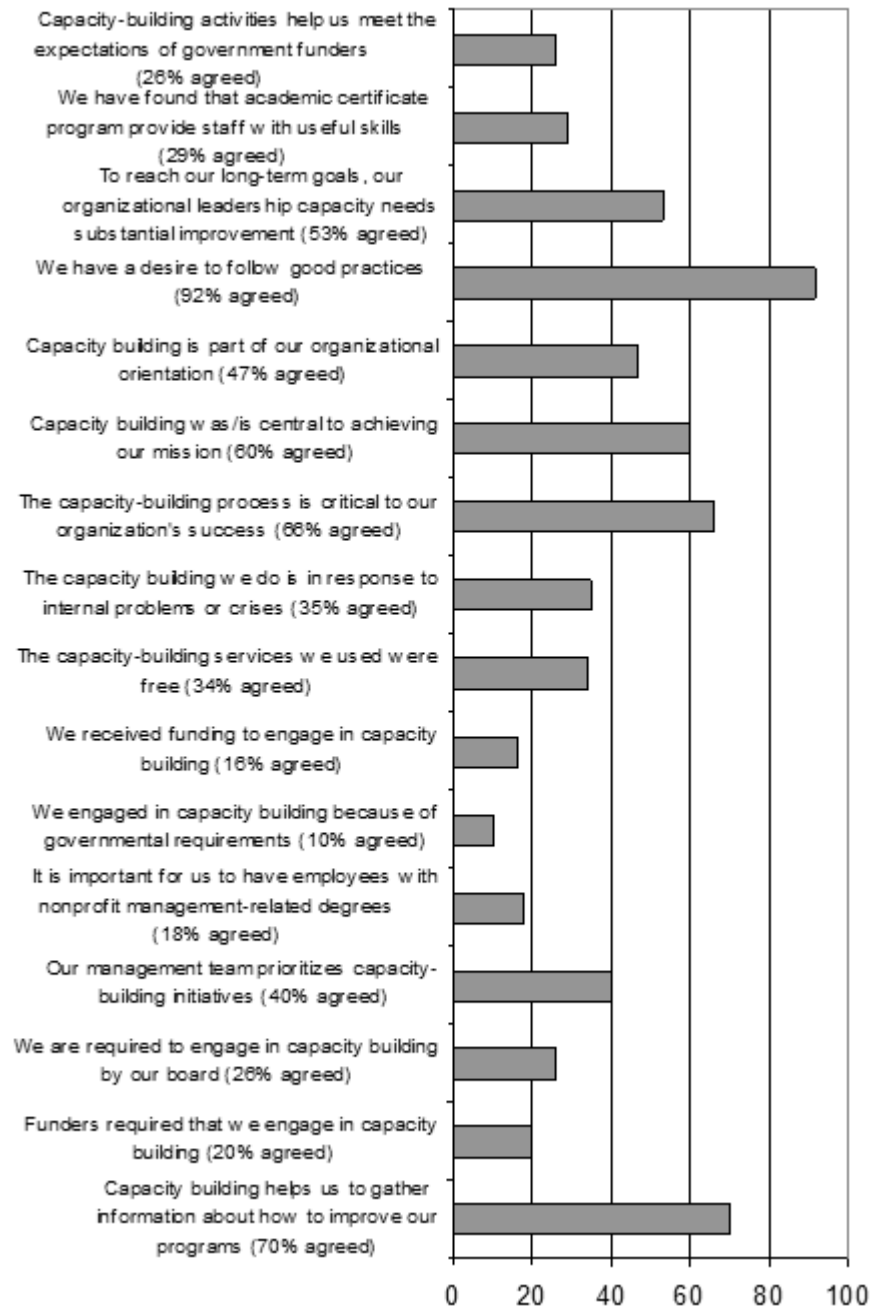
Many of the capacity builders we interviewed expressed concern that nonprofits’ unwillingness to change was a major obstacle to success. Capacity builders attributed the unwillingness to a fear of new or different approaches. In our survey, however, a strong majority (92%) of nonprofit executive said that they had a desire to follow good practices, and a majority (60% and 66%, respectively) agreed that the capacity-building process was “central” to achieving their mission and “critical” to organizational success (see Figure 4). Nonprofit executives were more likely to identify barriers to capacity building (such as funding and time) as the major obstacles to success, suggesting that where capacity builders and funders may perceive unwillingness to change, some nonprofit executives instead saw an *inability* to change due to extenuating circumstances.

Additionally, in our interviews, capacity builders identified other causes of unsuccessful capacity-building interactions, including a lack of clear communication, frequent leadership



turnover in nonprofit organizations, and limited funding for implementing change. Nonprofit executives also emphasized the last challenge in the survey. As Figure 4 shows, only 16% of respondents agreed with the statement, “We receive funding to engage in capacity building,” and only 34% said that “the capacity-building services we used were free.”

**Figure 4:  
Capacity-Building Orientation in Nonprofits**



### *How Successful Interventions Leverage Organizational Change*

Although it was difficult to assess direct causal links between capacity-building interventions and organizational change, we were able to identify indirect evidence of change associated with capacity building. For example, 70% of survey respondents agreed that “capacity building helps us to gather information about how to improve our programs.” Our interviews and focus groups revealed that capacity building was perceived to be helpful in leading nonprofits through strategic introspection, as well. As one capacity builder summarized:

Listening is important, and to collaborate with clients to articulate the right problem.

Oftentimes, clients contact us with the sense that they need, say, “an apple.” And after listening, it is not uncommon for us to engage in a conversation saying, “You need an apple pie or a mango, instead.” That portion of the engagement is the most valuable.

Study participants said that successful capacity builders would provide accountability and suggestions for how to implement any advice or training. One capacity builder told us that they viewed their deliverables as “working documents” that kept nonprofits on track with a calendar for implementation. Breaking tasks down into small, more measurable pieces helped nonprofits understand and internalize capacity-building plans and reduced anxiety over change, several interview participants explained.

### *Building the Capacity Builders’ Capacity*

We asked capacity builders how they built their own capacity or stayed abreast of emerging needs for Central Texas nonprofits. Many said they volunteered with local nonprofits, sat on boards, or became members of local organizations. Capacity builders also said that they built their own capacity through reading relevant literature and participating in professional associations and conferences to keep up with current trends within the sector. Additionally, capacity builders reported collaborating with colleagues in the nonprofit sector and peers who were also capacity builders.

Despite the range of professional development approaches taken by some capacity builders, others reported making no special effort to build their own capacity. Several seemed to be challenged to answer a question about how they stay abreast of emerging needs in local nonprofits. A few independent capacity builders told us they chose not to “build their own capacity,” which they interpreted to mean grow as a business; instead, this group said they preferred to maintain small, traditional consulting practices.

### *The Impact of Capacity Building on Relationships*

In support of the earlier finding that “partnership” relationships were seen as ideal in capacity building, we found that not all capacity-building interventions feature adequate collaboration. Instead, we found a frequent tension emerged between capacity builders and nonprofits, as well as with funders. Capacity builders sometimes mentioned a tension that arose out of the perception that capacity builders, as detached “outsiders,” had little knowledge or experience with the organization. Capacity builders alluded to the fact that they had to be “careful” about how they presented their services so as not to alienate nonprofits. Others noted a sense of “defensiveness” among some nonprofits about needing help.

It appeared that tensions arose most frequently when capacity builders and nonprofits entered an initiative with two different sets of expectations. Capacity builders spoke of differing expectations of what both sides would contribute. For example, one consultant described a situation of working with a nonprofit representative who “had different expectations for what could be accomplished in an hour a week” by the capacity builder, while another provider spoke of the awkward challenge of having to push for greater board involvement:

We try to go in there and diplomatically light a fire underneath the board and say, “Guys, you need to do more than just sit here and attend the meetings. If you are going to be on this board, you have to work.”

Yet another capacity builder described the same phenomenon in the context of fundraising:

If you were to talk to a nonprofit about what their issues are, they are going to say fundraising, but often fundraising is not really the key issue. Usually they are having difficulty in fundraising for two reasons that actually funnel down to one reason in my mind: the board is not adequately involved, and they are not effectively communicating their results or their impact...because they don't really know what their results are.

Funders frequently expressed a sense that their role in capacity building should come from a cautious distance, as their involvement could hinder nonprofits' ability to assess honestly where change or improvement may be needed within their organizations. Accordingly, some funders told us that they were “careful” when advising their nonprofit funding recipients about capacity building. Still, about half of surveyed nonprofit executives indicated that they would appreciate more technical assistance from funders, for example, in meeting accountability requirements.

## **Drivers for Capacity Building**

Nonprofits, capacity builders, and funders all valued capacity building, but they had different and sometimes conflicting strategies and incentives for engaging in the practice. Furthermore, capacity builders and funders had differing perceptions and perspectives of nonprofits' motivations for seeking out capacity-building services. Below we summarize why groups engage in capacity building and what is perceived to drive commitments to capacity building among three audiences: the nonprofits requesting the work, the capacity builders engaged to lead the work, and the funders supporting the initiative.

### *Nonprofits*

Nonprofits' motives for capacity building ranged from a desire to create stronger organizations, to a need to respond to crises, to an effort to gain support from colleagues. Nonprofit representatives we surveyed and met with in focus groups tended to identify their main organizational strategy to further their mission in fund-development terms. For some nonprofits, capacity building had more to do with survival than growth, as more than one in three survey respondents reported engaging in capacity building as a direct response to internal problems or crises.

Many nonprofit executives felt responsible for overseeing capacity building, and several said they coped with capacity-building obstacles by forming peer networks and forging close professional ties with their counterparts in other nonprofit organizations. Regardless of whether their organizations engaged in more formal modes of capacity building, executive directors found peer networks to be an effective way of gathering ideas and strategies, and some identified these capacity-building relationships as their most tangible, ongoing means of improvement. For many executive directors, peer networking functioned as a version of capacity building that infused their organizations with new skills and collaborations while also tempering the lonely burden of leadership.

### *Capacity Builders*

Several capacity builders agreed that executive directors often engaged in capacity building out of a self-motivated desire to do better and engage in good management practices. Some capacity builders believed newer executive directors were more likely to seek capacity-building services than more experienced executive directors, who were seen as potentially more

resistant to change. Others felt more seasoned organizational leaders simply had a more limited grasp of capacity building and its potential usefulness.

A few capacity builders perceived different nonprofit motives for engaging in capacity building. Some suggested that nonprofits only contacted them when the organization was in “crisis mode”; others declared that agencies chose to engage in capacity building only when a funder required them to do so. Survey responses, however, revealed that only one-fifth of nonprofits perceived they engaged in capacity building to fulfill funders’ requests.

Capacity builders’ own motives for engaging in work with nonprofits ranged from personal interest in the organization or project to a desire “to do good” for a client serving the community at large. A number of capacity builders who also worked with private sector clients made the distinction between their capacity-building work for nonprofit clients and other services they offered. With nonprofit clients, they said, they were rarely driven by financial motives but rather by opportunities to gain experience or to offer support for a worthy cause.

### *Funders*

Funder interviews revealed that most funders believed capacity-building activities could contribute to improving and sustaining nonprofit programming, although some would not fund these activities. One in five nonprofits surveyed said that their funders required them to engage in capacity building, while 10% engaged in capacity building because of a government requirement. Although our research indicated that many nonprofits recognized a need for capacity-building services and many funders understood that capacity building could benefit programs they fund, no consensus emerged among those we spoke with about whether funders or nonprofits themselves should be responsible for ensuring nonprofit budgets include allowances for capacity building.

### **Volunteer Capacity**

To assess the capacity of nonprofits to effectively engage volunteers, we asked volunteer managers, nonprofit executives, funders, and capacity builders to delineate and evaluate the work of volunteers within Central Texas nonprofits, using protocols from the Urban Institute study (Hager, 2004). This section provides an overview of our findings related to the levels of volunteerism in organizations, investments in volunteer programs, perceived value of volunteers, and strategies for volunteer engagement. We also highlight findings related to volunteer

managers within organizations and available professional development and job preparation for staff working with volunteers.

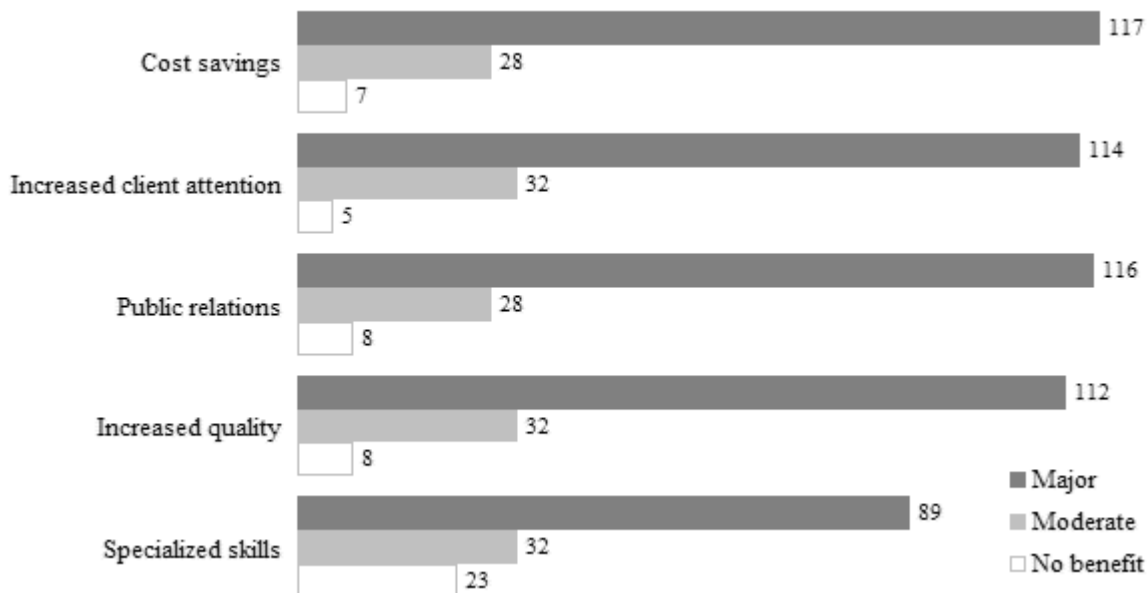
In the capacity-building survey sent to nonprofit executives, nine out of 10 respondents reported engaging volunteers in their organizations' work through programs, board work, and other capacities. Of the few organizations reporting no volunteer engagement, difficulty recruiting volunteers and lack of agency resources to support volunteer involvement were cited more frequently as critical barriers. When asked about their capacity to engage more volunteers, nonprofit executives reported they could absorb and effectively utilize a median number of 12 additional volunteers; volunteer managers we surveyed, in contrast, reported their organizations could absorb an average of 50 more volunteers. In both the survey of nonprofit executives and the separate survey of volunteer managers, respondents were asked to estimate the hourly cost to the organization if it were to have to pay for the services generally performed by volunteers. Both surveys valued an hour of volunteer time at approximately \$15.

#### *Why Work with Volunteers?*

When surveyed about the benefits volunteers bring to organizations, nonprofit executives most frequently cited likely cost savings to their agency. As demonstrated in Figure 5, on the next page, they also agreed with the statement that volunteers "enable us to provide more detailed attention to the people/cause we serve." Many also said volunteers improved public relations or public support and increased quality or level of service in organizations. In addition, some noted that volunteers provide "access to specialized skills."

Executive director focus group participants sometimes expressed a more nuanced sentiment, suggesting that volunteers provide challenges as well as benefits. Several focus group participants discussed the issue of retaining volunteers or finding the right volunteers for a particular job. In one instance, an executive director noted that volunteers needed to be prepared and ready to work coming into the job, because organizations had limited capacity for volunteer training. Focus group participants also singled out two examples – university students and members of faith-based communities – as groups that could either be very helpful to a nonprofit in need or problematic, if volunteer work is seen as a mandate rather than a choice. Utilizing volunteers was generally viewed as beneficial, however, allowing organizations to expand capacity and garner positive attention from funders.

**Figure 5:  
Benefits of Volunteers by Nonprofit Responses**

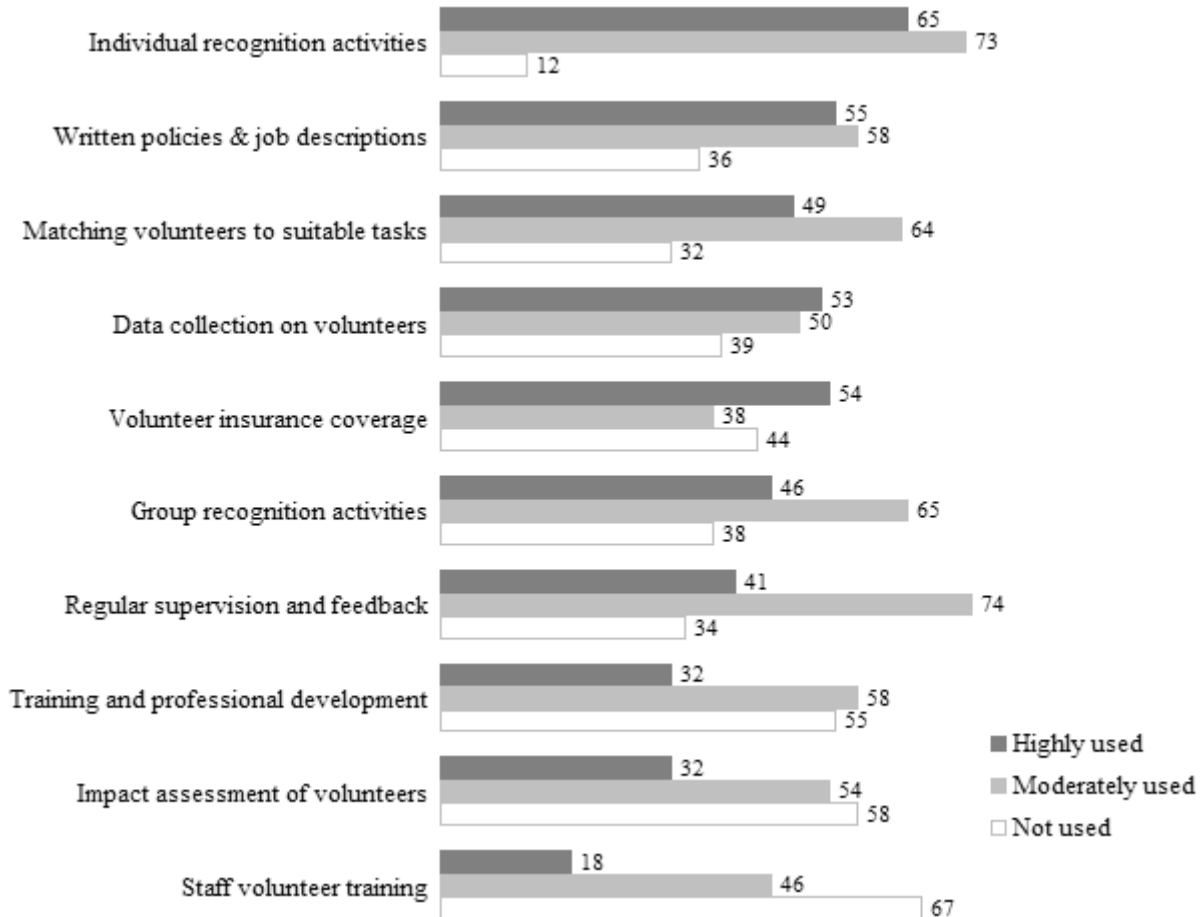


Several funders echoed a similar sentiment in interviews, saying that volunteers played a key role in nonprofit capacity building. As one Austin-based funder put it, “The talent and the creativity volunteers bring to an organization is just immense...If we didn’t have volunteers, we wouldn’t exist.” Despite their enthusiasm for volunteers and emphasis on the importance of skilled volunteer management, few funders said that they would intervene to suggest a grantee do more to build their capacity to work with volunteers. “For us to go in and say to an executive director, your volunteer coordinator needs training in X-Y-Z is not something I would imagine us doing,” one funder stated.

As demonstrated in Figure 6, on the next page, nonprofit executives surveyed about volunteer management strategies in their organizations indicated that they utilized “recognition of volunteers for services performed” most frequently and “training for paid staff in working with volunteers” least frequently. Other strategies – such as creating job descriptions for volunteers, securing liability coverage for volunteers, and tracking volunteer participation and impact – showed moderate usage. Over half of all respondents said they dedicated no time to volunteers’ professional development, with an additional third reporting less than half a day of professional development per month. In a hypothetical situation where resources permitted the use of any strategy, many respondents said they would seek to employ a full-time paid volunteer manager to engage additional volunteers to serve during the day, or to enhance overall

organizational volunteer management. Few cited making “staff better prepared to work creatively with volunteers” as an effective approach to expand volunteer involvement.

**Figure 6:  
Strategies for Volunteer Management by Prevalence**



According to our quantitative and qualitative data, volunteer programs may receive insufficient financial resources at many organizations, potentially affecting the ability of volunteers to impact organizational capacity. Volunteer manager focus group participants expressed a sense that the limited resources allocated to volunteer program budgets was a result of perceptions by the organization’s leadership or funders that volunteers were of only limited importance or impact. Few organizations budgeted in ways to support volunteer involvement. Several volunteer managers noted their perception that nonprofit executives and funders alike viewed volunteer programs as “afterthoughts.” Survey results indicated that volunteer programs tended to comprise approximately 7% of the organization’s budget.



### *The Role of Volunteer Managers*

Very few organizations reported employing a full-time paid volunteer manager whose work consisted solely of engaging volunteers, but over two-thirds of the nonprofit executives surveyed said that they employed salaried staff who divided their time between work with volunteers and other duties. One in five organizations reported utilizing a volunteer to serve in the volunteer manager role. More than half of nonprofit executive survey respondents reported having volunteer managers (whether paid or unpaid) who devote less than 30% of their time to volunteers, with just 13% of respondents reporting having volunteer managers who devoted more than 70% of their time to volunteers.

When volunteer managers spent more time with volunteers, several correlations became apparent. Organizations that dedicated greater amounts of volunteer managers' time to direct work with volunteers were more likely to offer professional development for volunteers and more likely to hire a salaried volunteer manager rather than a volunteer manager who was also a volunteer. These organizations also tended to have greater numbers of volunteers dedicated to programs. These organizations also reported feeling they had a greater capacity to absorb more volunteers, and they tended to place a higher dollar value on the estimated worth of volunteer labor in their organization. This is similar to findings in the Urban Institute study that greater amounts of staff time dedicated to work with volunteers appeared to lead to greater and more effective engagement of volunteers in organizations (Hager, 2004).

The average age of volunteer managers responding to the survey was 36, compared to 52 years of age for nonprofit executives. Over half of volunteer managers reported that their training consisted only of prior work as a volunteer manager or active volunteering. Highly prepared volunteer managers were more likely to read books and journals related to volunteer management, attend relevant conferences, and be members of professional associations. Very few volunteer managers were prepared through formal coursework at universities or college. Commenting on her professional development as volunteer manager, one volunteer manager focus group participant said, "I didn't even really know about volunteer management until junior or senior year of college. I call it my 'accidental profession.' I just kind of fell into it. And it's really on-the-job training."

When asked to comment on the ways in which volunteers might further the capacity of nonprofit organizations, few suggestions emerged from the participants in the volunteer manager

focus groups. Most participants instead returned to a discussion of the duties inherent in their positions. For example, participants discussed the time requirements of maintaining contact with volunteers, responding to questions, recruiting additional people for new positions, etc. Although the volunteer managers clearly saw the value of volunteer involvement to their organizations, they were not successful in conceptualizing mission-specific or strategic opportunities to either explain or expand the role of volunteers within their organizations. This may be attributable, at least in part, to the lack of preparation for these positions.

### **Emergency Relief and Capacity-Building Needs**

In the aftermath of Hurricanes Katrina and Rita, numerous nonprofit organizations in Central Texas participated in relief efforts as thousands of evacuees relocated to this area following the disaster. To improve our understanding of how responding to disasters can affect the capacity of nonprofits and how capacity building helps nonprofits to respond to unexpected yet dire events, we gathered quantitative and qualitative data to assess nonprofit organizations' perceptions of the adequacy of their capacity and their capacity needs during, and in the wake of, the 2005 emergency response.

Local nonprofits participating in our survey indicated varying levels of participation in relief efforts, with health and human service organizations among the most directly involved. More than half of survey respondents (51%) reported they had been engaged in Katrina and Rita relief in some capacity, with just over 40% noting that it had been their first time to serve in an emergency relief capacity. When asked if they became involved in disaster response because it related to their organization's mission area, 65% of respondents who participated in emergency relief answered that it did. In expanding on their reasons for contributing to the effort, respondents noted that they became involved because there was a tremendous need, they felt it was the right thing to do, they had been asked to get involved, or they had resources to offer. Some respondents indicated that they redirected organizational resources to assist with the crisis:

We hosted a fundraiser to raise money for the Red Cross after Hurricane Katrina. We had planned an organizational fundraiser for that month, but felt it would be inappropriate to move forward with raising funds only to be utilized by one organization at a time of such great national need.

A majority of respondents (64%) felt that they had sufficient capacity to provide relief efforts when the hurricanes occurred. Those who felt they had adequate capacity indicated that dedicated volunteers, supportive funders and board members, organizational infrastructure, collaborative partners, and determined staff all contributed to their agencies' ability to meet the challenges of disaster response. Others, however, noted barriers to effective disaster response, with lack of coordinated communication (from government or other nonprofit service agencies) and a shortage of funding cited most frequently as hindrances to providing emergency relief.

### *Short- vs. Long-term Response*

Several funders and capacity builders praised local nonprofits for their quick response to the needs of hurricane evacuees, but they and some nonprofit executives in focus groups acknowledged a general apprehension about the hurricanes' long-term impact on demand for services. Though about 12,000 evacuees remain in Central Texas, more than half of nonprofit service providers who said they served in a disaster-response capacity did so only briefly, less than 20 days. In interviews, study participants expressed uncertainty about whether local nonprofits had the capacity to translate their early success in crisis management into services to meet the long-term needs of remaining evacuees. One funder explained:

I think nonprofit agencies are really faced with, "How do I manage this influx of new people with unknown needs? ... And how do I balance the existing community issues along with the new needs?" ...I think it's giving us an opportunity to learn how to work together as a community. But I also think it's challenging to figure out how to work with people who are from a very different community than ours – who behave very differently, who respond to services differently, and people who are suffering from post-traumatic stress disorder, and all of the other things that go along with losing your home and your people.

Several funders and nonprofit executives saw collaborations and networks as key in facilitating effective disaster response. While some lamented that more could have been accomplished with greater coordination among organizations, many noted how organizations with pre-existing relationships were able to accomplish a great deal together and work innovatively as a team. One funder described how this applied not only for nonprofits but also with foundations:

There were 90 [foundation] people in the room and we put together a website... We all kicked money in, we all reviewed the process, because we wanted to do a quick response and offer a short-form application for all Austin agencies impacted by Katrina and Rita.

### *Volunteers and Disaster Response*

Survey and interview participants repeatedly noted the critical role of volunteers in the relief effort. When surveyed about the role of volunteers, 44% of organizations that had participated in the relief effort mentioned enlisting volunteers who had previously served with their organization; 23% reported bringing in new volunteers. Most organizations recruited only a limited number of volunteers, primarily in the immediate aftermath of the hurricanes: nearly three-quarters of survey respondents who had participated in relief efforts said they enlisted fewer than 25 volunteers. In total, 64% said they used volunteer services for 12 weeks or less in the wake of the crisis.

Despite the positive contributions of volunteers, some interview and focus group participants mentioned the challenge of coping with the large influx of volunteers at the time of crisis. In response to an open-ended survey question about how the experience shaped respondents' organizations, a few nonprofit executives concluded that they had learned more about how to engage volunteers as a result of their disaster relief involvement. Others mentioned the experience led them to develop better communications systems, broader collaborations with other service providers, improved tracking and evaluation systems, plans for interventions in future disaster relief efforts, and emergency evacuation plans for their own organizations.

## **Implications for Practice and Related Recommendations**

This study of Central Texas nonprofit and volunteer capacity building offers nonprofits, funders, government, and capacity builders a detailed overview of the providers, services, recipients, and results of regional capacity-building efforts. Our research highlights perceived needs, barriers to access, best practices in the field, and patterns of usage, as well as motives and environmental factors that impact capacity building. The research illuminated a wealth of data about the capacity-building process and its perceived consequences, including impacts on organizational change, nonprofit staff development, and relationships between capacity builders, funders, and nonprofits.

Based on these findings, we offer the following recommendations and implications for use by Central Texas stakeholders.

- *Develop a Shared Understanding about the Definition and Role of Nonprofit Capacity Building in Central Texas.* Awareness of capacity-building opportunities in Central Texas appears limited, and definitions of capacity building vary widely. Although some nonprofits and funders clearly articulated the benefits of capacity building, many others expressed less clarity about the usefulness or scope of capacity-building services. Such confusion can lead to missed opportunities for capacity development as well as misunderstandings between capacity builders and the nonprofit leaders with whom they engage. Several study participants recommended that the capacity-building “industry” should work together to build a more cohesive identity, perhaps through the strengthening of a professional association for capacity builders that could advance clear messages about what capacity builders do and why this work benefits nonprofits (see the following recommendation).

Funders also can contribute to better understanding by developing resources to help organizations understand what capacity building is and how to ensure its effectiveness. This may be especially key because of funders and nonprofits’ divergent views on appropriate notions of the relationship between capacity building and funding (i.e., funders believe organizations should develop their capacity as a precursor to receiving funding, whereas nonprofits feel they lack the funds to invest in capacity building). A common lexicon, championed by funders and including a more widely-held or shared notion of what capacity

building is and entails, could be an essential step in making communication more fluid between nonprofits, funders, and capacity builders and could help form a common vision for regional capacity building that would also improve funders' return on investment in nonprofit agencies.

- *Form Umbrella Associations to Advance Quality Capacity Building in Central Texas.* MSOs in Central Texas currently provide support for capacity-building endeavors, but no organization exists to bring nonprofits greater access to information about capacity-building opportunities available to them. An improved centralizing mechanism would allow nonprofits to organize information-sharing and collaboration within the sector and between nonprofits and key stakeholder audiences, for example, by advocating for capacity-building changes to funders and capacity builders. An additional, yet similar, need exists to bring a broader range of capacity-building providers together, such as through a professional association, as mentioned above. A capacity builders' association, with broad participation by the full range of types of capacity-building providers, would also serve to offer capacity-building providers greater opportunities to collaborate and engage in self-improvement efforts.
- *Use Evidence-Based Decision-Making to Inform Capacity-Building Investments and Activities.* This recommendation has implications for funders, nonprofits, and capacity builders alike. Several study participants noted a need for more strategic investments in capacity building by local funders, and more deliberate effort by nonprofits to engage in capacity-building activities that promise the potential for improving mission effectiveness. For this to occur, observers felt that funders, executive directors, nonprofit board members, and capacity builders themselves must avail themselves of evidence-based tools to ensure strategic investments in capacity development and better planning for limited capacity-building dollars.
- *Compile a Repository of Information on Available Capacity-Building Resources.* A vast number of survey respondents indicated they simply have no idea how to access local capacity-building resources. Given that Central Texas capacity builders report doing little

marketing, and most frequently make their services known through word of mouth, a central directory, made available through a coordinating organization and/or via the Internet, could provide regional nonprofits with vital information about the range and type of available capacity-building resources, including consultants, management support organizations, state and national organizations, government agencies, and academic resources. One organization, such as a large Central Texas MSO or funder, could spearhead the effort to collect data for the repository. That organization would also lead efforts to market the availability of the repository to nonprofits, working in collaboration with the United Way Capital Area, the Texas Nonprofit Management Assistance Network, and other regional funders, associations, academic institutions, and MSOs to spread the work to nonprofits throughout the 10 counties.

- *Foster Partnership Relationships between Nonprofits and Capacity Builders.* A theme that surfaced repeatedly in our research was the necessity of “partnership” in successful capacity-building initiatives. We were told such relationships could be fostered through clear communications upfront about expectations, available services, necessary time commitments, and resource allocations. Clearly delineated partnerships between capacity builders and nonprofits help facilitate mutual understanding between capacity builders and nonprofits and shared commitment to seeing capacity-building endeavors through to their conclusion. Another strategy to foster partnerships would be for capacity builders to adopt a collaborative, mentoring posture, as opposed to a pedagogical or detached-expert approach. Finally, nonprofits can help build stronger working relationships with capacity builders by designating a point-person within their organization, such as an executive director or board president, to work closely with the capacity builder and help champion the capacity builders recommendations for strategic changes or introspection.
- *Improve the Link between Capacity-Building Interventions and Long-Term Organizational Development.* Study participants repeatedly told us more needed to be done to ensure capacity building was more than simply a temporary exercise or treatment of symptoms to a larger problem within an organization. Instead, capacity building should be an integrated approach linked to organizational development, planning, and evaluation. Capacity builders need the skills and systems to help nonprofit clients leverage desired organizational change.

One example would be to put more mechanisms in place to ensure that strategies developed for the purposes of capacity building get implemented. Many nonprofits felt they needed help implementing training or strategic planning, but considered such post-intervention support an extra cost. Capacity builders should consider building time into their standard services for follow-up support such as phone consultation, on-site technical assistance, or a predetermined number of post-intervention “check-ups.” By including follow-up activities as part of the initial scope of work, providers can help foster lasting organizational impact.

- *Develop Critical Diagnostic Tools to Assist Nonprofits in Ascertaining Capacity-Building Needs and in Selecting Appropriate Capacity Builders.* Nonprofits and capacity builders alike need to improve diagnostic tools to ensure nonprofit agencies carry out their missions effectively. Many nonprofits experience difficulty articulating needs, while some capacity builders lack the tools or skill set to offer appropriate needs assessment. Initial assessment with diagnostic tools will help facilitate appropriate matches between nonprofit support needs and capacity builder interventions. A leading foundation, academic institution, or MSO should be charged with developing and disseminating resources that could foster systematic evaluation of nonprofits’ current functioning, as well as tools to help organizations access and select appropriate capacity-building services. Aligning organizational diagnosis with strategically important capacity-building services, as well as funding allocation, will be key to improving the overall capacity of Central Texas nonprofit organizations.
- *Create More Opportunities for Peer Learning and Exchange.* Survey, interview, and focus group data indicated a strong desire for increased opportunities to interact with peers for the purposes of learning and capacity building. A majority of respondents expressed that they find it very useful to engage in peer-learning networks and would welcome more opportunities in the community. A mentoring program, perhaps matching less experienced nonprofit leaders with more seasoned directors, could provide networking opportunities and facilitate better executive director training and transition support in the region.
- *Extend Capacity-Building Opportunities for Rural Agencies.* Compared to organizations located in the Austin metropolitan area, nonprofits in rural communities reported lacking



access to funding and capacity building. A number of respondent consultants and funders acknowledged making little effort to engage rural nonprofits in capacity building. To provide more equitable access, funders and nonprofit organizations themselves can further the development of local peer learning networks and opportunities for collaboration and resource-sharing in rural communities. Likewise capacity builders can work to market their services to outlying areas, increase the availability of information and resources on the Internet, and offer to take more workshops and seminars “on the road” to rural areas. More research is needed, as well, to assess capacity-building needs that might be unique to rural communities.

- *Increase Investments in Long-term Sustainability.* Many study participants felt the fate of regional capacity building, both in terms of individual organizational and sectoral improvement, depended heavily on the availability of funding. Three changes might address challenges nonprofits currently face in finding financial support for capacity building. First, funders should adopt and align a perception that capacity building helps nonprofits improve, through a commitment to increase and advocate for more capacity-building funding. Second, funders should recognize that general operating support often encourages organizations to invest in their own capacity. By furthering general operating support for nonprofits, funders can ensure capacity building won’t compete for dollars with program investments. Third, nonprofit organizations themselves should consider increasing capacity-building investments to improve organizational effectiveness. By building capacity building into their annual budgets, nonprofits would cease to see capacity building as a “luxury” or an investment to support only in times of crisis. Rather, nonprofits would begin to view capacity building as part of their agencies’ typical operating expenses.
- *Improve the Strategic Engagement of Volunteers.* Under-resourced volunteer programs coupled with minimally trained, over-extended volunteer managers limit the capacity of nonprofit organizations to capitalize on the contribution of community volunteers. Yet this resource is important to both nonprofit organizations and their funders. Greater organizational support and more strategic thinking about the range of potential roles volunteers might play in addressing key organizational goals would greatly enhance

volunteer engagement. Additionally, capacity builders can play a role in helping organizations understand how to retain volunteers and to improve planning for community engagement. This study shows a clear link between staff time invested in volunteer program development and management, and the outcomes achieved through volunteer involvement. Nonprofit organizations should strive to allocate additional resources to volunteer program management and invest in the professional development of program managers.

- *Plan for Collaborative Short- and Long-Term Emergency Response.* Study participants attributed the success of recent disaster response efforts to organizations' willingness to work collaboratively. Building such relationships before disaster strikes was advised. Key factors in successful emergency response include clear communication, planning for large volunteer deployments, and a willingness to "share the credit" with others. Creating systems and opportunities for networking and developing strong working relationships before a crisis hits would help facilitate better coordination and teamwork in the event of an emergency. In Central Texas, additional support seems necessary to help nonprofits transition from their role in offering immediate emergency assistance to more long-term support, as they continue to serve displaced populations for whom public attention has since faded.

## **Concluding Comments**

Our study's replication of the Pittsburgh and Urban Institute studies resulted in several parallels with prior research, as well as a number of points of departure, suggesting distinct capacity needs relative to nonprofits in Central Texas. Perhaps most central to our study was the finding that Central Texas organizations lack awareness of capacity building compared to previously studied communities. Regional nonprofits may need more information to utilize capacity building at the levels of organizations in Pittsburgh and elsewhere.

With regard to the general capacity-building study, we learned, as in the Pittsburgh study, that a great deal of capacity-building support sought by nonprofits tends to be of the "technical" variety, and that organizations also value support with planning and board development. In both studies, participants emphasized the importance of peer networks and strong internal leaders to champion capacity-building work. Many stakeholders we spoke with in Central Texas echoed sentiments raised in Pittsburgh about the importance of adequate investment in capacity building and the role of evaluation in ensuring effective capacity-building interventions.

In other ways, however, our findings differed significantly from those in Pittsburgh. Fewer respondents displayed familiarity with the term "capacity building," and more were reluctant to say they invested in such work. A great number of Central Texas nonprofits perceived funders as being unwilling to support capacity building relative to Pittsburgh, and several interviewees familiar with both communities said the contrast in nonprofit support between the two areas was immense. Additionally because our study included a diverse 10-county region, more emphasis on the needs of rural nonprofit organizations surfaced in Central Texas than in Pittsburgh. We also saw more frequent discussions of accountability issues with government and funders and the importance of client responsiveness.

In comparison with the Urban Institute study (Hager, 2004), the findings in Central Texas show similar challenges involving volunteer management. For example, our Central Texas findings suggest volunteer managers spend little time actually working with volunteers, which was also the case in the nationwide study. Other similarities included the findings: that limited professionalization and training of volunteers occurs; that volunteer recruitment and retention represent challenges for organizations; that few organizations are aware of or adopt volunteer-management best practices; and that volunteer advocates feel there are limited resources dedicated to volunteer programs. In both studies, nonetheless, volunteers were found to be

beneficial to their respective organizations and were seen as a capacity-building tool. Both studies also found that nonprofits view a full-time, paid volunteer manager dedicated to work with volunteers as a welcome asset to their volunteer initiatives.

In Central Texas, one contrast that appeared with the national study was that fewer local volunteer managers felt they had opportunities for training prior to accepting their positions. The Urban Institute study found most volunteer managers had a minimum amount of training from course work, workshops, and books and journals, which was not typically the case in Central Texas. Volunteer managers in our study were more likely to report they had been active as volunteers themselves and considered this experience the largest part of their preparation for their jobs.

From a synthesis of our research and prior studies emerges a contribution to “knowledge on how best to conceptualize, develop, and evaluate systems to promote nonprofit effectiveness, sustainability, and capacity” (Millesen & Bies, 2004, p. 48). Although it is clear that much remains to be learned about the role of capacity building in the nonprofit sector – particularly with regard to capacity building’s long-term impact on mission achievement in the nonprofit sector – our research adds to an enduring conversation about best management practices, organizational development, and strategic change in nonprofit organizations. Beyond providing data about the 10 counties studied here, this study offers new insights about the capacity-building needs of rural nonprofit organizations, the role of volunteers in building organizational capacity, awareness of capacity building issues among diverse organizations, and the impact of disaster-relief efforts on nonprofit operations. As such, the study illuminates recurring capacity-building issues and challenges at the same time it offers new implications about the ways in which context shapes nonprofit capacity needs.

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## Appendices

### Appendix A:

#### Capacity Builder Interview Protocol

*NOTE: This protocol is intended to be adapted to the particular personality and language of the interviewer.*

#### I. Introduction

1. Who are we?
  - a. The study
  - b. Expectations in the interview (time allotment, etc.)
  - c. Internal Review Board requirements
    - 1) Approved by UT and A&M IRBs
    - 2) Confidentiality
    - 3) Voluntary, not paid
    - 4) May we audio tape this interview?
    - 5) Consent form
    - 6) The informant's right to stop the interview at anytime

#### II. Who Are You?

##### A. PERSONAL AND ORGANIZATION BACKGROUND

1. Would you please give us (me) a brief overview of your professional background?
  - Probe for years with this organization, responsibilities, experience with capacity building (CB) in the nonprofit sector, etc.
2. Would you please give us (me) a brief overview of the organization?
  - Probe for history, mission/purpose, types of programs/initiatives, staff/volunteer size, budget size, etc.

##### B. "NONPROFIT CAPACITY BUILDING"

3. What does the phrase "nonprofit capacity building" mean to you?
  - In regards to the entire nonprofit sector, their work, their organization.

4. Would you please describe how your organization engages in “nonprofit capacity building”?
  - Probe for the focus of their CB initiatives. What type of capacity builder are they?
5. Who are your main CB clients?

### C. YOUR RELATIONSHIP WITH NONPROFITS

6. What kind of nonprofits do you serve? How do you make the decision to enter into projects?
  - Probe for preferences, values, etc. stakeholder/client relationships, thoughts on nonprofit readiness for CB.
7. How do nonprofits enter into projects with you?
8. What has “worked” in your relationship with nonprofits? What has been more challenging?
9. If there were one thing that could be done to improve your relationships with nonprofits, what would it be?

### D. PERFORMANCE ASSESSMENTS

10. How (or how not) do you assess the nonprofit’s progress?
  - Probe for short and long term.
11. How (or how not) do you assess your own performance?
  - Probe for short and long term.
12. How (or how not) do clients assess your performance?
  - Probe for short and long term.
13. How often do you have repeat clients?
  - Probe for duration of relationships, repeated interactions, client problems/successes.

## III. What Kinds of Capacity Building Do You Offer?

### A. 4 TYPES OF CB

We are interested in learning about your organization's experience in building the capacity of nonprofits in Central Texas in the past three years. We are particularly interested in four different types of capacity in a nonprofit organization; these are *adaptive capacity*, *leadership capacity*, *management capacity*, and *technical capacity*. Let's walk through these one by one.

14. Adaptive Capacity: The term "adaptive capacity" means the ability of your clients to monitor, assess, and respond to internal and external changes. How would you say your organization's experience with nonprofit CB has affected the adaptive capacity of your clients?

- Probe for goal setting/planning for the future, organizational assessment, evaluating programmatic and service effectiveness, forming strategic alliances/collaborating/networking, information sharing.

15. Leadership Capacity: The term "leadership capacity" means the ability of your client's leaders to inspire, prioritize, make decisions, provide direction and innovate, all in an effort to achieve the organization's mission. How would you say your organization's experience with nonprofit CB has affected the leadership capacity of your clients?

- Probe for board development and leadership development, inspiring, prioritizing, directing, innovating, modeling, decision making.

16. Management Capacity: The term "management capacity" means the ability of your clients to ensure the effective and efficient use of resources. How would you say your organization's experience with nonprofit CB has affected the management capacity of your clients?

- Probe for human resources, operational, and volunteer management.

17. Technical Capacity: The term "technical capacity" means the ability of your clients to implement key organizational and programmatic functions. How would you say your organization's experience with nonprofit CB has affected the technical capacity of your clients?

- Probe for technology, accounting and budgeting, fundraising, facilities development and maintenance, marketing and communications, evaluation and research, legal, program development.

## B. SUCCESSES AND FAILURES

18. Would you please tell us about a CB project that was particularly successful?

- What affect did it have on your work? The work of your organization/firm? Your client? Any other outcomes?

- Probe for barriers, constraints, threats, aspects of organizational change, and unexpected outcomes.

19. Would you please tell us about a CB project that was NOT particularly successful?

- What affect did it have on your work? The work of your organization/firm? Your client? Any other outcomes?
- Probe for barriers, constraints, threats, aspects of organizational change, and unexpected outcomes.

#### IV. What Kind(s) of Capacity Building Do You Receive?

##### A. DO YOU (OR YOUR ORGANIZATION) RECEIVE CAPACITY BUILDING?

20. Does your organization ever receive capacity building?

*If “Yes” then follow through with questions #21-26*

*If “NO”, then probe further with questions concerning CB of which they might not have thought, i.e., conferences, consultants, management assistance groups, and so on. Do they call CB “professional development” or something similar to that? If they persist with “NO”, then skip to section “V”.*

##### B. MOTIVATIONS AND CONSTRAINTS

21. Why do you or your organization engage in CB initiatives?

- Probe for internal and external influences, including funders, policymakers, board of directors, clients, etc.

22. Who provides leadership in your organization on CB efforts?

- CEO/ED, board chair, board of directors, etc.

23. What gets in the way of your organization engaging in CB?

- Probe for “carrots and sticks” including incentives and other issues related to influences.

24. Do you ever feel pressure to participate in CB? Could you tell us about those experiences?

- Probe for “carrots and sticks” and other issues related to influences.

25. Please tell me about your relationship with other organizations, such as other nonprofits, local government, media, local citizens, funders, etc.
- Do these relationships ever involve CB issues or opportunities for your organization? How or how not?
26. If you had the time and the resources to invest in whatever CB initiative you could, what would it be and why?

#### V. Are There Any Service Gaps?

27. How does your organization/firm keep “up to speed” on the needs of nonprofits in the Central Texas area?
28. In your opinion, what types of CB initiatives are most desired by Central Texas nonprofit organizations?
- Probe for what types of providers offer CB services? Do CB needs differ among different types of nonprofit organizations?
  - Do you receive regular requests for a service that you are not equipped to fulfill and cannot provide a referral for?
29. What barriers exist for nonprofits in accessing CB services?
30. Are you familiar with any policies related to CB that local funders or policymakers have? Please describe the policies.
- How do these policies affect your work and the work of your organization/firm?
31. Please give us your sense of the quality and adequacy of the following CB providers, in terms of number of providers or access to providers:
- Consultants
  - Management support organizations
  - Colleges and universities
32. How has the Central Texas CB “industry” evolved in ways that continue to meet the changing needs and increasing complexity of the region’s nonprofit organizations?
- Are there gaps?
  - Which gaps matter most?
  - How might such gaps be addressed?

33. If there was one thing that could be done to improve the CB “industry” in the Central Texas region, what would it be?

## VI. Conclusion

A. Are there any nonprofit Executive Directors that you recommend we contact?

B. Inquire about reviewing any documents related to CB, marketing, evaluation, etc., if appropriate.

C. Finish interview with thanks and the opportunity for any questions. Review any items that are unclear.



Appendix B:  
Funder Interview Protocol

*NOTE: This protocol is intended to be adapted to the particular personality and language of the interviewer.*

### I. Introduction

1. Introduce the interviewers and the study
  - b. Expectations of the interview (time allotment, etc.)
  - c. Internal Review Board requirements
    - 1) Approved by UT and A&M IRBs
    - 2) Confidentiality
    - 3) Voluntary, not paid
    - 4) May we audio tape this interview?
    - 5) Consent form
    - 6) The informant's right to stop the interview at anytime

### II. Experience with Capacity Building

1. Overview of your background.
  - Organization, responsibilities, experience with capacity building in the nonprofit sector.
2. What does the phrase “nonprofit capacity building” mean to you?
  - In the nonprofit sector, your work, foundation
3. Describe your foundation's commitment to/interest in capacity building.
  - Reasons for supporting
  - Mission, capacity-building history and budget

### III. Motivations and Constraints

1. Why do you think nonprofit organizations engage in capacity building?
2. What's typically going on in the nonprofit when they approach you for assistance?
  - What motivates them to ask for help?

3. Why don't more nonprofit organizations engage in capacity building?
4. What barriers exist for nonprofits in accessing capacity-building services?

#### IV. Funding Strategy

1. How does the foundation support capacity building?
  - Consultants
  - Training/conferences
  - Direct service
2. What type of capacity building does the foundation fund?
  - Adaptive capacity: the ability of nonprofits to monitor, assess, and respond to internal and external changes.
  - Leadership capacity: the ability of nonprofit leaders to inspire, prioritize, make decisions, provide direction and innovate, all in an effort to achieve the organization's mission.
  - Management capacity: the ability of nonprofits to ensure the effective and efficient use of resources.
  - Technical capacity: the ability of nonprofits to implement key organizational and programmatic functions.
5. How does the foundation assure that the nonprofit is "ready" to engage in capacity building?
  - Adequate financial, leadership, and infrastructure supports?
6. Do you offer incentives to participate in capacity building
  - Legitimacy or visibility benefits?
7. What strategies do you have to promote your services?
8. Are nonprofit organizations aware of the types of initiatives that are funded – do they respect the guidelines you set up?
9. Does the foundation provide support for follow-through?
10. How can funders assure sustained change after the intervention?

#### V. Performance Assessment and Impact

1. How (or how not) do you assess the nonprofit's progress?

- In the short and long term.
2. How (or how not) do you assess your own performance and impact?
    - In the short and long term.
  3. Do grantees have an opportunity to assess foundation capacity-building performance?
  4. Think about a successful capacity-building project. How did the organization demonstrate meaningful change?
  5. Think about an unsuccessful capacity-building project. Why do you think the project/initiative failed?

#### IV. The Central Texas Region

1. In your opinion, what types of capacity-building initiatives are most desired in Central Texas?
  - What types of CBs are located in Central Texas?
  - Do capacity-building needs differ among different types of nonprofit organizations?
2. Please give us your sense of the quality and adequacy of the following providers, in terms of number of providers or access to providers:
  - a. consultants
  - b. management support organizations
  - c. colleges and universities
3. Why is there a variety of provider types? Is a certain provider “responsible” for or “expected” to undertake specific activities?
4. How has the Central Texas CB “industry” evolved in ways that continue to meet the changing needs and increasing complexity of the region’s nonprofit organizations?
  - Are there gaps?
  - Which gaps matter most?
  - How might such gaps be addressed?
5. If there were one thing that could be done to improve the CB industry in the Central Texas region, what would it be?

*If appropriate, inquire about reviewing funding guidelines, grant applications, or any documents related to capacity building, marketing, evaluation, etc.*

Appendix C:  
Nonprofit Executive Focus Group Protocol

*NOTE: This protocol is intended to be adapted to the particular personality and language of the focus group moderator.*

## I. Introduction

### 1. Moderators and the Study

- b. Expectations in the focus group (time allotment, etc.)
- c. Internal Review Board requirements
  - 1) Approved by UT and A&M IRBs
  - 2) Confidentiality
  - 3) Voluntary, not paid
  - 4) May we audio tape this focus group?
  - 5) Consent forms
  - 6) The informants' right to stop participation in the focus group at anytime
- d. Ask participants to introduce themselves. Name, title, organization, and work of organization.

## II. Experience with Capacity Building

### 1. What does the term capacity building (CB) mean to you?

- In your work?
- To your organization?

### 2. What is your organization's experience with CB?

- Specific experience, type of capacity builder worked with (e.g., consultant for evaluation, attended workshop, etc.)

### 3. Who provides leadership on CB and organizational change?

- Founder, CEO/ED, board of directors?
- What are their priorities?

## III. Motivations and Constraints

### 4. Why do you engage in CB initiatives?

- Why do funders, policymakers, board of directors engage in CB?

### 5. What prevents you from engaging in CB?

6. How do you identify CB consultants or educational resources?

- Resources or recommendations?

#### V. Performance Assessment

7. How do you assess the capacity builder's performance?

8. What has "worked" in your relationships with capacity builders? What has been more challenging?

9. *"Adaptive Capacity –the ability to monitor, assess, and respond to changes."*

*How have your organization's experiences with CB advanced its ability to adapt?*

- Probe for strategic planning, evaluation, collaboration, and networking.

10. *"Leadership Capacity – the leaders' ability to inspire, prioritize, provide direction, and innovate."*

*How have your organization's experiences with CB advanced its leadership capacity?*

- Probe for board and leadership development, modeling, decision making.

11. *"Management Capacity - the ability of a nonprofit organization to ensure the effective and efficient use of resources."*

*How have your organization's experiences with CB advanced its management capacity?*

- Probe for human resources, operational, volunteer issues.

12. *"Technical Capacity – the ability to implement organizational and programmatic functions."*

*How have your organization's CB experiences advanced its technical capacity?*

- Probe for technology, accounting, budgeting, fundraising, legal, facilities development, marketing, communications, evaluation, research, program development.

13. If there were one thing that could be done to improve your relationship with capacity builders, what would it be?

#### V. The Central Texas Region

14. Please give us your sense of the quality and adequacy of the following CB providers, in terms of number of providers or access to providers:

- Consultants
- Management support organizations
- Colleges and universities

15. In what ways would you like to see the capacity-building industry in Central Texas improve?

#### VI. Conclusion

- Inquire about reviewing publicly available documents related to capacity building.
- Finish group interview with thanks and opportunity for questions. Review any items that are unclear.

Appendix D:  
Volunteer Manager Focus Group Protocol

Section One -- Background and Experience with Working with Volunteers

- 1) What training did you receive that prepared you for this job, and how did you acquire this training?

Section Two--Leadership Perspectives and Support with respect to Volunteers

- 2) What support or assistance do you, as a volunteer manager, receive from your organization that helps you to effectively engage volunteers? [Prompts: Leadership involvement, budgetary support, training for staff managing volunteers, overall staff involvement, or national/state affiliation assistance or training]
- 3) Talk to us about the leadership of this organization in relation to volunteer management. Specifically, does the CEO or Board help or hinder your work with volunteers, and if so, how? [Prompts: Budgetary support, participation in orientation or recognition. If you could wave a magic wand what would you have your organization's board/CEO do to significantly enhance the program?]

Section Two--Relationships with Volunteers

- 4) How do you believe volunteers are viewed within the agency? How do staff members show that they value or devalue volunteers? [Prompts: helpful and an asset to staff, leadership, and the agency as a whole versus nuisance or last resort to get things accomplished not accomplished by staff.]
- 5) Are volunteers recognized for their efforts? If so, how? [Is this formal or more on an as-you go basis? Special gifts, anniversary recognition, appreciation gatherings? Is there a designated part of the budget for this area?]

Section Four--Retention and Management of Volunteers

- 6) What is the volunteer retention rate for your agency? Do you know what measures are taken to determine your agencies retention of volunteers?
- 7) How would you characterize the amount of staff time spent on volunteer management beyond your own? That is, the time that other staff take in assuring that volunteers are effectively involved.
  - a) What about your time? What percentage of your time do you devote to volunteer management? If your job involves other responsibilities, what are they?
  - b) If you were able to devote 100% of your time to volunteer involvement, how would it affect your work with volunteers? Please be as specific as possible.

#### Section Five--Influences, Drives and Constraints to Management/Involvement of Volunteers

- 8) What is the biggest challenge you feel your agency faces in obtaining and retaining useful volunteers?
- 9) The Urban Institute Study suggested that AmeriCorps volunteers placed in organizations on a full-time basis to coordinate and manage volunteers could make a positive difference in volunteer programs. What experience have you had with this? Do you think this is a good recommendation? In your experience, how long did you feel you needed to be with the organization to make a real difference in the volunteer program? If you have had no AmeriCorps volunteer, do you feel that a volunteer of this type would increase your organization's capacity?
- 10) How do you think your agency could build its capacity to effectively engage volunteers? [i.e., volunteer management training (internal/external), specialized skill set development, orientation/training]

#### Section Six—Capacity-Building Efforts

- 11) Have you engaged in capacity-building efforts? And if so, what were they? [Consultants—(who?); training—(what type?); affiliations—(i.e. DOVIA); conferences (which?)]
  - a) What difference did this make?
  - b) What is the evidence of that difference?
  - c) If you haven't engaged in CB efforts in the past but learned you now could, what would you do?
- 12) How do volunteers help your agency impact its mission-oriented bottom line? How do you evaluate and report this impact? [i.e., annual reports, presentations to the board, etc.]
- 13) What else would you like to share with us that we have not asked?



Appendix E:  
Survey Instruments

The nonprofit executive director survey instrument will be available until June 1, 2006, at the following URL:

<https://survey.gbs.tamu.edu/capstone/centexcapacity/index.htm>

After that time, Dr. Angela Bies may be contacted for a copy, at: [abies@tamu.edu](mailto:abies@tamu.edu)

The volunteer manager survey instrument, as well as an electronic version of this report, are available at the following URL:

<http://www.rgkcenter.utexas.edu/research>

Appendix F:  
Unabridged Literature Review

**Introduction**

In the past ten years, the number of nonprofit organizations has increased greatly. Growth of the nonprofit sector corresponds to an increase in the demand for services provided by nonprofits, as well as a demand for services *to* the sector in the form of capacity building. The quality and accessibility of capacity-building services available to nonprofit organizations, and volunteer programs in particular, in Central Texas is the focus of a study currently being undertaken at Texas A & M University (A&M) and The University of Texas at Austin (UT). The clients for this study are the United Way Capital Area, which serves the ten-county Central Texas region surrounding Austin (Bastrop, Blanco, Burnet, Caldwell, Fayette, Hayes, Lee, Llano, Travis, and Williamson counties) and the Texas Nonprofit Management Assistance Network, a statewide association of capacity-building actors. As the United Way Capital Area is currently reevaluating the possibility of supporting the capacity-building efforts in Central Texas in a more significant fashion, and the Texas Management Assistance Network's members are already active participants in the field, this study will provide timely and pertinent information to better inform their choices.

The following literature review is a precursor to this larger study and provides a summary of previous scholarship and research concerning capacity building and nonprofit organizations. By exploring the current literature regarding capacity building for nonprofit organizations, this document provides a backdrop for a larger exploration and study of the topic in Central Texas.

The literature review is organized to describe the various theories, definitions, and practices concerning capacity building and how they apply to nonprofit organizations. The first section provides a definition and identification of capacity building and its providers. Next, the capacity-building process is examined, including three main characteristics: its quality, quantity, and accessibility. Subsequent sections explore the relationships between capacity building and volunteerism, capacity building and the public sector, and prior regional studies on capacity building. The final two sections present long-term issues relating to capacity-building statistics. These include obstacles and challenges facing capacity building, as well as anticipated capacity-building practices in the future. Each of these sections is used to expand our understanding of

capacity building in nonprofit organizations and points to the need for the study of capacity building in Central Texas.

### **Purpose of the Study**

How did capacity building come to be important for nonprofit organizations? The answer seems clear, when viewed against the backdrop of rapid growth and development in the nonprofit sector. Salamon and Anheier (1997) characterize the increase in the number of nonprofit organizations as such:

A plethora of private, nonprofit, and nongovernmental organizations have emerged in recent decades in virtually every corner of the world to provide vehicles through which citizens can exercise individual initiative in the private pursuit of public purposes; this organized, private, voluntary activity may turn out to represent the greatest social innovation of the twentieth century. (p. 60)

In the eight years between 1996 and 2004, the number of nonprofit organizations in the United States increased by over 28 percent (National Center for Charitable Statistics, 2004). Along with this growth in the number of nonprofit organizations, there has been a correlating growth in demand for services provided by the nonprofit sector. The cause of this growth is multifaceted but a central factor is a shift in attitudes about the role of government in providing and implementing the welfare services and development programs that are needed within the community (Salamon & Anheier, 1997).

The increased demand for nonprofit services has led to the development of a capacity-building “industry” for the nonprofit sector. Additionally, board members are increasingly more professionalized and are bringing higher expectations to their roles. At the same time, more knowledgeable and better educated donors are demanding greater accountability of community organizations. As De Vita and Fleming (2001) note, “The new philanthropists who are emerging from the high-tech industries are seeking ways to apply the principles of high-tech venture investments to social causes. They emphasize concepts such as strategic planning, program evaluation, and performance measurement” (p. 12). Nonprofit organizations have found it necessary to implement capacity-building strategies to keep up with the vast array of demands they face.

Increased interest in capacity building for nonprofit organizations led the Urban Institute to carry out a study in 2001 that reviewed previous research and included its own

recommendations for future study of nonprofit capacity building. The study found that “evaluation research to determine the effectiveness of capacity-building interventions has seldom been undertaken,” and that another kind of research, “community assessment studies,” would “help determine what a community’s nonprofits need and how to create a capacity-building program to meet these needs” (De Vita & Fleming, 2001, p. 46).

The purpose of the current A&M/UT study is to evaluate the nonprofit capacity-building “industry” in Central Texas, particularly to determine whether the industry is offering accessible, quality services to the growing nonprofit sector in the region. Because there has been an increase in the services being provided to Central Texas communities by nonprofits, capacity-building resources available to these organizations are of increasing importance.

### **Capacity-Building Definitions**

#### *Capacity building*

In order to define capacity building for this project, it is necessary first to look at the meaning of “capacity.” Doherty and Mayer (2003) describe organizational capacity with the following statement:

Capacity is not just a fad; it’s the key to long-term sustainability. If an organization is working well in governing and managing itself, in developing assets and resources, in forging community linkages and in delivering valued services, it is a sustainable enterprise. It’s taking care of business. It has the full array of options working for it.

An organization that works on all these points is increasing its chances of survival. (p. 3)

Similar to the one above, most definitions of nonprofit capacity building in the literature focus on the concept of an organization improving, expanding, and more efficiently delivering the services it provides for the community (Millesen & Bies, 2004). The capacity-building process is also identified with the notion that it possesses a general organizational orientation toward self-assessment and change with appreciable improvements in organizational performance (Bies & Millesen, 2005). As the following section reveals, there are numerous resources designed to help nonprofit organizations complete their missions and services in a more efficient and effective manner. It is these resources and the individuals and organizations that provide them that comprise the capacity-building industry.

#### *Capacity-building industry*

The capacity-building industry is usually described as comprising the following groups: consultants, management support organizations (MSOs), grantmakers, academic programs and universities, volunteer centers, and others (Millesen & Bies, 2004). All of the attention on capacity building has helped build a large industry of management support organizations and consultants, eager to help nonprofit groups improve in areas such as fundraising, board composition, web presence, and accounting systems (Greene, 2001).

According to a study by La Salle University's Nonprofit Center in Philadelphia, there are two types of consultants: consulting firms and independent management consultants. Firms work directly with a variety of types of nonprofit organizations, and "independent management consultants, typically, are single entities providing technical assistance via direct interventions to nonprofit organizations in the human services" (Szabat & Otten, n.d., p. 3). Consultants can be either for-profit or not-for-profit entities.

Szabat and Otten (n.d.) define community-based MSOs as organizations "providing technical assistance via direct intervention or via funded programs and services to nonprofit organizations" (p. 3). Grantmakers also help nonprofit organizations fulfill their commitments to the community through funding of capacity-building initiatives (Szabat & Otten, n.d.).

The capacity-building industry also includes academic centers and universities, which tend to support all sub-sectors of the nonprofit community (Szabat & Otten, n.d.). Specifically, academic centers provide opportunities for individuals to earn higher degrees in management and administration, or gain experience and knowledge through non-degree programs.

Volunteer centers and associations are another component of the capacity-building industry. Associations, made up of members from the nonprofit sector, support organizations through training and technical assistance, print and online resources, and more. (Szabat & Otten, n.d.).

In addition to the above defined capacity builders there are others: brokers of volunteer services, philanthropy-focused associations, government agencies, national management assistance programs, community organizing and leadership development organizations, federations, publishers, faith-based organizations, national nonprofit financial intermediaries, ethnic-specific organizations, sector advocates, and researchers/scholars (Szabat & Otten, n.d.). Similar to the broad meaning of the term capacity building, the capacity-building industry as a

whole offers nonprofit organizations a wide range of options and resources to improve efficiency and success in delivering their services.

Kearns (2004) also defines the capacity-building industry as comprising grantmakers, consultants, professional associations, nonprofit federations, university-based academic programs, and management support organizations. The author continues with his description by stating that there has been impressive growth in the capacity-building industry. “According to Wendy Reed of the Alliance for Nonprofit Management, a major trade association for providers of management services, the group’s membership grew by 290 percent between 1998 and 2002” (Kearns, 2004, p. 437). The growth in the number of providers and capacity-building industry members is evidence that there are more groups and entities that can provide services to nonprofit organizations who are the consumers of the capacity-building services.

#### *Types of services*

The literature describes the range of services typically offered by capacity builders, including technical assistance, consultation, and training.

Technical assistance is one of the most commonly referred to types of services that capacity builders provide. Technical assistance can include help “in the area of board development/governance, program evaluation, information technology systems, strategic planning, finance, budgeting and accounting, and resource development/fundraising” (Millesen & Bies, 2004, p. iii). It is important to note that the term “technical assistance” refers to a broad range of activities, and should not be interpreted as restricted to technology issues.

Consultation and training are two other common forms of capacity building. Backer (2000) states:

Consultation is typically focused on process issues such as staff-board conflict or building a good strategic plan. Training usually involves small group seminars or classes, in which staff or board members learn specific skills that improve their ability to run the organization. (p. 9)

Services offered in these formats, according to Backer, may focus on issues such as advocacy, ethics, financial management, board governance, human resource and general management, information and technology systems, legal support, operational support, design and structure, planning, and resource development (2000).

Consultants usually help in the development of programs and resources, and typically provide one-on-one support for clients. The development services offered by consultants include business development, grant-writing and fundraising, leadership training, program planning, marketing, evaluation, and peer-based learning programs (Authenticity Consulting, n.d.). These development and assessment services can be key to improving the efficiency of nonprofit organizations. Trainings and information sessions provide some of the same services provided by consultants, though these sessions usually offer services to groups of nonprofit representatives at one time. Sometimes these services are more affordable and accessible to a wider range of nonprofit organizations.

As mentioned in the capacity-building industry section above, academic centers provide degrees to nonprofit executives and other staff members, as well as non-degree or continuing education opportunities, and specialized certificate programs. Staffs that receive this specialized higher education are better positioned to meet the many challenges facing the nonprofit sector and create innovative strategies for leveraging their organization's resources.

### **Organization-Level Issues**

#### *Access and quality*

Few resources exist that provide comprehensive documentation on the availability or quality of nonprofit capacity building (although the Nonprofit Center at Philadelphia's La Salle University has engaged in a project to "map" these services nationally [Szabat & Otten, n.d.]). The limited information that is available, however, suggests that capacity-building services fall short of demand. While large urban areas with clusters of nonprofit organizations, such as New York and San Francisco, have numerous capacity-building providers, many rural communities lack these services entirely (Jacobs, 2001). According to the Urban Institute report, insufficient distance learning and online capacity-building options exist to meet the needs of geographically isolated nonprofits (De Vita & Fleming, 2001). Certain program types also have less access to capacity-building resources. For example, although economic development corporations receive a variety of training and technical assistance resources from the time of incorporation, few such services are in place for organizations focused on youth development, advocacy, or violence prevention (Milton S. Eisenhower Foundation, n.d.).

Just as the availability of services may fail to meet the needs of nonprofit organizations, issues of quality and usability also pose challenges for capacity building. Although some services

are of a high quality, several authors argue that many capacity builders who offer training to nonprofit staff or act as consultants lack the experience, resources, or expertise to guide their clients effectively (Baumann, Lowell, Mallick & Okonkwo, 1999; Blumenthal, 2003). Similarly, the quality of services from MSOs falls all along the spectrum, and depends on factors ranging from the experience of their staff to their funding (Draper, 2000; Greene, 2001). Some research finds that even well-funded and well-established capacity-building programs can prove ineffective. A study conducted by the RAND Corporation and referenced by Barbara Blumenthal (2003) discovered that federally supported technical assistance programs frequently fail to adapt to the needs of their audience and, consequently, fall short of expectations.

Numerous articles also cite the challenges private capacity builders face in making their services accessible to the nonprofits with which they work, in creating understandable, tangible resources their client organizations can actually use (Draper, 2000; Blumenthal, 2003), and in offering services these organizations can afford (Greene, 2001). Blumenthal (2003) stresses that too many capacity builders fail in their role as “developmental consultants” – committed to more than simply the completion of a project but, rather, to building the organization’s long-term capacity and to supporting it through a time of transition.

### *Process*

The approach a nonprofit organization takes in planning for and implementing capacity building takes various forms, depending on the organization’s particular challenges, what services are available to it, and where the interests of its funders, executive director, or board might lie (Kearns, 2000). Therefore, several experts recommend a flexible approach to capacity building as a way of accounting for each organization’s unique needs and areas for growth (De Vita & Fleming, 2001; Light, 2000).

Nonetheless, common themes emerge in the literature about how capacity building usually works in practice and which processes are considered most effective in achieving the desired results. These themes include:

- It is important to begin capacity-building work with a needs assessment to identify the unique areas for development and improvement in an organization (Backer, 2000; Blumenthal, 2003; De Vita & Fleming, 2001).



- Next, funders and organizations must determine available resources and select capacity-building providers who are able to offer services customized to the needs of the organization (De Vita & Fleming, 2001; Greene, 2001).
- In the implementation phase, organizations must plan to allot appropriate time and attention to capacity building. Management should be actively engaged and prepared for capacity building to be a long-term process (Blumenthal, 2003; Greene, 2001; Light, Hubbard, & Kibbe, 2004).
- Client organizations and capacity builders alike must approach the work of capacity building as an iterative process that benefits from ongoing inquiry and evaluation (Blumenthal, 2003; De Vita & Fleming, 2001; Jacobs, 2001; Wing, 2004).
- Networking and peer relations are a key and frequently overlooked component of capacity building (De Vita & Fleming, 2001; Jacobs, 2001).

Some authors recommend a particular method or system for building capacity in nonprofit organizations. McNamara (1999) stresses the process of capacity building in terms of its particular function, including such business-world staples as strategic planning, benchmarking, managing by objectives, or balanced scorecard. By contrast, Moore (2003) argues that the business model of capacity building does not work for the nonprofit sector, where profit motives and shareholder interests do not exist. Instead, he calls for “an alternative strategy model [to focus] the attention of managers on three key issues: public value to be created, sources of legitimacy and support for the organization, and operational capacity to deliver the value” (p. 183). De Vita and Fleming (2001) examine various frameworks for capacity building and report:

Cordes et al. (2000) suggest that nonprofits face two broad decisions when attempting to succeed in their complex environments. They can institute either internal or external strategies. ... Strategic management theory suggests that nonprofits can revamp their [internal] operational activities to enhance their organizational capacity... [while] some researchers have argued that efforts directed toward the management of external factors may be of greater utility than time spent on internal management strategies. (p. 11)

Finally, some authors believe capacity building involves a particular interplay between organizational mission, leadership, services, and outputs (De Vita & Fleming, 2001). In a paper prepared for Venture Philanthropy Partners, McKinsey & Company (2001) similarly note the

importance of including all members and components of a nonprofit organization in the capacity-building process. They describe capacity building as consisting “of seven essential elements: three higher-level elements – aspirations, strategy, and organizational skills – three foundational elements – systems and infrastructure, human resources, and organizational structure – and a cultural element which serves to connect all the others” (p. 33).

### **Volunteer Management and Capacity Building**

A major area of capacity-building need, which is one focus of the Central Texas study, is the area of volunteer management. The recruitment and management of volunteers continue to play an important role in the survival of nonprofit organizations. Due to the sector’s unique dependence on volunteers, nonprofit organizations have had to develop protocols concerning volunteer management and to build their capacity to work with volunteers.

This section reviews literature that examines the overlap between capacity building and volunteer management. Many studies and volunteer management guides offer lists of best practices for managing volunteer programs (Ellis, 1996). Among these, having a paid volunteer manager and providing training to all staff who work with volunteers are the practices most directly related to capacity building. There are few studies, however, dedicated to the effectiveness of these practices in building the capacity of nonprofit organizations. In fact, the topic is most often addressed as a component of larger studies that measure the level of volunteering, ways volunteers are used, and implementation of best practices in a specific sector, region, or country. The topic is also covered in studies of the capacity-building needs of nonprofits, but rarely in depth.

The studies reviewed indicate that there is a correlation between implementation of best practices in volunteer management and successful volunteer programs. Few volunteer programs, however, fully implement the widely reported recommendations aimed at increasing competency of volunteer managers and staff that work with volunteers.

For instance, in a study of Texas state agencies’ volunteer programs for the Texas Commission on Volunteerism and Community Service (Rehnborg, Fallon, & Hinerfeld, 2002), volunteer administrators identified staff development as one of the most significant challenges they faced. Two factors restricted such training: limited funding for volunteer services and lack of understanding on the part of leadership of the complexities of volunteer management. The

authors emphasize that utilizing volunteer resources effectively is much more important to successful programs than volunteer recruitment.

In a national study of volunteers in state agencies, Brudney and Kellough (2000) also emphasize the connection between implementing best practices and success of volunteer programs. While almost half of state agencies surveyed had a volunteer coordinator, only 40 percent of coordinators devoted half or more of their time to the volunteer program. Only 25 percent of agencies provided some training for employees who work with volunteers. The authors find that among state government volunteer programs, those which used best practices received more benefits from their programs. Volunteer managers stated that by using the best practices, the economic benefits included a capability to do more with available resources and effectively use a larger number of volunteers (Brudney & Kellough 2000).

In a study of government volunteer programs, Brudney (2000) finds that specific training for employees working with volunteers is included in 53.7 percent of programs. However, most volunteer coordinators do not spend the majority of their time managing volunteer programs. Overall, Brudney observes that time dedicated to the program and training for staff working with volunteers were most correlated with the perception of benefits from a program.

Hager and Brudney's (2004) nationwide study of the relationship between volunteer management practices and retention of volunteers in nonprofit organizations also finds that few organizations train paid staff on how to work with volunteers. More importantly, while the size of a charity's budget correlates with the extent to which they adopt many recommended volunteer management practices, the number of charities that train paid staff to work with volunteers did not differ based upon the size of the charity.

The Urban Institute (Hager, 2004) conducted a study of volunteer management capacity in America's charities and congregations. Like other studies, this one found that, though many organizations have paid staff devoted to their volunteer program, few spend significant time on the task. In addition, Hager found that devoting staff time to volunteer management increases the degree to which other volunteer management practices are adopted and posits that training staff to work with volunteers could help address common challenges of working with volunteers. Importantly, investment in volunteer management increases benefits from volunteers. This finding of increased benefit from unpaid volunteers justifies more investment in volunteer management capacity.

Therefore, although the literature is limited, it overwhelmingly indicates that best practices relating to improving the capacity of volunteer managers and staff who work with volunteers are not widely implemented. These studies also indicate that these practices contribute to successful volunteer programs overall.

There are additional studies that investigate training needs among nonprofits or volunteer managers. Dolan (2002) conducted a study of the perceived training needs of nonprofit organizations in the Miami Valley region of Southwestern Ohio. He found that after fundraising and grant writing courses, training in volunteer administration was the most often identified need among nonprofits in that region. He emphasizes, however, that university courses in nonprofit management tend to focus on fundraising and grant writing, and only a small percentage of courses target other areas.

Hange, Seevers, and VanLeeuwen (2001) use a different method to identify the capacity-building needs of volunteer managers. In the study, 4-H youth extension agents rated their perceptions of the importance of a selection of volunteer management functions; they also rated their self-perceived competency with those functions. The difference between these ratings was interpreted as an indication of training needs. In all cases, agent attitudes were higher than their perceived competence, indicating training needs across the board. The study also revealed that agents participate in few professional development activities that might help improve their volunteer management skills, including attending seminars or reading journal articles.

In accordance with the work of Ellis (1996), the studies reviewed above tentatively conclude that successful management of volunteers requires staff time devoted to the program and training for staff that work with volunteers. There is little literature, however, that focuses in depth on what types of training volunteer managers and staff working with volunteers are getting or what types would be most beneficial to program outcomes.

### **Capacity Building in Other Sectors**

The concept of capacity building was introduced to the not-for-profit sector in the 1960s as a term borrowed from the business world (Warren & Aronson, 1981). This section explores public and private dynamics of capacity building and investigates activity in the public and philanthropic sectors where capacity building is a familiar and well-established term. In this section the various public and private sector experiences with capacity building are reviewed in

an effort to gain more insight into the objectives and processes of capacity building for nonprofit organizations.

### *Federal capacity building*

Almost no literature exists on the subject of capacity building for federal government. Most of the information available discusses the federal government's attempts to provide capacity-building services to other entities, such as state and local governments or national and local nonprofit organizations. The effectiveness of this federal government-sponsored capacity building may fall short of expectations, as the following section illustrates.

### *State and local government capacity building*

From the early 1970s through the mid-1980s, agencies and state and municipal governments were confronted with tighter budgets and the federal government's drive towards decentralization under the moniker of "new federalism" (Cigler, 1984, p. 540). That trend, combined with reports from the American Society of Public Administration and the Office of Management and Budget and the general consensus that "state and local governments are poorly managed and therefore unable to meet their responsibilities for providing effective public service," led federal officials to decide that capacity-building services needed to be provided for state and local governments (Warren & Aronson, 1981; Grosenick as cited in Jones and Doss, 1978, p. 64).

As a result, provisions in the Great Society legislation of the 1970s required funding for activities that local governments could not complete with the existing expertise of their staff (Warren & Aronson, 1981). However, it appears that these provisions were inadequate to meet the needs of the states. When asked about the agencies most likely to provide the most effective assistance, a survey of 258 local government officials found that they were least likely to turn to federal authorities for capacity-building assistance, citing remoteness and lack of understanding by federal officials (Jones & Doss, 1978).

As a whole, federal attempts to provide technical assistance and support have been "sporadic, segmented, and marginally funded" (Warren & Aronson, 1981, p. 381). A similar conclusion was found in the earlier-referenced RAND study, where outside experts and consultants did not succeed because they were unfamiliar with the local lay of the land (Blumenthal, 2003). State and local governments tend to be more enthusiastic about receiving

assistance from localized sources that stand a better chance of understanding the peculiarities and quirks of their particular situations.

### *Philanthropic capacity building*

A useful comparison can be made between capacity building in the nonprofit sector and in philanthropic organizations. Although foundations and other major nonprofit funders often act as capacity builders in order to boost the performance of their grantees, these funders are also increasingly recipients of capacity building themselves.

Trends similar to those driving interest in nonprofit capacity building, such as increased competitiveness for funding, attention on reducing replication of services, and the need to have increased accountability, also exist for foundations. A “shakeout” of marginally effective providers and duplicated services is only a matter of time (Backer & Bare, 2000). The rise of public-private partnerships in the nonprofit sector also gives foundations added motivation to determine if they are fulfilling their own mission statements adequately.

Foundation capacity building has a significant effect on nonprofit capacity building; if funders lack the tools to do their work well, then any initiatives that they fund do not stand a good chance of succeeding. All too often funders with the best intentions end up realizing the potential for damage when it comes to their grantee organizations (Backer & Bare, 2000).

Therefore, in order to develop an infrastructure capable of delivering the most successful and innovative programs to nonprofits, it is necessary for grant-makers to undergo the same planning and training themselves that they would provide to their grantees (Mayer, 2000). Just as collaboration and sharing between grantees, such as in peer-based learning environments, makes nonprofit capacity building more effective and efficient, so it does for funders as well. Sharing of good practices, collaborative grant making, and collective capacity-building practices allow foundations to pool resources and stretch funds further (Backer & Bare, 2000; Greene, 2001; Mayer, 2000). With a greater and more accurate body of knowledge, funders can then undertake self-investment in their own organizational capacity, thereby greatly increasing their ability to provide better services and support to more recipient agencies (Mayer, 2000).

In summary, the literature on the subject of capacity building as it relates to public administration is mostly focused on the Great Society and “new federalism” initiatives of the 1970s and 80s and is largely limited to state and local government issues. Yet, the concern of local officials expressed during this period who want assistance tailored to their unique situations

dovetails well with the more current literature showing an increased interest by private funders in timely and appropriate capacity-building efforts.

### **Regional Capacity-Building Studies**

Three recent studies analyze the volunteer and nonprofit capacity-building industries in Arizona, Los Angeles, and Pittsburgh. The Arizona and Pittsburgh studies conducted extensive surveys of nonprofit organizations and capacity-building providers in their respective regions, while the Los Angeles report made recommendations about capacity building based on the University of California at Los Angeles' (UCLA's) annual survey of nonprofits in the area. Each of the three studies determined the status of capacity-building activities and the existing needs of nonprofits for capacity-building services in each area. In addition, the studies made recommendations for further improvement of the industry as a whole. Although the three studies each focused on limited geographic areas, similarities in their research purposes and recommendations suggested that nonprofits and capacity-building providers are facing similar challenges on a national level.

Both the Los Angeles and Arizona studies make explicit reference as to why capacity building is needed in these areas. The authors suggest that economic recession and government devolution have increased the challenges that nonprofits face, an idea that has been presented earlier in this review. These challenges include higher demands for services which must be met with more limited resources, combined with increased reporting and accountability requirements by funders (Backer & Oshima, 2004; Theisen, Paine, Cobb, Lyons-Mayer, & Pope, 2003). All three studies note a recent explosion in capacity-building activity and a corresponding lack of understanding about what capacity builders are providing, how nonprofits are using their services, and what gaps currently exist in the system (Backer & Oshima, 2004; Millesen & Bies, 2004; Theisen et al., 2003).

The following four conclusions were common to the three reports. First, there exists a need in all three areas to better connect capacity builders to the nonprofit organizations they serve. Second, there is a demand in all three areas for more centralized information to be housed about capacity-building opportunities, such as in clearing houses or network organizations. These first two recommendations suggest an across-the-board need to better promote available capacity-building options and to connect nonprofits to the right providers. A third common recommendation is a need for more peer-to-peer interaction between nonprofits. This interaction

can have two distinct purposes: first, for collaboration on program goals such as advocacy or sharing limited resources, and second, in order to enhance the learning process. Finally, all three reports note a need for more research, not only locally but also on a national level. This research should include not only surveys into what exists and what gaps are needed but also longer-term studies that show the specific contributions of capacity-building activities to nonprofit program outcomes (Backer & Oshima, 2004; Millesen & Bies, 2004; Theisen et al., 2003).

In addition to these common recommendations, other conclusions made in one or two of the reports merit consideration. For example, both the Pittsburgh and Los Angeles studies emphasize the role of funders in capacity building. Specifically, the funder-nonprofit relationship is singled out in these reports as an essential element of capacity-building programs. Both reports call for more funder involvement in capacity building, including developing innovative approaches to mediate the funder-nonprofit relationship (Backer & Oshima, 2004; Millesen & Bies, 2004).

The Arizona study makes note of the differences between rural versus urban capacity-building issues (Theisen et al., 2003). This problem does not surface in the other two metropolitan-area studies, but will be a significant element of the upcoming research in Central Texas.

The Pittsburgh study notes the need for diagnostic tools that nonprofits can use to pinpoint what types of capacity-building services would be most useful to their organizations. In addition, this study highlights theoretical issues in the emerging research on capacity building. These include a need to develop coherence in terminology, best practices, and evaluation mechanisms (Millesen & Bies, 2004).

Finally, the Los Angeles report recommends increased capacity-building attention in the area of nonprofit financial planning. This focus is partly a response to stricter laws being passed in California to enforce nonprofit accountability. Although this issue is not singled out in the other reports, it may be of increasing concern if other state legislatures follow California's lead (Backer & Oshima, 2004).

The research presented in these three regional studies suggests an emerging consensus about common challenges and best practices in nonprofit capacity building. It is also clear, however, that these research projects represent a first-pass attempt at understanding the many factors at work, and that continuing research on both regional and national levels is needed.



## **Obstacles Facing Capacity Building**

Although it seems to be a fairly straightforward concept, implementing successful capacity-building programs is extremely challenging. In fact, obstacles to capacity building can, and do, critically stunt the potential of many nonprofit organizations.

What hinders capacity building? According to Light (2005), there is a paradigm within the nonprofit community which states that in order to advance an organization's program agenda, the "organizational investment" must be somewhat compromised, and vice-versa. Light goes on to say that:

Too many funders, boards, and executive directors still see capacity building as a luxury that reduces resources for program advancement, when in fact, capacity building is an absolute necessity for building and sustaining productivity and efficiency to generate greater social rates of return on program investments. (2005, p. 11)

The nonprofit sector has a reputation of "historic inattention to capacity building" which is compounded by the historical attitude of many funders, who usually do not support capacity-building activities or recognize their significance to the nonprofit organization's success or effectiveness (McKinsey & Company, 2001, p. 13). Thus, a key obstacle to successful capacity building is the lack of commitment within the nonprofit and philanthropic sectors to this issue.

There also seems to be a lack of awareness throughout the nonprofit sector about many dimensions of capacity-building programs: how to approach, design, and institute them, and how to do this effectively and consistently. In addition, there exists an ever-present shortage of resources within the nonprofit sector which has been noted several times above. The nonprofit sector does not have the financial resources or the available personnel to invest in capacity-building services consistently. Because many nonprofits cannot afford the time or money to understand the complexities and benefits of capacity building, it is assumed that capacity building will not be present in a number of nonprofit organizations. Consistent and effective capacity building follows from periodic training and continuity in work ethic for both hired individuals and volunteers. The lack of capacity-building awareness caused by the nonprofits' limited resources represents another obstacle that is confronted by the capacity-building industry.

Another obstacle is the lack of planning that often occurs in preparation for capacity-building activities. To prepare for a concerted capacity-building effort, an organization must assess its current posture and determine its needs so that a plan of attack can be established.

“Effective measurement of the nonprofit’s current needs and assets, and its readiness to undertake the kinds of internal changes capacity building will require, is essential to designing and implementing a capacity-building effort” (Backer, 2000, p. 8). The time and energy required for assessment and for accurately targeting capacity-building efforts to specific needs, however, are often impossible to come by in most nonprofit organizations.

Although members of an organization may have admirable intentions, they may lack the skills necessary to bring capacity-building ideas to fruition, including difficulties working with consultants or other outside technical assistance providers. Again, pre-planning is essential in devising a strategic plan for the overall capacity-building effort (Backer, 2000). Consultants can help formulate a methodical and productive capacity-building approach that abates wasted effort, but the problem with relying too heavily on consultants in the capacity-building process is that there are few individuals who have experience consulting specifically for nonprofit organizations. A recent study on the challenges facing nonprofit consulting addresses the challenge of too many nonprofit organizations in an environment with few experienced consultants. Using a basic principle of supply and demand, it is obvious that there will be a large number of nonprofit organizations without an available consultant (Backer, 2000, p. 13). Thus, while it is apparent that nonprofit consulting can serve as an effective capacity-building tool, it is not an option that is available to a majority of nonprofit organizations.

Another factor that makes capacity building relatively difficult is the lack of research and data on the subject. McKinsey & Company (2001), like Millesen and Bies, state that “there is precious little information about what works and what does not in building organizational capacity in nonprofits” (p. 13). In addition, a lack of clear, measurable data that relates the various forms of capacity building to outcomes serves as a disincentive not only to funders to grant financial support for these efforts, but also to the next generation of nonprofit executives to continue with capacity-building efforts. As Light and Hubbard (2004) note:

Trying to sort out what kind of capacity-building activities seem to be most effective while taking into account the differences among nonprofits is a major undertaking.

Trying to come to research-based conclusions about the advantages or disadvantages of different funding approaches is similarly difficult. (p. 11)

A database relating capacity building to outcomes would help boost legitimacy, substantiality, and motivation for future capacity-building efforts in the nonprofit sector.

## **Effects and Future of Capacity Building**

While it is difficult to measure the effectiveness of the wide variety of capacity-building programs used by diverse nonprofit organizations, it cannot be ignored that the process of evaluation is essential to the future of capacity building. As Wing (2004) explains:

The general rule about measuring the effectiveness of capacity building would thus appear to be to look for an improvement in the measurement of an aspect of organizational performance judged to be important to the ability of the organization to fulfill its mission. The difficulty is that, for many areas of capacity building, there is no underlying measure of performance. (p. 155)

Foundation and nonprofit executives have already confronted this problem of capacity-building evaluation. It is important to understand that there are currently limitations on the ability to evaluate capacity-building programs and their complete impact upon the community (Wing, 2004). “[E]ven though assessing outcomes is difficult, we would argue capacity-building can leverage organizational change, particularly when the organizational leadership is predisposed to investing in professional and organizational development” (Millesen & Bies, 2004, p. 38). Current literature has yet to complete an analysis on the effects and outcomes of capacity-building programs as a whole for the nonprofit sector.

Nonetheless, there have been several studies that provide insight into the potential effects and outcomes of capacity building on nonprofit organizations. Two main ideas relating to the future and accomplishments of nonprofit capacity building are the promising practices of coalition building and advocacy, and the critical role of research and evaluation (Backer & Barbell, 2004).

### *Coalitions and advocacy*

Coalitions and advocacy efforts represent the first trend to be seen in the future of nonprofit capacity building. As revealed by authors Backer and Barbell (2004), advocacy will become more predominant as nonprofit organizations attempt to lobby for more capacity-building resources and programs from the government and private foundations. In addition to the role of capacity-building advocacy, coalitions will be used more as a tool and source of capacity building for nonprofits in the future (p. 54).

Practices in capacity building are changing rapidly, and it is important that nonprofit executives have good systems to ensure that their organizations are measuring the effectiveness

of various strategies being used. There is also a sense that advocacy is key to bringing more capacity-building resources to bear and to build coalitions that will share in capacity-building services; this should be viewed as a core competency for nonprofits. Because capacity-building resources have been available in recent years locally and nationally to support developing innovative, nontraditional approaches to capacity building, a number of new models have emerged, and these now need to be made widely available for use in these tight times (Backer & Barbell, 2004). But as the future reveals, “Among forward-thinking funders, however, there is growing financial support for capacity-building” (Abernathy & Fine, n.d., 7). Thus, there is a potential for growth in the number of funders, advocates and coalitions in the future of nonprofit capacity building. But, a problem with the new capacity-building funders is further explored in a 2005 study by Bies & Millesen, which reveals that many institutional funders are more inclined to fund programmatic expansion rather than capacity-building investments. This could be seen as an advocacy obstacle because despite the fact that as a whole, available funds for nonprofit organizations might increase, the amount of money available for “operations of capacity”, which is a more common need among nonprofits, may not change (p.18).

In a previous study conducted in Pittsburgh by Millesen & Bies (2004), the importance of capacity-building advocacy is strengthened with the recommendation to include the education of the nonprofit sector as capacity-building consumers. If nonprofits become better consumers, they will have an increased understanding of their capacity needs, and will be able to more effectively advocate for specific funds and more accurately manage capacity-building interventions.

This idea is further supported by the work of the Nonprofit Community Resource Center, which presents the notion that, although it is difficult to measure the accurate outcomes of the advocacy and coalition-building work, one cannot ignore the impact these techniques have on nonprofits (Constantine, 2000). The practices of using advocates and coalitions are good for capacity building, and it is these practices that enable more people to contribute to improving organizations. Coalitions enable providers and organizations to connect with a widening circle of their peers through which they can hear about new ideas, refer or be referred, share training, and connect with like-minded groups (Abernathy & Fine, n.d.). “The formal and informal connections made within communities should not be overlooked. They can enhance the organization’s work and expand its capacity” (Boris, 2001, p. 87). As has been described here, coalitions and advocates will become more credible participants in the future of nonprofit

capacity building, and their importance will only be strengthened with the emergence of better and informed nonprofit consumers of capacity-building services.

### *Research and evaluation*

The second trend in the future of nonprofit capacity building is the growing role of research and evaluation. It is evident that the theories concerning capacity building will continue to change as the services and programs offered by nonprofits expand to meet the growing needs of the community. As Houchin and Nicholson write (2002), “While we build our affiliates’ capacity for growth, we believe we are transforming what was a ‘culture of service delivery’ into a ‘culture of analysis’” (p. 276). This trend of evolving from a service-delivery focus to an analytical focus will only be successful if systematic evaluations of capacity-building programs are completed. As a result, there will likely be an increase in the number of evaluations of capacity-building activities that are conducted by nonprofit organizations. As the authors conclude, a well-developed culture of analysis pursuing best practice includes finding and fixing nonprofit mistakes (Houchin & Nicholson, 2002).

As previously mentioned, there will be a stronger emphasis on evaluation and research to improve the function of nonprofit capacity-building efforts, for “[t]o address concerns about the highly variable quality of capacity-building services, and to improve them, both research and more intensive evaluation are needed” (Backer & Barbell, 2004, p. 54). Also, without evidence demonstrating how capacity building produces stronger organizations, and lacking a baseline against which to declare success or failure, it will be difficult for nonprofit executives and funders alike to justify spending scarce resources on capacity-building efforts (Light & Hubbard, 2004).

As a solution to the problems with current studies and evaluation, new research methods concerning capacity building must be present to improve the measures and conceptualization of capacity-building outcomes. Bies and Millesen (2005) conclude that by using an empirical test of learning theory, one clear aspect of how organizations engage in capacity building by possessing a high level of “capacity-building orientation” is revealed (p. iii). This finding increases the significance of advancing research methods concerning capacity building. The authors continue to acknowledge that the nature of the capacity-building process and related outcomes are complex, and include increased organization capacity, performance improvement, and long-term organizational change.

Since this is a newly developing field, it warrants additional study informed by essential rival theoretical perspectives; the complex nature of the capacity-building process and related outcomes requires alternative types of empirical study. The literature addresses the point that by involving greater controls through experimental or quasi-experimental design or increased reliability through replication studies or longitudinal observations, the effects of nonprofit capacity building can be analyzed and reviewed (Bies & Millesen, 2005). The evolving test methods and the replication of previous tests will lead to a complete analysis of the effectiveness and importance of nonprofit capacity-building efforts.

The relevance of evaluation and analysis on capacity-building programs will increase because nonprofits are expected to experience additional pressure to justify capacity-building programs, as opposed to alternative services. “Researchers contribute to capacity-building efforts by bringing analytic skills and objectivity to an initiative . . . They also can help formulate creative ways to measure and track outputs and outcomes and to evaluate program and organizational strengths and weaknesses” (Boris, 2001, p. 89). Therefore, it is impossible to ignore the growing significance of research and evaluation and the impact they will have in the future of capacity building.

## **Conclusion**

As this survey of the literature reveals, there is much interest in the field of capacity building, from many different perspectives. Less government involvement in traditional service roles, increased competition within the nonprofit sector to provide services, as well as a need to demonstrate increased accountability to funders and service populations, are all driving forces behind the growth in size and variety of the capacity-building industry.

The overall quality and availability of capacity-building services, however, is hit-or-miss. Location, resources, cooperation, and relevance are all bare minimum requirements for success in the incredibly flexible and fast-changing field of capacity building; after that, the literature diverges. There is much uncharted territory in past regional studies of the nonprofit capacity-building industry, and the literature concerning one particular focus of the Central Texas study, capacity building with respect to volunteer management, is quite limited. Yet the information that has been gleaned from similar investigations in Arizona, Los Angeles, and Pittsburgh, as well as the history of capacity-building efforts in the public and private sectors, will guide the questions asked in the Central Texas study. With the information already present, and an

awareness of the numerous, yet surmountable obstacles that face any capacity-building effort, the goal of this study will be to illuminate the state of the capacity-building industry in Central Texas, and provide capacity builders guidance for the future.

Appendix G:  
Information about the Authors

Nichole Aldape

Texas A&M University, Bush School of Government and Public Service, M.P.S.A., 2005

Texas A&M University, B.A., Political Science, 2002

Literature Review

Carolyn Barker

University of Texas at Austin, LBJ School of Public Affairs and Teresa Lozano Long Institute of Latin American Studies, M.P.Aff./M.A.

Vassar College, B.A., Environmental Studies, 2000

Qualitative

Taja Beekley

University of Texas at Austin, LBJ School of Public Affairs, M.P.Aff., 2007

St. John's College, B.A., Liberal Arts, 1999

Finance, Qualitative

Tara Berger

Texas A&M University, Bush School of Government and Public Service, M.P.S.A., 2006

U.S. Naval Academy, B.S., Oceanography, 1998

Writing

Angela Faye Brown

University of Texas at Austin, LBJ School of Public Affairs, M.P.Aff., 2007

University of Texas at Austin, B.A., History, 2000

Qualitative

Erin Brown

University of Texas at Austin, LBJ School of Public Affairs, M.P.Aff., 2007

Indiana University Honors College, B.A. History and Criminal Justice, 2003

Mailing List, Qualitative

Staci Cross

Texas A&M University, Bush School of Government and Public Service, M.P.S.A., 2006

Florida State University, B.S., Psychology and Biology, 2004

Planning, Graphics

Erica Ekwurzel

University of Texas at Austin, LBJ School of Public Affairs, M.P.Aff., 2007

Austin College, B.A., English and Spanish, 2001

Qualitative



Lindsey Garner

Texas A&M University, Bush School of Government and Public Service, M.P.S.A., 2006

Texas A&M University, B.S., Sociology, 2004

Quantitative

Alison Hart

University of Texas at Austin, LBJ School of Public Affairs, M.P.Aff., 2007

Grinnell College, B.A., English, 1998

Planning, Graphics

Alexis Jones

Texas A&M University, Bush School of Government and Public Service, M.P.S.A., 2006

Arizona State University, B.A., Political Science, 2003

Technology

Quantitative

Karen Juckett

University of Texas at Austin, LBJ School of Public Affairs and Teresa Lozano Long Institute of Latin American Studies, M.P.Aff./M.A., 2008

University of Virginia, B.A., Foreign Affairs, 2001

Qualitative, Writing

Chris Kennedy

University of Texas at Austin, LBJ School of Public Affairs, M.P.Aff., 2007

University of Texas at Austin, B.A., Government and Economics, 2005

Quantitative

Esther Larson

Texas A&M University, Bush School of Government and Public Service, M.P.S.A., 2006

Vanderbilt University, B.A., French, 2002

New York University, M.A., French Language and Civilization, 2003

Budget

Grace Lee

University of Texas at Austin, School of Law and LBJ School of Public Affairs, J.D./M.P.Aff., 2008

Dartmouth College, A.B., History, 2003

Literature Review, Writing

Leah Nedderman

University of Texas at Austin, LBJ School of Public Affairs and Teresa Lozano Long Institute of Latin American Studies, M.P.Aff./M.A., 2008

University of Notre Dame, B.A., English and Sociology, 2005

Quantitative, Qualitative

Ilona Pesti

Texas A&M University, Bush School of Government and Public Service, M.P.S.A., 2006

University of Nebraska at Lincoln, B.A., Political Science and Economics, 2002

Quantitative

Michele Schwartz

University of Texas at Austin, School of Social Work, M.S.S.W., 2007

University of Texas at Austin, B.S., Speech, 1995

IRB, Writing

Joseph Shaw

University of Texas at Austin, LBJ School of Public Affairs and Center for Middle Eastern Studies, M.P.Aff./M.A., 2008

University of Arkansas, B.A., Middle East Studies and International Relations, 2004

Quantitative, Qualitative

Rodney Sigler

Texas A&M University, Bush School of Government and Public Service, M.P.S.A., 2006

Texas A&M University, B.S., Agricultural Development, 1993

IRB, Writing

Christine Sinatra

University of Texas at Austin, LBJ School of Public Affairs, M.P.Aff., 2007

University of Texas at Austin, B.A., English and Journalism, 1997

Writing, Graphics

Katharine Teleki

University of Texas at Austin, LBJ School of Public Affairs, M.P.Aff., 2006

University of Texas, Austin, B.A., Plan II Honors and Anthropology, 2002

Writing

Erica Terrazas

University of Texas at Austin, LBJ School of Public Affairs, M.P.Aff., 2007

University of Texas at Austin, B.A., Mexican American Studies, 2002

Qualitative

Elizabeth Wagner

University of Texas at Austin, LBJ School of Public Affairs, M.P.Aff., 2007

Seton Hall University, B.S., International Relations, 2002

Mailing List

Dr. Angela Bies

Dr. Bies is an Assistant Professor at the Bush School of Government and Public Service, Texas A & M University, where she provides leadership on the nonprofit studies curriculum. With a Ph.D. from the University of MN, Dr. Bies's research focuses on nonprofit sectoral and capacity development, accountability, and evaluation studies. Dr. Bies is recipient of the Association for Research on Nonprofit Organizations and Voluntary Action 2004 Gabriel G. Rudney Award for Outstanding Dissertation in Nonprofit and Voluntary Action Research. Her research includes the following: Co-Principal Investigator for *An Analysis of the Pittsburgh Region's Nonprofit Capacity-Building "Industry,"* with Dr. Judith Millesen during 2004. Millesen and Bies also collaborated during 2005 on two Forbes Funds projects that investigated aspects of incentives and learning in nonprofit capacity building; Principal investigator on a \$228,418 study of higher education management reform funded by the Houston Endowment; a community/economic impact study of nonprofits in the Brazos Valley, Texas utilizing NCCS data; a review of evaluation, accountability, and governance approaches in U.S. graduate nonprofit management education training programs; and a national study of nonprofit management development practices in Poland. Dr. Bies brings nearly fifteen years of nonprofit evaluation and executive experience to this study, including her work as the Director of the Charities Review Council of Minnesota where she oversaw an eighteen month study to develop nonprofit accountability standards and served as a collaborator on the Minnesota Council on Nonprofits *Principles for Nonprofit Excellence*.

Dr. Sarah Jane Rehnborg

Sarah Jane Rehnborg joined the RGK Center at the LBJ School at the University of Texas at Austin at its inception in 2000. An expert in volunteerism, Dr. Rehnborg is a published author in the field and has served as a consultant and trainer to organizations including the Points of Light Foundation, AARP, the Corporation for National and Community Service, and other state and national organizations. She received her undergraduate degree from Denison University and her Masters and Ph.D. from the University of Pittsburgh. In addition to establishing a program of volunteerism and community education at the Western Psychiatric Institute and Clinic in the 1970s, Dr. Rehnborg established the Institute for Volunteerism at the Community College of Allegheny County and served as Associate Administrator of Human Resources at John J. Kane Hospital, a 1200 bed extended care facility. As president of the international Association for Volunteer Administration, Dr. Rehnborg testified before a Congressional hearing sponsored by Senator Durenberger (R - Minn.) Prior to joining the RGK Center, Rehnborg served as Program Director for Community Engagement at the Charles A. Dana Center where she was administratively responsible for the AmeriCorps for Community Engagement and Education Program, the Texas Center for Service Learning and the Virtual Volunteering program among other duties. Rehnborg currently teaches in the Nonprofit and Philanthropic Studies Portfolio core curriculum at UT, is involved in research, and supports the Center's fund development activities. As an invited guest to the recent "International Congress on Volunteerism, Democracy, Administration and the Evolution of Future Landscapes," Rehnborg explored the role of volunteers in Australian land and water conservation issues.



The Nonprofit & volunteer Capacity study



**This report is also available electronically at:**

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<http://bush.tamu.edu/academics/mpsa/capstone/projects/nonprofitvolunteercapacity.pdf>