

2024

# NONPROFIT CAPACITY LANDSCAPE ANALYSIS

An evaluation of the nonprofit organizational capacity building ecosystem that includes funders, nonprofits, and capacity building service providers, as well as strategies to strengthen nonprofit entities in Washoe County, Nevada.

Commissioned by



**COMMUNITY  
FOUNDATION**  
*of Northern Nevada*

Completed by



The Blueprint  
Collaborative

In partnership with

The Nell J. Redfield Foundation  
University of Nevada, Reno  
Washoe County



## FOREWORD

Washoe County's nonprofits provide critical services for our community. Their work is vital to ensuring our community effectively supports ALL our neighbors. And, as our region is growing quickly, the success of our nonprofits is dependent on their ability to grow their own capacity in the face of expanding community needs.

When the Community Foundation of Northern Nevada started exploring nonprofit capacity building, we quickly found a fragmented system, often with solutions overlapping or missing from the picture. We also found that both funders and nonprofits were frustrated with a lack of capacity building opportunities. The most significant for me was being asked by graduates of our own *Nonprofit Executive Director Academy* program about follow up trainings, and not being able to share solid recommendations on next steps for their professional growth.

As an organization we recognized the need to explore this further, especially given the impacts of the post-COVID 'fiscal cliff' of restricted government funding beginning to impact our region's nonprofits. We took quick stock of capacity building opportunities in neighboring communities like Las Vegas, Sacramento, and Boise, and saw some of the core capacity building providers there did not exist in northern Nevada. We also found that many of the local capacity building efforts that started pre-COVID had fallen by the wayside, creating a further vacuum of services to support our nonprofits.

As a Community Foundation, we recognize that no single entity can solve a community-wide problem alone, particularly one as far-reaching as building nonprofit capacity. We connected with three partners committed to exploring and solving this issue: The Nell J. Redfield Foundation, Washoe County, and the University of Nevada, Reno. Together we invested in the following Landscape Analysis to begin to define the problem and initial recommendations for this challenge in our community.

**What is needed to build capacity for nonprofits in Washoe County?** To answer this question, we retained The Blueprint Collaborative to conduct an analysis of capacity building needs from the lens of nonprofit leaders, large-scale funders, and capacity building providers. As detailed in this report, we found a large opportunity for improvement in the quantity and quality of capacity building services available locally. We also found a need for education for both nonprofits and funders around the definition of capacity building and the opportunity these conversations present to build deeper relationships and trust between these two sectors.

**What is the best way to respond to these findings?** A list of initial recommendations is found in the final section of the report and recapped in this Executive Summary. We hope that nonprofits, capacity building service providers, and funders review the findings and work together to implement many of the recommendations. Already we have found new collaborations and structures emerging to address several of these recommendations and we look forward to sharing opportunities with you to continue to invest time, energy, and philanthropic dollars to improve the capacity of our nonprofit sector. When our nonprofit organizations are supported to be reflective, adaptive, and sustainable, we will ultimately see our shared community goals reached.

With warm regards,



Eaton Dunkelberger, CEO  
Community Foundation of Northern Nevada

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## ACKNOWLEDGEMENTS

Broad community initiatives are most successful when strong collaboration is deployed, communication is facilitated, common goals are set, and engagement across sectors offer opportunities for participation and project direction. For these reasons, a range of community partners came together to guide the direction of this project; offer their experience, knowledge, and expertise; and support to make the development of this landscape analysis possible.

Completed by The Blueprint Collaborative, The Washoe County Nonprofit Capacity Building Landscape Analysis was commissioned by the Community Foundation of Northern Nevada through a formal competitive procurement process. Without the Community Foundation of Northern Nevada's vision and funding, this work would not have been possible, nor would the improved organizational capacity for Washoe County's nonprofits carry forward from this report.

A Steering Committee of foundations, government funders, and a university expert was identified to guide the project. The Steering Committee members included:

- Dr. Ken Coll, The Nell J. Redfield Foundation
- Michelle Duggan, Community Foundation of Northern Nevada
- Eaton Dunkelberger, Community Foundation of Northern Nevada
- Gabrielle Enfield, Washoe County
- Dr. Brad Johnson, University of Nevada, Reno
- Kate Thomas, Washoe County

In addition to a Steering Committee, a Nonprofit Advisory Committee was also identified to provide focused insights into the local nonprofit community. Members of the Nonprofit Advisory Committee were invited to participate in the Steering Committee meetings.

The Nonprofit Advisory Committee included:

- Britt Curtis, The Holland Project
- Maricela Gutierrez Rodriguez, JUSTin HOPE Foundation
- Sean Hill, Sierra Nevada Journeys
- Anne McNulty, CARE Chest
- Mike Wurm, Boys & Girls Club of Truckee Meadows
- Kim Young, The Children's Cabinet

In addition to Steering and Advisory group members, we are eternally grateful for the funders, nonprofit leaders, and service providers who participated in the survey and took time out of their busy schedules to participate in the focus groups and key informant interviews. The focus groups provided invaluable insights beyond the survey data and contributed to a deeper understanding of capacity building assets and gaps across the Washoe County landscape.

While this report was developed with a Washoe County specific lens, it was shaped by other community efforts such as the "Fortifying L.A.'s Nonprofit Organizations: Capacity Building Needs and Services in Los Angeles County"<sup>1</sup> report commissioned by the Weingart Foundation and published by the TCG Group. Survey and focus group questions were developed from materials included in the study. We thank the TCG Group, The Weingart Foundation, and other researchers who have openly shared their work with others to serve as a model and a foundation for capacity building needs assessments. Their work provided an excellent foundation from which to develop the materials used in this Landscape Analysis.

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<sup>1</sup> <https://www.tccgrp.com/wp-content/uploads/2018/09/Fortifying-LA-Weingart-Foundation-Report.pdf>

## EXECUTIVE SUMMARY

Nonprofit organizations operate in a challenging economic and sociological environment that demands more of them—more services, more efficiency, and more accountability. Nonprofits must navigate these pressures while grappling with limited resources, including funding and internal capacity. They must also balance the delicate power dynamic of being seen by funders as strong and sustainable with the transparency and vulnerability to ask for what they really need. Together, these factors create a complex environment where nonprofits must continually adapt and respond to the needs of the community and the expectations of stakeholders, including funders, upon whose support they rely.

Strong organizational capacity is imperative to the health of nonprofit organizations and their ability to respond to changing environments and community needs. High-quality, high-impact programs can only be consistently delivered if the organization has the proper infrastructure—board, staff, management systems, IT, financial systems, systems for evaluation and improvement, and so on. Across different sectors, emphasis is often on outputs of nonprofits such as clients served, while it is strong organizational capacity and developmental maturity that truly results in organizations better able to implement complex programs.

The Community Foundation of Northern Nevada engaged The Blueprint Collaborative to undertake this landscape analysis, studying nonprofit organizational capacity building in Washoe County.

Several key inquiries guided the scope of this report:

- What types of capacity building do Washoe County nonprofits most need to enhance their effectiveness?
- What kind of capacity building services are Washoe County nonprofits receiving, and what kind of resources are they missing?
- What are the barriers to accessing capacity building resources for Washoe County nonprofit organizations?



## DEFINING CAPACITY BUILDING

The term “capacity building” is broad and one that conveys different meaning to different audiences. For the purposes of standardization, **we have defined capacity building as the process of building and strengthening the systems, structures, cultures, skills, resources, and power that nonprofit organizations need to serve their communities**<sup>2</sup>. Given the broad reach of this definition, the concept was further divided into six core categories for this analysis, as described below. Five of these areas came from an existing report<sup>3</sup> and one area was added to best fit current best practices in organizational capacity assessment as follows:

- **Adaptive Capacity:** The ability to monitor, assess and respond to, and create internal and external changes.
- **Leadership Capacity:** The ability of leaders—Board and staff—to create and sustain the vision, inspire, model, prioritize, make decisions, provide direction, and innovate, to achieve the organizational mission.
- **Management Capacity:** The ability to ensure the effective and efficient use of organizational resources.
- **Technical Capacity:** The ability to implement all the key organizational and programmatic functions.
- **Organizational Culture:** Organizational culture is the context in which the core capacities operate. Each organization has a unique history, language, organizational structure, and set of values and beliefs that affect staff unity and engagement, all strong predictors of organizational sustainability.
- **Collaborative Capacity:** The ability to learn what is happening in the community and in their field by collaborating and networking with other nonprofit organizations, community leaders, and funders.

Across these six capacities, how organizational capacity services can be rendered, and who they are rendered by, can vary greatly. Some services may be provided internally by current staff who are readily available, or services can be provided by an external entity such as a consultant, business, or service provider.

## METHODOLOGY

To obtain information on the current landscape of nonprofit organization capacity building in Washoe County, data was gathered from three main sources: funders, nonprofit organizations, and current capacity building service providers. Each of the three groups play a key role in building and improving organizational capacity and each has a distinct perspective on the issue. As such, it was critical to include all three groups in the data collection aspects of the project.

	Funders	Nonprofit Organizations	Service Providers
Survey Responses	39	69	21
Focus Group Participants	14	25	3 Key Informant Interviews

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<sup>2</sup> Nishimura, Angela, et al. "Transformational Capacity Building." *Stanford Social Innovation Review*, vol. 18, no. 4, Fall 2020, pp. 30–37.

<sup>3</sup> The TCC Group. "Fortifying LA's Nonprofit Organizations: Capacity-Building Needs and Services in Los Angeles County", 2010.

## MISSING ELEMENTS

There exists an intricate, interconnected relationship between funders, nonprofits, and capacity building service providers in our community. Analyzing data from these three main sources provided the opportunity to identify critical missing elements in our community as outlined below.

### What is missing?

- A shared organizational capacity building definition and framework.
- Broad community buy in and coordination, with multiple entities providing leadership.
- Training programs and learning collaboratives focused on organizational capacity.
- A community-wide shared understanding of best practices for assessment of organizational capacity and how it can be a tool for improvement.
- Nonprofits adopting and adapting appropriate assessment tools based on nonprofit lifecycle and organizational sophistication.
- Funders prioritizing initiatives that support nonprofit organizational capacity, potentially in multi-year gifts.
- Facilitated discussions between and among funders, nonprofit Board leadership, and nonprofit executive staff to discuss pathways for complimentary collaboration, utilizing established evidence-based practices and programming.
- Facilitated convenings and discussions between nonprofits to explore opportunities for shared services like HR, finance, and fundraising cooperatives.
- Facilitated funder convenings and collaborations utilizing established, evidence-based frameworks.
- Continuing opportunities for shared decision making among and between all three types of entities—nonprofits, funders, and capacity building service providers.
- Communication and trust building across all community partners that focuses on reducing the influence of power dynamics within and across relationships.

## KEY FINDINGS

### *CAPACITY BUILDING IS VITAL YET MISUNDERSTOOD*

High-quality, high-impact programs can only be consistently delivered if the organization has the proper infrastructure—board, staff, management systems, IT, financial systems, systems for evaluation and improvement and so on. Findings show that funders in Washoe County recognize nonprofit organizational capacity building as highly needed and very important, which presents a shared urgency to engage in the work of improved nonprofit capacity building; however, **there is considerable confusion among both nonprofits and funders regarding the definition and tangible implementation of capacity building**, even when provided with definitions and examples.

Increased and improved nonprofit organizational capacity will only be improved with accurate and reliable assessment. While organizational capacity tools may not be fully developed and additional evaluations can strain already limited nonprofit resources, ongoing assessment of organizational capacity remains a critical element of continuous improvement. Consideration should be made for enhancing assessment techniques and setting improvement targets for nonprofit capacity that are equitable for all parties.



Washoe County nonprofits need access to multiple resources to build capacity, and no one entity can effectively envision, build, and teach all the components necessary for nonprofits to thrive. In order for this work to be most effective, **there must be broad community buy in, coordination, and multiple entities providing leadership in their respective areas.**

### *CAPACITY BUILDING IS LIMITED BY RESOURCE CONSTRAINTS*

Nonprofits often juggle the multiple demands of running an efficient business with limitation on resources, all while striving to fulfill their missions. **Funding and, relatedly, staffing constraints rose to the top as issues associated to initiating and implementing capacity building activities.** Nonprofits, with many respondents operating with minimal staff, consistently cite funder limitations on staff-related costs as a primary obstacle to talent retention and organizational effectiveness. Nonprofits report a perceived lack of understanding from funders about the critical role that organizational capacity, particularly in staffing, plays in program success.

Limited funding to both expand organizational capacity building and sustain a network of organizational capacity building providers locally hampers progress towards meeting the needs of nonprofits.

### *COLLABORATION DRIVES IMPACT*

Universally valued, collaboration is a broad term defined differently across groups that takes shape in many ways to serve different needs. Collaboration happens both informally, in the form of networking, shared missions, etc., and formally, in the form of contracts for shared resources, Memorandums of Understanding, collaborative grant funding requests, etc. There are risks and benefits to consider for each informal and formal collaboration to succeed. **Funders emphasize the need for increased nonprofit collaboration, both formal and informal, to address perceived service duplication. However, while nonprofits report strong existing collaborative efforts and rate their collaborative capacity highly, a discrepancy persists and is complicated by competition for funding, which acts as a barrier to collaboration.**

Funders disclosed they are not effectively collaborating among themselves; however, they recognize the opportunities that are possible through intentional engagement with other funders. To foster greater cooperation, identify gaps, optimize resources, and share information, it would be beneficial to enhance communication between and among funders. These efforts provide the opportunity to address existing power dynamics, especially when nonprofits are invited to participate in defined roles.

Additionally, the staff and resource capacity of foundations themselves was presented as a challenge to fully understanding and implementing effective nonprofit organizational capacity building. Through collaboration, funders may find that they can collectively benefit through efficiently and effectively managing funding opportunities. Collaboration between funders should be informed by input and guidance from nonprofits and capacity building service providers to ensure engagement is built upon mutual trust and communication, takes into account the needs of the community organizations, reduces burden, and effectively measures impact of capacity building.

## **POWER DYNAMICS MUST BE ADDRESSED TO FOSTER TRUST AND COMMUNICATION**

**A clear disconnect exists in how funders and nonprofits perceive and approach funding relationships, particularly regarding organizational capacity building.** Nonprofits of all sizes report difficulties in candidly communicating their needs to funders. This contrasts with funders' expressed desire for honesty about organizational needs. Also, the data highlights a paradox: while 69% of funders report providing unrestricted funds and general operating support, nonprofits frequently cite a lack of such support, perceiving that funders prefer to fund specific programs and supplies or other tangible items. Overall, these findings underscore a critical need for improved communication and relationship building and to reform the pervasive mythology in the nonprofit-funder relationship.

To make real change for nonprofits, whereby improving their impact and the related efficiency of funding dollars, there must be shared decision making among and between all three types of entities—nonprofits, funders, and capacity building service providers. Improving communication and building trust is the first step in effective organizational capacity building.

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This Landscape Analysis aims to provide a basis for recommendations, found in the full report, that will enhance the health of nonprofits and improve nonprofit capacity, enabling nonprofits to operate more efficiently and effectively. Our hope is that this work will serve as a springboard to key collaborative initiatives across the community to further support the development of improved nonprofit organization capacity. The following next steps have been identified as immediate actions that can be made as a community to begin this important and highly valued work:

### **NEXT STEPS**

1. Develop a high-level, community-wide action plan that defines capacity building
2. Build a fund to support both creation of the action plan and capacity building implementation efforts
3. Implement capacity building efforts

The Nonprofit Analysis Steering Committee and Nonprofit Advisory Committee are committed to working together to move this work forward.

## INTRODUCTION

Nonprofit organizations are an essential component of our vibrant community, serving as vital pillars that support and enhance the quality of life for countless individuals. Nonprofits often step in to provide services, programs, and enrichment that the government or the for-profit sector cannot or will not offer, usually for free or at reduced costs. Their impact extends far beyond the immediate beneficiaries of their programs, contributing to a critical safety net which often supplements, rather than supplants, services provided by the government in addition to contributing to the overall well-being and sense of identity within Washoe County, spur tourism, and serve as drivers for economic development.

However, the lifecycle of a nonprofit is often fraught with challenges. They operate in a challenging economic and sociological environment that demands more of them—more services, more efficiency, and more accountability. Nonprofits must navigate these pressures while grappling with limited resources, including funding and internal capacity. Moreover, they must also balance the delicate power dynamic of being seen by funders as strong and sustainable with the transparency and vulnerability to ask for what they really need. Together, these factors create a complex environment where nonprofits must continually adapt and respond to the needs of the community and the expectations of stakeholders, including funders, upon whose support they rely.

Despite these ever-present challenges, Washoe County's nonprofit community is filled with bright, creative, and tenacious individuals who uplift our community in the pursuit of making it a healthier, safer, and more fulfilled version of itself.

In this context, nonprofit capacity becomes not just important, but vital. The Community Foundation of Northern Nevada (CFNN) commissioned a Nonprofit Capacity Landscape Analysis to examine current nonprofit capacity building assets and needs, focusing on the urban and suburban centers in Washoe County. A comprehensive assessment is often a critical first step in identifying ways to address a large issue and nonprofit organizational capacity certainly is a broad topic with wide-reaching implications.

This Landscape Analysis was guided by several assumptions:

- Restricted nonprofit capacity and specific service sector capacity which results in reduced community impacts.
- Insufficient capacity building funding and resources or knowledge of available resources.
- Insufficient community-wide understanding of what resources or models are missing to promote effective capacity building efforts.

While these assumptions are substantiated by comparable reports produced from other communities, investigation of Washoe County specific information was warranted and provides key opportunities to develop next steps based on local conditions.

In combination with the assumptions outlined above, several key inquiries guided the scope of this report:

- What types of capacity building do Washoe County nonprofits most need to enhance their effectiveness?
- What kind of capacity building services are Washoe County nonprofits receiving, and what kind of resources are they missing?
- What are the barriers to accessing capacity building resources for Washoe County nonprofit organizations?
- Of those capacity-building resources identified as needed, what is available to nonprofits in Washoe County?
- What are the gaps in capacity-building services available in Washoe County?

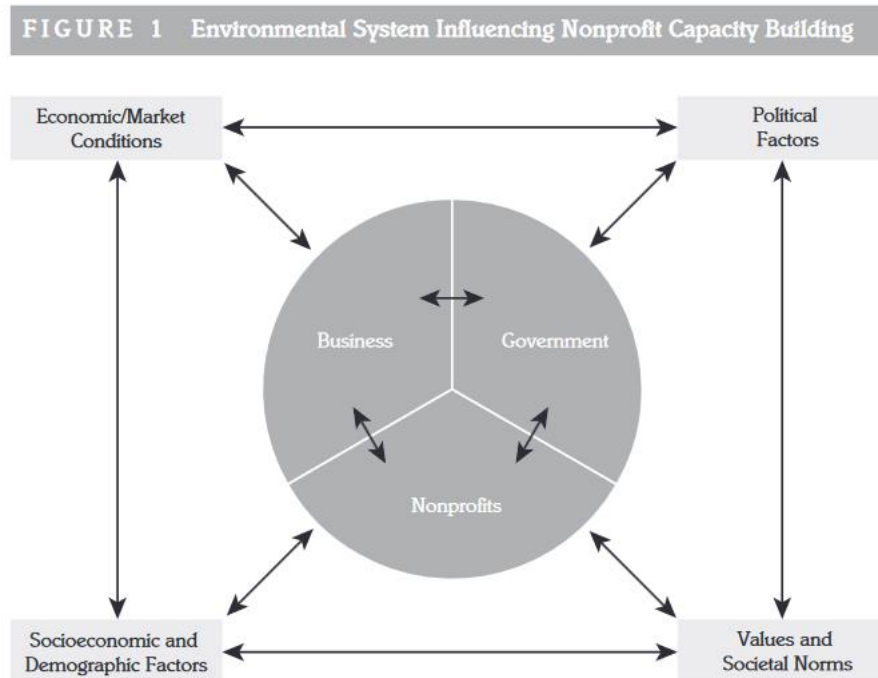
Previous work from other communities, in addition to current academic research on this topic, identified a need to obtain this information from three main sources: funders, nonprofit organizations and current capacity building service providers. Each of the three groups play a key role in building and improving capacity and each has a distinct perspective on the issue. As such, it was critical to include all three groups in the data collection aspects of the project.

This Landscape Analysis aims to provide recommendations that will enhance the health of nonprofits and improve nonprofit capacity, enabling them to operate more efficiently and effectively. Our hope is that this work can serve as a springboard to key collaborative initiatives in the community to further support the development of improved nonprofit organization capacity.

## PAST AND CURRENT RESEARCH

While still a growing field of study, research on nonprofit organizational capacity building has shown several consistent findings that are worth noting. Early research outlined how nonprofits exist in an environment where economic conditions, political, sociological, and demographic factors and societal norms all impact capacity building<sup>4</sup>. Changing employee desires for flexibility to work remotely and an emphasis on work/life balance is an example of how these factors and norms impact nonprofits and continue to change over time.

From De Vita and Flemming, 2001:



Further works describe how the need for strong organizational capacity is imperative to the health of nonprofit organizations and their ability to respond to changing environments and community needs. Additionally, developmentally mature organizations are better able to implement complex programs to fidelity<sup>5</sup>. High-quality, high-impact programs can only be consistently delivered if the organization has the proper infrastructure—board, staff, management systems, IT, financial systems, systems for evaluation and improvement and so on<sup>6</sup>. Across different sectors, emphasis is often on outputs of nonprofits such as clients served, programs/services. Nonprofits are frequently asked to report on these incremental outputs to funders to substantiate continued funding need or to substantiate appropriate use of funding previously provided. While rarely included in programmatic or funder reporting, strong organizational capacity and developmental maturity results in organizations that are better able to implement complex programs to fidelity<sup>1</sup>.

<sup>4</sup> De Vita, C., Fleming, C. and Twombly, E.C. (2001) Building Nonprofit Capacity, A Framework for Addressing the Problem. In: De Vita, C. and Fleming, C., Eds., Building Capacity in Nonprofit Organizations, The Urban Institute, Washington.

<sup>5</sup> Schuh, Russell. *A Maturity Model for Measuring Nonprofit Organizational Development*. AV Akademikerverlag, 2012.

<sup>6</sup> Brothers, John, and Anne Sherman. *Building Nonprofit Capacity: A Guide to Managing Change Through Organizational Lifecycles*. 1st ed., Jossey-Bass, 2011.

The study of assessments of nonprofit organizational capacity is also varied, and self-assessment, which is commonly utilized when nonprofit capacity assessments are conducted, has limitations. The use of validated and reliable assessment tools is a best practice and is required to measure organizational capacity with a high degree of reliability; however, finding validated assessment tools is challenging in the field of nonprofit capacity assessment. Self-assessment requires that staff completing the assessment have a high degree of knowledge on the items being assessed and bias can be a factor. For example, if an Executive Director of a nonprofit is highly involved with fundraising, they may rate fundraising higher than areas they may be less involved with such as program evaluation or facility management. The use of a third-party assessor is likely to result in higher quality and more accurate assessment but is costly and time-consuming. Additionally, different sectors may need different assessments to most accurately measure organizational capacity.<sup>7</sup>

## DEFINING CAPACITY

The term “capacity building”, a developing area of research and practice, is broad and one that conveys different meaning to different audiences. For the nonprofit sector, many early publications in the field drew from existing and developing business sector practices such as continuous quality improvement, total quality management, and organizational change management. While many of these business practices were translated to support nonprofit management, it was evident that other elements are unique to nonprofits.

Different terminology is used to describe different elements of organizational capacity building; however, publications over the last two decades have established some consistency. For the purposes of standardization for assessment, **we have defined capacity building as the process of building and strengthening the systems, structures, cultures, skills, resources, and power that nonprofit organizations need to serve their communities**<sup>8</sup>. Given the broad reach of this definition, the concept was further divided into six core categories for the purposes of this analysis, as described below. Five of these areas came from an existing report<sup>9</sup> and one area was added to best fit current best practices in organizational capacity assessment as follows:

**Adaptive Capacity:** The ability of a nonprofit organization to monitor, assess and respond to, and create internal and external changes. Examples include:

- Environmental learning: Staying informed about community and field developments through collaboration and networking.
- Programmatic learning: Evaluating client needs and using program evaluation for learning.
- Decision-making tools: Using various resources like data, input from staff and clients, and strategic plans to make decisions.
- Resource sustainability: Readily adjusting program resources, staffing, and funding to maintain financial stability.

**Leadership Capacity:** The ability of organizational leaders—Board and staff—to create and sustain the vision, inspire, model, prioritize, make decisions, provide direction, and innovate, all to achieve the organizational mission. Examples include:

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<sup>7</sup> Schuh, Russell G. and Leviton, Laura C. “A framework to assess the development and capacity of non-profit agencies. Evaluation and Program Planning”, 2006.

<sup>8</sup> Nishimura, Angela, et al. "Transformational Capacity Building." Stanford Social Innovation Review, vol. 18, no. 4, Fall 2020, pp. 30–37.

<sup>9</sup> The TCC Group. “Fortifying LA’s Nonprofit Organizations: Capacity-Building Needs and Services in Los Angeles County”, 2010.

- Leader vision and influence.
- Board and internal leadership.
- Leadership sustainability: The organization's ability to cultivate organizational leaders, avoid over-relying on one leader, and plan for leadership transition.

**Management Capacity:** The ability of a nonprofit organization to ensure the effective and efficient use of organizational resources. Examples include:

- Financial management.
- Effectively resolve human resource problems and interpersonal conflicts.
- Developing, managing, and assessing staff.
- Volunteer management.

**Technical Capacity:** The ability of a nonprofit organization to implement all the key organizational and programmatic functions. Examples include:

- Having proper facilities and skills around facilities management.
- Having the necessary technology resources and technology skills.
- Illustrated skills related to financial management, fundraising, legal, marketing & outreach, program evaluation, and service delivery functions.

**Organizational Culture:** While separate from the four core capacities above, Organizational Culture is the context in which the core capacities operate. Each organization has a unique history, language, organizational structure, and set of values and beliefs that affect staff unity and engagement, all strong predictors of organizational sustainability.

Given the critical role collaboration plays in the work of nonprofit organizations, a sixth area of Collaborative Capacity as added to the assessments conducted.

**Collaborative Capacity:** The ability of a nonprofit organization to learn what is happening in the community and in their field by collaborating and networking with other nonprofit organizations, community leaders, and funders. Examples include:

- Networking.
- Collaborative and partnership building skills.
- Community assessment skills.

### **Nonprofit Lifecycles**

Different stages of a nonprofit lifecycle can result in different capacity building needs. In the early stages, getting basic business systems in place for accounting, human resources, and program management may be most in need. As nonprofits evolve and mature, capacity building needs may shift to board development, fundraising, and program evaluation. For nonprofits that are well established and have been operating for decades, large scale fundraising like capital campaigns and executive leadership succession planning may be of greater need. As community needs and resources shift and as technology, workforce dynamics, and governmental changes occur, different organizational capacity building needs will also evolve and change.

Across these six capacities, the means by which organizational capacity services can be rendered, and who they are rendered by, can vary greatly. Some services may be provided internally by current staff who are readily available, or services can be provided by an external entity such as a consultant, business, or service provider. Some services are specific to the nonprofit sector such as nonprofit governing board training, 501(c)3 tax filings, management of tax-exempt donations, or fundraising strategies. Others are services universally needed by almost all organizations—including businesses or government entities—such as human resources, accounting, and legal services, which may be more widely available.

As internal and external dynamics of a nonprofit change, capacity building allows for strengthening the entity’s ability to achieve its goals and objectives, both now and in the future. It is not just about the present-day operations of the organization, but also about its ability to sustainably deliver on its mission into the future.





## METHODOLOGY

Guided by previous research and local publications from other communities that aimed to gather similar information, a Steering Committee was formed to guide the work of the landscape analysis. The Steering Committee included representatives from academia, local government, a private foundation and the local community foundation, which commissioned the report. This group was tasked with providing feedback on the work plan, survey language, focus group facilitation guides, and providing outreach to funders, nonprofits, and consultants in their networks. In addition to providing feedback on survey instruments and facilitation guides, the group provided valuable insights into community trends and perceptions that were considered in the development of the report.

In addition to the Steering Committee, a Nonprofit Advisory Committee was formed. The Nonprofit Advisory Committee included representatives from nonprofit organizations that ranged in size, years in operation, and represented a diverse mix of service areas. This group provided feedback on the nonprofit survey and focus group facilitation guides and assisted in identifying communication channels to maximize the number of agencies completing the survey. In addition to providing this information, one member of the Nonprofit Advisory group was present at the Steering Committee meetings to provide insights and feedback from the perspective of the nonprofit community. The Nonprofit Advisory Committee also provided a key opportunity to balance the power dynamics between funders and nonprofits. As many nonprofits rely on financial support from funders, they may not have opportunities (or a high degree of comfort) to speak to challenges regarding funder expectations, transparency of funding needs, or the undue burden placed upon them by funders in order to continue to receive funding.

Three main groups were engaged to obtain information included in landscape analysis:

1. Funders
2. Nonprofit Organizations
3. Organizational Capacity Service Providers

Engaging these three main groups allowed for a robust assessment of this topic from a variety of perspectives. Comparable assessments conducted in other communities have focused on obtaining information primarily from these three groups given their interdependent nature.

In order to build on the learning undertaken in other communities, previously conducted reports were reviewed and heavily shaped the survey and focus group questions that were utilized for this report. The report “Fortifying L.A.’s Nonprofit Organizations: Capacity Building Needs and Services in Los Angeles County” published by the TCG Group and commissioned by the Weingart Foundation was utilized to develop survey and focus group questions. The CCAT nonprofit assessment tool, also developed by the TCC Group, shaped the questions and response scales utilized in the survey sections regarding specific organizational capacity competencies. Additionally, key informant interviews were undertaken with a handful of leaders of nonprofit capacity building models from outside the Washoe County area.

Focus group questions are included in Appendix A for reference.

### **Considerations for Future Work**

While still a growing topic nationally, the community-wide understanding of organizational capacity building was low. Other communities may consider starting with an educational campaign to increase the level of awareness of principals of organizational capacity building to ensure internal assessments, surveys, and focus groups start from a foundational understanding of key terms and concepts.

While interest in this topic was strong within many groups in the community, funders and service providers were difficult to engage. Obtaining responses to online surveys and commitments to attend focus groups required significant recruitment. Similarly, nonprofit leaders have significant demands on their time and incentives for participation in surveys and focus groups may be beneficial to future efforts. While significant effort was undertaken to recruit all funders, nonprofit organization leaders, and capacity building service providers, a representative sampling for survey data or focus groups was not obtained. Further efforts may consider exploring opportunities to ensure a representative sampling is taken.

## **FUNDER DATA COLLECTION**

An online survey was developed to collect information directly from funders like public and private foundations, corporate and individual donors, and cooperative type giving such as giving circles. The survey gathered funder's perspectives on the organizational capacity of nonprofits in Washoe County. Additionally, the survey included questions about funders' perceptions of the effectiveness of organizational capacity efforts and the perceived role they (funders) can play in enhancing nonprofit capacity.

The survey was distributed online through applicable listservs and through email invitations to known funders throughout the community. Distribution included email requests to share the survey and was available to collect responses from April 9 through April 26, 2024. Survey instructions included a request for only one response per entity.

To supplement the online survey and gather qualitative data, two 90-minute focus groups were conducted with funders:

- Session #1 (May 17, 2024): Six individual funders who personally provide funding directly to nonprofit organizations.
  - Many participants had current or past nonprofit board experience and drew extensively from their involvement, providing unexpected but valuable insights.
- Session #2 (May 23, 2024): Seven funders who provide funding to nonprofit organizations on behalf of foundations, government entities, and corporations.

## **NONPROFIT DATA COLLECTION**

A second online survey was developed to collect information from nonprofit organizations primarily based in Washoe County. It included in-depth questions on self-assessment of organizational capacity by area. Information was also gathered on the perceived level of need for and importance of each area of capacity building, including the means by which organization capacity building efforts had been undertaken and how those efforts were funded. Questions regarding what role they perceive funders to be able to play were also included.

The online survey was distributed to applicable listservs and nonprofit staffing professional groups. Outreach was conducted to obtain responses from nonprofit organizations of all sizes, length of time in existence, and sectors of programs and services provided. Executive leadership from nonprofit organizations were primarily targeted for responses and survey instructions included a request for only one response per entity. The online survey was open for response from May 7 through May 25, 2024.

As a follow up to the online survey, four separate focus groups were conducted. Nonprofit organization leaders were invited to participate to further inquire on survey findings and to obtain more qualitative data on the topics included in the survey. Two 90-minute sessions were held on Thursday May 30 and Friday May 31, 2024, for a total of four sessions. Each session included a range of nonprofits that varied in size from zero employees (all volunteer) to very large nonprofits that employ several hundred people.

## **SERVICE PROVIDER DATA COLLECTION**

A third online survey was created to collect information from organizational capacity building service providers who are currently providing services to Washoe County nonprofits. It included questions regarding what services they offer, what services are most requested by nonprofits, and their perception of nonprofit organization's nonprofit capacity strengths and challenges. Information was also gathered on what barriers they believe are present that limit further nonprofit capacity building efforts.

The survey was distributed to the organizational capacity building service providers identified by funders and nonprofit online surveys participants. Survey instructions included a request for only one response per entity. Three key informant interviews were also conducted to inquire further about survey responses. Key informant interviews were utilized instead of focus groups, given the small number of responses by local organizational capacity service providers.

## **OUT OF AREA ORGANIZATIONAL CAPACITY SERVICE MODELS DATA COLLECTION**

A set of out of area organizational capacity service providers were selected for key informant interviews. The Community Foundation of Northern Nevada provided recommendations for established service providers from communities outside of Washoe County and an additional out of state entity was included as well. These semi-structured interviews were intended to identify service models or programs that may be of benefit to replicate in Washoe County in addition to the common challenges and limitations of those models.

## **SURVEY LIMITATIONS**

Sampling methods for all three survey groups were a convenience and/or snowball sampling and are not representative samplings of Washoe County for any of the three groups. Survey data was reviewed to ensure that duplicate organization submissions were not received. Intentional efforts were applied to include a diversity of representation across all groups to the maximum extent practical. As mentioned above, there are limitations to self-assessment which include, but are not limited to, potential bias when only completed by one person per entity, bias that may impact assessment of areas the survey respondent is not closely associated with, and inaccuracy that may be introduced when different nonprofit sectors complete a general self-assessment. Further, as the online survey questions were adapted from only a subset of the full Core Capacity Assessment Tool (CCAT) and not the complete tool, bias may have been introduced by the survey developers which may have impacted survey results.

Survey comments and focus group responses indicated a limited understanding of organizational capacity as currently defined in academic literature and publications such as the Weingart report. Further feedback was received from funders that they did not feel as though they could adequately assess the organizational capacity of the nonprofits they were familiar with. Future efforts should consider conducting third party assessments using a validated, reliable assessment tool specific to the sector being assessed, if available.

“.....I think just being able to talk more as a community about why these things are important is of value.....” - Funder Focus Group Participant

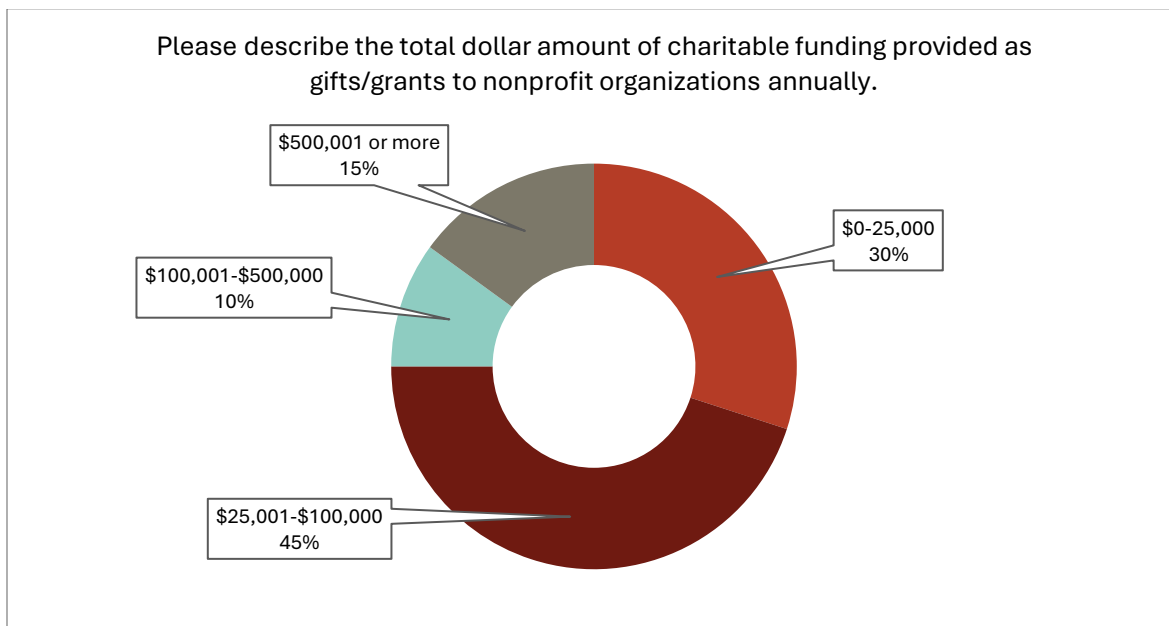
This report aims to provide a Landscape Analysis of the organizational capacity in Washoe County and to offer recommendations for further improvements. While there are limitations to the data, **significant information was gathered that provides key insights in the current landscape of nonprofit organizational capacity.** Further, survey results are consistent with findings from other communities that conducted comparable assessments and are also consistent with concerns cited in academic literature on this topic. We hope this report serves as a blueprint to help funders, nonprofits, and service providers better serve the community and helps to inform next steps to implement organization capacity building initiatives in Washoe County.

## DATA SUMMARY

### FUNDER SURVEY

A total of 39 completed responses were submitted.

- Twenty-five percent (25%) of responses came from individuals or organizations that provide more than \$100,000 annually to nonprofits. Donors of lesser amounts were a larger portion of respondents. Program areas funded largely matched the program areas that nonprofit organizations provide, with Human Services; Education; and Arts, Culture, and Humanities being the top three categories funded.
- Washoe County is the primary funding area for most surveyed funders (63% of all respondents). The next most common area is “All of Northern Nevada” (55% of all respondents).

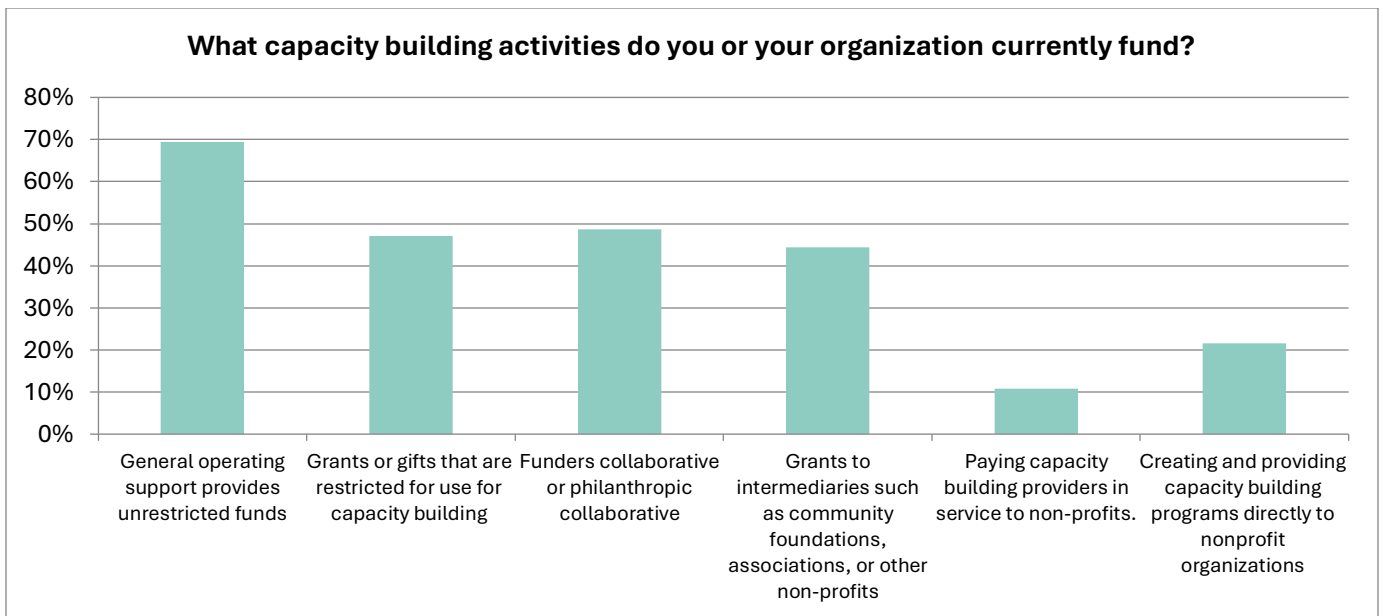


Overall, funders responded overwhelmingly that nonprofit organizational capacity building was both of high need (66%) and of high importance (70%).

**Only 58% of funders responded that they had received requests for capacity building funding however a majority (69%) said they are currently funding general operating support and provide unrestricted funds that support the general operations of an organization and are not designated to any specific program.**

Other types of capacity building funding were also indicated as currently being funded:

- Funder collaboratives or philanthropic collaboratives, which is a model where funders (and sometimes other participants) join forces to pool funding and work together toward a common goal. (49%)
- Grants or gifts that are restricted for use for capacity building activities inside a nonprofit organization. (47%)
- Grants to intermediaries such as community foundations, associations, or other nonprofits so that they might create and provide capacity building programs. (44%)



In the **Adaptive Capacity** area, “the ability to monitor, assess, and respond to internal and external changes” was the only competency included. The majority of responses were “all or most” or “some of the nonprofits receiving my/our funding demonstrate” in this competency.

In the **Leadership Capacity** area, funders perceived an overreliance on one leader and not having a succession plan as a more common concern than the other competencies. The other survey questions inquired about topics like leaders creating and sustaining a vision, the Board of Directors holding the organizational leaders accountable for progress toward achieving the mission and vision, and the Board of Directors’ community engagement.

The remaining areas (**Management, Technical, Collaborative and Organizational Culture**) did not have a statistically significant difference in the perceived level of implementation. Overall, among the 22 competencies included across the six areas, responses indicated a high degree of perceived implementation (outside of the leadership item regarding succession planning). **This would suggest that overall, funders perceive most nonprofits to be largely implementing all areas of organizational capacity competencies included in the survey.**

## FUNDER FOCUS GROUP

In both Funder Focus Group Sessions, key themes emerged in the areas as summarized below:

### Trust/Relationship Building

- Funders desire to see impact and outcomes from all funding provided, including organizational capacity building funding, to reinforce trust.
- Funders, specifically funders at Foundations, discussed their own internal capacity challenges as a barrier to relationship building.
- Nonprofits meeting an established community-wide standard was suggested as a way to increase funder comfort level in providing funding for organizational capacity building.
- Board members’ role in increasing nonprofit organizational capacity building was discussed as an untapped but valuable resource.

### **Collaboration and Communication**

- More effective communication between funders and nonprofit organizations was cited as an opportunity for growth.
- Funders convening nonprofit organizations to facilitate communication and collaboration was cited as a potential opportunity for improvement.
- Duplication of services and programs was cited as a concern of funders. They also highlighted the need for increased collaboration among organizations in light of the concerns over duplication.

### **Resource Limitations**

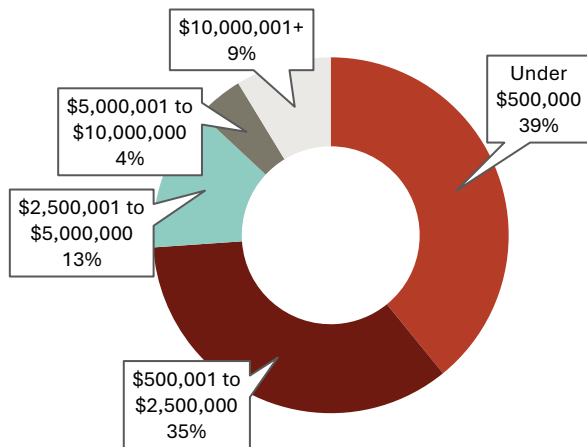
- Lack of resources, such as staffing, funding, and board commitments, were broadly acknowledged as a limiting factor to further organizational capacity building.
- Implementing readiness evaluations before starting capacity building work was identified as an opportunity to improve further capacity building efforts.

## **NONPROFIT SURVEY**

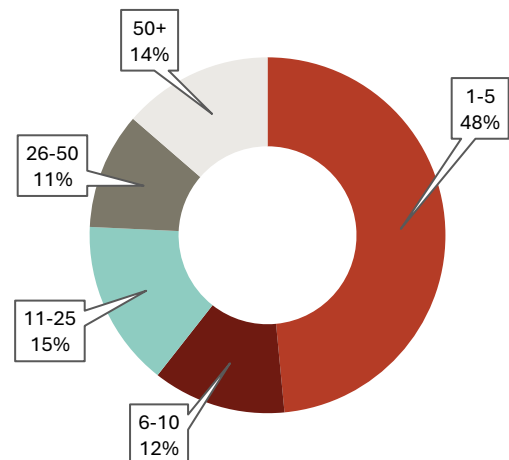
A total of 69 completed responses represented a wide range of nonprofit organizations, including length of time the organization has existed, organization size, and service areas.

- Most organizations (74%) have an annual operating budget under \$2.5 million. Furthermore, 39% had operating budgets under \$500,000 annually.
- Responses regarding the amount of unrestricted funding received was evenly distributed between the categories provided. Roughly half receive \$100,000 or less of unrestricted funded, the other half receive more than \$100,000 annually.
- Most respondents have a small number of staff; (48%) had 1-5 total employees.

**What is your organization's annual operating budget?**



**How many full-time employees does your organization employ?**



- Human Services, Education, and Health rounded out the top three services areas. In order: Arts, Culture and Humanities, "Other", and Environmental were the next most prevalent responses. The most frequent responses under "Other" included veteran, youth, sports/recreation, and immigration.
- Washoe County was the primary service area for nonprofit respondents (64%), second only to "all of Northern Nevada" which was indicated by 45% of respondents.

The nonprofit survey asked respondents to rate the perceived level of need for and importance of each specific area of organizational capacity. This differed from the funder survey which only inquired about general organizational capacity need and importance.

### **Need**

- ↑ For Adaptive and Leadership areas, a “High” or “Medium” level of need was indicated by almost all respondents.
- ↓ Collaborative and Organization Culture had the most respondents indicating a low level of need.

### **Importance**

- ↑ For all six areas “High” or “High/Medium” was the most frequent response for importance.
- ↑ For Leadership, Management, and Collaborative area, “High” in importance was the most frequent response with no statistically significant differences between areas.

## ***CAPACITY AREA COMPETENCIES***

**Adaptive Capacity: The ability of a nonprofit organization to monitor, assess and respond to, and create internal and external changes.**

In this area, the majority of responses indicated “Always” or “Sometimes” as being **commonly implemented**. Only a few responses indicated “Rarely” or “Never” for the five competencies listed in this area.

**Leadership Capacity: The ability of all organizational leaders to create and sustain the vision, inspire, model, prioritize, make decisions, provide direction, and innovate, all to achieve the organizational mission.**

One competency was cited as being **more** commonly implemented:

- ↑ The competency “Board Leadership meets regularly and provides fiscal oversight” was reported as the most commonly implemented of all Leadership area competencies.

The two competencies below were cited as **less** commonly implemented:

- ↓ “Our Board of Directors engages the community to educate and garner fiscal resources on behalf of the nonprofit organization.:
- ↓ “Our organization avoids over-reliance on one leader and has succession plans.”

**Management Capacity: The ability of a nonprofit organization to ensure the effective and efficient use of organizational resources.**

The two competencies below were cited as being **more** commonly implemented:

- ↑ “Our nonprofit organization ensures the effective and efficient use of organizational resources.”
- ↑ “We have the competence to manage organizational finances well.”

The two competencies below were cited as **less** commonly implemented:

- ↓ “ We change staffing as needed to increase and/or improve programs and service delivery.”
- ↓ “We recruit, retain, and reward volunteers.”



**Technical Capacity: The ability of a nonprofit organization to implement all of the key organizational and programmatic functions.**

The competency “our financial processes are established and followed (internal controls, Generally Accepted Accounting Practices, etc.)” was cited as **most** commonly implemented.

The two competencies below were cited as **less** commonly implemented:

- ↓ “Our nonprofit organization is able to implement all of the key organizational and programmatic functions to operate effectively.”
- ↓ “We have effective fundraising skills and are able to develop necessary resources for efficient operations, including management of donor relations.”

**Organizational Culture: Organizational Culture is the context in which the core capacities operate. Each organization has a unique history, language, organizational structure, and set of values and beliefs that affect staff unity and engagement, all strong predictors of organizational sustainability.**

All competencies in this area were rated as “always, most of the time or sometimes”. All respondents believe they **are implementing** these competencies broadly.

**Collaborative Capacity: The ability of a nonprofit organization to learn what is happening in the community and in their field by collaborating and networking with other nonprofit organizations, community leaders, and funders.**

Almost all respondents indicated “always, most of the time, or sometimes”. This indicates that competencies in this area are believed to be **largely implemented** across respondents.

Several competencies were perceived by nonprofit organizations as **less prevalent** and may present possible opportunities for targeted training efforts such as:

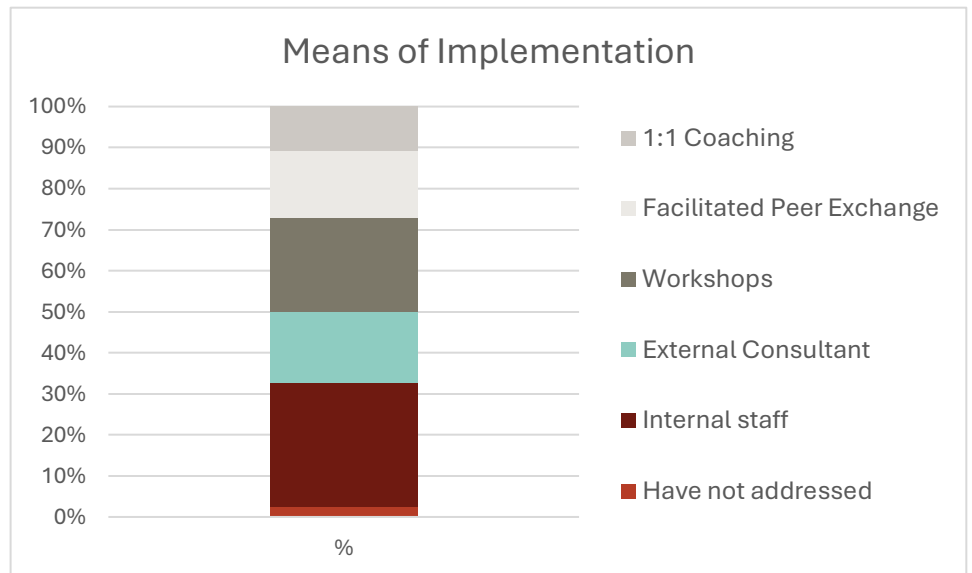
- Succession planning
- Volunteer recruitment and training
- Donor relations and fundraising
- Board of Directors engagement and fundraising responsibilities

Overall, the self-assessment of the six areas indicated that **nonprofit organizations perceive implementation of competencies to be high.**

While significant recruitment of nonprofit organizations to participate in the study was undertaken, the number of responses received limited the ability to identify statistically significant differences between response categories. Further, the survey responses are a self-assessment and there may be a bias towards responding in a favorable way. Future use of third-party assessment may mitigate these limitations.

## MEANS OF IMPLEMENTATION OF CAPACITY BUILDING

Responses indicated that most nonprofits have implemented some form of capacity building activities in all six areas. **The use of internal staff was the most frequently cited means of implementation across all six areas**, the use of workshops was the second most frequently cited means of implementation.



## NONPROFIT FOCUS GROUPS

Several key themes emerged from the Nonprofit Focus Groups, some of which were similar to the themes identified in the Funder Focus Groups.

### Trust/Relationship Building

- Nonprofit organizations of all sizes expressed challenges in communicating with funders about needs.
- Funders limitations on funding staff or staffing related costs was cited as a top challenge to retaining staff, competitive employment packages, and optimizing program effectiveness.
- Nonprofit organizations expressed concerns over the perceived stigma from funders that nonprofits should pay low wages and not offer comprehensive compensation packages.
- Perceived lack of understanding by funders as to the critical role funding organizational capacity plays in nonprofit organizations operating successful programs and services was cited frequently.

### Collaboration and Communication

- A desire for more intentional networking and information sharing amongst nonprofit leaders was expressed.
- Program/service duplication was described as a benefit to consumer choice. In addition, service needs were cited as consistently exceeding services available in the community.
- Competing for funding was cited as a barrier to deepened collaboration.

### Resource Limitations

- Use of internal staff for capacity building services was attributed primarily to budget constraints.
- If external resources were used, lack of internal staffing capacity was cited as a barrier to full implementation.
- Funding for wages and benefits competitive with the current employment market was consistently cited as the top priority for organizational capacity funding, if it was received.
- Technology needs were frequently cited as areas where further support is needed.

- Human resources, specifically the need for funding to provide comprehensive employee health insurance, was a significant concern across all focus groups.

## SERVICE PROVIDER SURVEY

An online survey was developed to obtain information from organizational capacity service providers who serve nonprofits in Washoe County. A total of 21 completed responses were received.

- Smaller agencies made up the largest portion of respondents, with 38% having 1-5 employees and 29% having “zero or only part time” employees.
- Most organizations assisted a small number of nonprofit organizations in Washoe County per year with 62% of respondents assisting 10 or fewer agencies annually.

Based on respondents’ experiences, Management and Leadership Capacities were ranked as the two strongest areas amongst the nonprofit agencies in Washoe County. The remaining four areas, Adaptive, Collaborative, Technical, and Organizational Culture, were ranked similarly as weaker than Management and Leadership. This did not align with the responses indicated in the funder and nonprofit surveys.

**Funding was cited as the top obstacle** when nonprofit organizations seek capacity building services. Additionally, the majority of respondents (82%) indicated that they believe there is **more demand for capacity building services in Washoe County than providers that can meet the need.**

“If the private foundations in Washoe County committed large amounts of money to fund capacity building, they would be setting important nonprofits up for long term success instead of long term struggling to get ahead.”  
– Service Provider

“More than it is now; elected officials pick pet projects and favorite non-profits rather than finding a suitable and consistent practice for funding awards.” – Service Provider

## SERVICE PROVIDER KEY INFORMANT INTERVIEWS

Given the limited number of service providers in Washoe County, several key informant interviews were conducted in place of focus groups. Across the three key informant interviews conducted, several key themes emerged:

1. Previous attempts to enhance nonprofit capacity through a specific organization created for this purpose were unsuccessful due to that organization's own limited capacity and the lack of resources needed to support these efforts.
2. Operating from an established, evidence-based framework is critical to shape future work. The absence of an established framework, or implementation of efforts outside that framework, are likely to limit success. Adherence to a framework also works to reduce or eliminate “one shot” efforts that are attractive due to their limited duration, low cost, and perceived ease of implementation. Ultimately these are unlikely to result in sustained, impactful change in organizational capacity.
3. Training programs or learning collaboratives are best suited to include a substantial focus on how improved organizational capacity leads to nonprofit sustainability and increased ability to implement effective programs and services and maintain financial stability.

## SURVEY DATA SUMMARY

While many survey questions were replicated across the three audiences, some variation was applied to tailor survey questions to each. The table below outlines the main findings of each survey.

	Funders	Nonprofit Organizations	Service Providers
<b>Number of Survey Responses</b>	39	69	21
<b>Number of Focus Group Participants</b>	14	25	3 Key Informant Interviews
<b>Perceived Level of Need</b>	High (one summary question asked for all areas)	High: <ul style="list-style-type: none"> <li>• Adaptive</li> <li>• Leadership</li> </ul> Low: <ul style="list-style-type: none"> <li>• Collaborative</li> <li>• Organizational Culture</li> </ul>	
<b>Perceived Level of Importance</b>	High (summary question asked for all areas)	High across all six areas	
<b>Perceived Areas of Strength</b>	<ul style="list-style-type: none"> <li>• Adaptive</li> <li>• Management</li> <li>• Technical</li> <li>• Collaborative</li> <li>• Organizational Culture</li> </ul>	<ul style="list-style-type: none"> <li>• Adaptive</li> <li>• Leadership               <ul style="list-style-type: none"> <li>○ Board leadership meeting regularly</li> </ul> </li> <li>• Management:               <ul style="list-style-type: none"> <li>○ Effective Use of Organizational Resources</li> <li>○ Fiscal Management</li> </ul> </li> <li>• Technical               <ul style="list-style-type: none"> <li>○ Financial Processes</li> </ul> </li> <li>• Collaborative</li> <li>• Organizational Culture</li> </ul>	<ul style="list-style-type: none"> <li>• Management</li> <li>• Leadership</li> </ul>
<b>Areas for Improvement</b>	<ul style="list-style-type: none"> <li>• Leadership</li> <li>• Succession Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership               <ul style="list-style-type: none"> <li>○ Board of Directors engages the community to educate and garner fiscal resources</li> </ul> </li> <li>• Succession planning</li> <li>• Management               <ul style="list-style-type: none"> <li>○ Volunteer recruitment and training</li> <li>○ Donor relations and fundraising</li> </ul> </li> <li>• Technical               <ul style="list-style-type: none"> <li>○ Implement key organizational and programmatic functions</li> <li>○ Fundraising</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Adaptive</li> <li>• Technical</li> <li>• Collaborative</li> <li>• Organizational Culture</li> </ul>

	Funders	Nonprofit Organizations	Service Providers
<b>Key Areas of Concern</b>	<ul style="list-style-type: none"> <li>• Ability to show outcomes as a result of inputs (funding)</li> <li>• Communication between funders and NPOs</li> <li>• Duplication of services</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of ability to pay staff competitive wages</li> <li>• Ability to freely communicate funding needs</li> </ul>	<ul style="list-style-type: none"> <li>• Funding for capacity building services is a top obstacle</li> <li>• More demand than capacity building services available</li> </ul>

## OUT OF AREA ORGANIZATIONAL CAPACITY SERVICE MODELS

In an effort to obtain information on models, current activities, and lessons learned in other communities that have applied efforts about nonprofit capacity building, interviews were conducted with capacity building service providers in communities outside of Washoe County. Below is a brief description of those organizations.

**Idaho Nonprofit Center** represents the interests of Idaho’s 9,000+ registered nonprofit organizations and serves as a broker of information and a bridge between the nonprofit, for-profit, and government sectors. The nonprofit organization has approximately 840 members, representing nonprofit and capacity building vendors (called “business affiliates”), and continues to grow. In addition to memberships, their funding sources include philanthropic dollars (largely from a foundation and a few corporate donors) and earned revenue for their trainings. Their mission is to educate, advocate, and collaborate in support of stronger nonprofit organizations. Capacity building services are now their signature resource. The four key areas of capacity building training include 1) Board Governance; 2) Finance, 3) Fundraising, and 4) Leadership Development. They also incorporate research, advocacy, and policy into their key services, along with hosting Idaho Gives, Idaho’s largest multi-day giving campaign, and Idaho Philanthropy Day. The Idaho Nonprofit Center also offers a nonprofit helpline and consulting services to connect nonprofits with specific needs to resources and services to meet those needs.

**The Impact Foundry** is a nonprofit organization based in Sacramento that has been providing comprehensive services and support to nonprofit organizations in the region since 1989. Their mission is to strengthen the capacity and influence of nonprofit organizations, which they refer to as the "social profit" sector, through various trainings, consulting, events, a jobs board, and advocacy. The nonprofit is a membership organization. Their most impactful program is their “Certified Sustainable” program, an eight-month long program which includes various training sessions and workshops led by regional experts covering revenue structure, operational framework, nonprofit brand & community engagement, and governance. The program coalesces into a written sustainability plan for each participating organization.

**Nevada GrantLab** is a nonprofit organization based in Las Vegas and established in 2020 with the mission to assist Nevada's nonprofit organizations (primarily in Southern Nevada), local governments, and state agencies in accessing and effectively managing federal grants. The overarching goal is to enhance the quality of life and opportunities for all Nevadans by leveraging historically underutilized federal funding sources. Primarily, the organization supports nonprofits and government partners in searching for funding opportunities, preparing competitive grant applications, and preparing to manage awarded grants. Nevada GrantLab produced a sector analysis report that measures the size and financial situation of the nonprofit sector throughout the state of Nevada, particularly the Las Vegas Metropolitan Statistical Area (MSA), and compares the sector in Las Vegas with those in similarly situated cities around the United States.

**AHA Projects**, based in Los Angeles, CA, is a nonprofit organization that supports artistic creators by providing operational infrastructure and resources. They began as an affordable and low-income housing organization for artists, operating as Affordable Housing for Artists (AHA). Their mission is to foster artistic endeavors that address community challenges through innovative partnerships and, utilizing fiscal sponsorship, help artists and project leaders focus on their creative work without the burden of administrative tasks. AHA Projects aims to solve several key issues faced by artists, including access to affordable spaces and combating displacement due to rising property values. They offer support in areas like strategic planning, fundraising, compliance, and staff onboarding to ensure the sustainability and growth of artistic projects. This includes a fiscal sponsorship model to support artistic creators by providing them with the legal and tax-exempt status needed to pursue their projects.

**OnTarget Consulting**, a firm based in Sacramento, specializes in helping organizations and individuals enhance their strategic actions, improve performance, and achieve business goals. The firm provides consulting services to a diverse range of clients, including those in the private, public, and nonprofit sectors. OnTarget Consulting provides capacity building services primarily through customized trainings and workshops. Their core programs include strategic planning, executive coaching, board development and board retreats. Additionally, Margo Fowkes, the founder and president, wrote "Leading Through Loss: How to Navigate Grief at Work," which focuses on helping leaders create a more compassionate workplace by addressing grief and loss openly.



## ASSESSMENT OF DATA

The broad array of stakeholders engaged in the data collection, in addition to the varied means of collecting data, provided an opportunity to assess nonprofit organizational capacity building through several lenses. Below is an overview.

### Funders

Funders believe nonprofit organizational capacity building was both of high need and high importance. There is a widespread perception that local nonprofits are effectively implementing the six areas of capacity building. Additionally, funders perceive they are funding nonprofit organizational capacity building broadly and in a variety of formats.

**Funders expressed strong support for nonprofit collaboration and expressed concerns regarding duplication of services.** There is a desire for more and better communication between funders, Board members, and nonprofit leaders. Unrestricted funding was a discussion topic, with some focus group participants reflecting an undertone of distrust or concern of misuse. There was enthusiastic support for the creation of a certification or verification system to indicate level of nonprofit performance, as it would increase funders confidence in further funding nonprofit organizational capacity building.

### Nonprofit Organizations

Nonprofit organizations indicated a high level of need for all areas of nonprofit capacity building but identified Adaptive and Leadership as the two areas most in need of further implementation. Collaborative and Organizational Culture were identified as areas where implementation was strongest and the need for further implementation the lowest. Nonprofit capacity building importance was also ranked high across all areas. The Adaptive, Collaborative, and Organizational Culture areas were identified as areas of strength while Leadership, Management, and Technical were cited as less frequently implemented and present opportunities for improvement.

“Organizational capacity is human capital” – Nonprofit Leader

Most organizations have implemented capacity building activities of some kind and have used internal staff was most frequently for implementation due to funding limitations. **Broadly, nonprofit organizations identified limited resources provided by funders for nonprofit capacity building and specifically cited funders unwillingness to fund staff salaries as a significant barrier to building organizational capacity.** Lack of ability to pay staff competitive compensation packages was frequently cited as the most significant contributing factor to staff turnover and reduced organizational capacity.

“...(funders) expect nonprofits to be leaner when we have to compete in the private market for employees” – Nonprofit Leader.

“(we need to) ...Help funders understand we have to invest in overhead and staff, just like you do in business” – Nonprofit Leader

“...If you want to make a change, you have to be willing to fund people” - Nonprofit Leader

**Nonprofit Focus Group participants expressed a desire to communicate openly with funders about their needs but also shared hesitation on sharing too much information at the risk of being perceived as ineffective or lacking acumen in areas of need.** The power dynamics between funders and nonprofit leaders were cited as a barrier to full transparency.

Nonprofit organizations rated themselves highly in collaborative capacity competencies and indicated in focus groups that they believe there is currently strong collaboration across nonprofit organizations in Washoe County. While collaboration was highly regarded, competition for funding was frequently cited as a barrier to further collaboration. A desire for further networking and opportunities for best practices and resource sharing was strongly supported. **The perception that duplication of services and programs was detrimental to the community was not supported**, as duplication of services was seen as a benefit to consumer choice and current need is far greater than what agencies can provide.

“...people should have a choice in who they go to for services, you should be able to choose the best fitting organization” - Nonprofit Leader

### **Service Providers**

**Lack of robust response from nonprofit capacity building service providers also echoes the lack of a sufficient number of service providers, especially those that are locally based.** The nonprofit survey asked for references to service providers with minimal response, potentially indicating the limited quantity.

Service provider respondents indicated that most providers are small agencies with a small number of annual projects and, furthermore, that there is limited local capacity services available. Lack of funding was cited as the top obstacle and lack of market demand due to funding may also be a contributing factor to the limited number of local, robust, full-service capacity building providers. Both of these findings point to a substantial gap in the local market for organizational capacity building service providers.

## **COMPARISONS**

### **Similarities**

Areas of alignment were observed across funders and nonprofit organizations. Key areas of commonality include:

1. Need for and importance of organizational capacity building were high for both groups.
2. Implementation of area competencies was perceived as high overall across all groups.
3. Communication and collaboration were identified as highly valued across all groups.

While survey questions regarding need and importance varied slightly between the funder and nonprofit organization surveys, there is considerable agreement between the two groups that nonprofit organizational capacity is both of high need and high importance. This provides a key opportunity for any future community initiatives or training programs on organizational capacity building to have a positive reception and face fewer barriers in conveying the value of participation by both funders and nonprofit organizations. Research indicates that participation of both funders and nonprofit organizations in such efforts results in the most optimal outcomes.

Survey results from funders showed a high level of perceived implementation, indicating a positive association by funders of nonprofit organizational capacity building efforts; however, focus groups indicated that funders do not have a high degree of understanding of nonprofit organizational capacity. **Funders positive impression of nonprofits may be a result of a “halo effect” - a result of nonprofits stretching their limited resources while still providing a significant and positive impact on the community.** This may provide a positive entry point for discussions regarding improved assessment techniques for nonprofit organizational capacity and development of improvement targets.



Further, the shared high valuation of communication and collaboration provides an excellent foundation for future capacity building initiatives for both funders and nonprofits. Done collectively, this can foster deeper understanding of the perspectives, needs, and desires of both groups.

### **Discrepancies**

Several key areas of discrepancy across funders and nonprofits also emerged from survey results and focus groups.

Key areas of discrepancy include:

1. Funders indicated they are funding organizational capacity building, a belief that conflicts with nonprofit organizations' experience that funding for organizational capacity building is difficult to obtain, especially for staffing costs.
2. Funders cited concerns over lack of collaboration, however nonprofit organizations see their level of collaboration to be high. Nonprofit organizations cited competition over funding as a barrier to deeper collaboration.
3. Duplication of programs and services was cited as a concern for funders whereas nonprofit organizations saw it as a benefit to consumer choice and that demand for services and programs far exceeds capacity of existing providers.
4. While communication and collaboration were highly valued across funders and nonprofits, the power dynamics between the two can be a barrier to clear and direct communication regarding funding needs.

The key discrepancies listed above provide important opportunities for expanded learning for both funders and nonprofits. Furthermore, a shared understanding of the power dynamics between the two groups and the challenges those dynamics bring to open and honest communications can provide a key opportunity to improve relationships, whereby meeting the needs and desires of each respective group and improve nonprofit outcomes. Nonprofits and funders have a relationship that can often feel fragile to nonprofits. Contrasting viewpoints regarding duplication of services may also benefit from strategic communication between both groups.

Service provider response on areas of strength did not align with funders and nonprofit organization responses, which may be reflective of the limited number of responses from service providers. They found Management and Leadership as areas of strength and the remaining four areas, including Adaptive, Technical, Collaborative and Organizational Culture, as areas of need. This conflicts with funder and nonprofit responses which indicated Collaborative and Organizational Culture to be areas of strength consistently across both respondent groups.

## **ASSESSMENT OF OUT OF AREA ORGANIZATIONAL CAPACITY SERVICE MODELS**

Many neighboring communities and states have nonprofit incubators and/or 501(c)3 capacity building service organizations, however, many of these organizations struggle with the same challenges as the nonprofits they serve. There was mixed consensus on the best business model for these organizations. As a nonprofit organization, one group felt that there was a sense of competition for funding with their own nonprofit communities while others felt more stable. Leadership effectiveness is also widely variable. Some have very specific focus areas, like the Nevada Grant Lab, whose mission is specific to capturing federal dollars. Some, like the Impact Foundry, have broader missions that include training, convening, and even advocating.

The Idaho Nonprofit Center stands out as an organization to study and potentially replicate in our own community. Their model as a membership-based organization ensures shared buy-in. Their value-add across Idaho is shown by the high number of nonprofit members. Their bi-annual Nonprofit Sector Report provides an avenue for regular assessment of the nonprofit ecosystem. Great benefit comes to Idaho's nonprofit community from the Center's advocacy work, which could be beneficial in Nevada, where a collective voice is hard to find with local and state governmental bodies and elected officials. Another added benefit of the Center's work is the opportunity for formalizing the connection between service providers and nonprofits that need services.



## KEY FINDINGS & RECOMMENDATIONS

This section, which outlines key findings and corresponding recommendations, reflect the intricate, interconnected relationship between funders, nonprofits and capacity building service providers. The diagram below outlines these three main sources, their relationship and what has been identified as missing between the three sources.

**Funders**

Private foundations, individual philanthropists, government agencies, and other funders providing:

- General operating support to select nonprofits
- Grants to nonprofits specifically for capacity building
- Support for and participation in a funders’ collaborative or philanthropic collaborative
- Grants to intermediaries such as community foundations, associations, or other nonprofits so that they might create and provide capacity building programs

***Overall, capacity building support is diffuse and not well coordinated. Some funders concentrate their support on sectors or funding specific types of programs or projects with limitations or prohibitions placed on use of funding for overhead or capacity building.***

**What is missing?**

- A shared organizational capacity building definition and framework.
- Broad community buy in and coordination, with multiple entities providing leadership.
- Training programs and learning collaboratives focused on organizational capacity.
- A community-wide shared understanding of best practices for assessment of organizational capacity and how it can be a tool for improvement.
- Nonprofits adopting and adapting appropriate assessment tools based on nonprofit lifecycle and organizational sophistication.
- Funders prioritizing initiatives that support nonprofit organizational capacity, potentially in multi-year gifts.
- Facilitated discussions between and among funders, nonprofit Board leadership, and nonprofit executive staff to discuss pathways for complimentary collaboration, utilizing established evidence-based practices and programming.
- Facilitated convenings and discussions between nonprofits to explore opportunities for shared services like HR, finance, and fundraising cooperatives.
- Facilitated funder convenings and collaborations utilizing established, evidence-based frameworks.
- Continuing opportunities for shared decision making among and between all three types of entities—nonprofits, funders, and capacity building service providers.
- Communication and trust building across all community partners that focuses on reducing the influence of power dynamics within and across relationships.

**Capacity Builders**

A small number of capacity-building service providers including:

- Organizations that provide classes and training on a limited basis
- A small number of independent consultants and private firms, many of which offer specialized services, sometimes of varying quality and impact

***Overall, the quantity and quality of available services is not adequately meeting the needs of nonprofits in the county and the service providers are fragmented and not well coordinated.***

**Nonprofits**

A wide array of nonprofits serving a diverse population with a range of pressing needs, across a variety of sub-sectors (including human services, education, health, arts and culture, and community development) that need and/or want stronger:

- Leadership, especially related to succession planning and board development.
- Fundraising, donor, and volunteer management capacity.
- Facilitated networking, collaboration, and information sharing opportunities

***Overall, Washoe County nonprofits experience financial constraints that prevent providing staff with competitive compensation packages which leads to staff turnover. Current capacity building work is largely delegated to existing staff, but without internal capacity for full implementation.***

Four core themes emerged from this analysis. The components supporting these themes often recur due to their interconnected nature. The recommendations, which are outlined within each theme, aim to address these interdependencies, providing a comprehensive strategy for enhancing nonprofit capacity and health in Washoe County.

The Key Findings are:

1. Capacity building is vital yet misunderstood
2. Capacity building is limited by resource constraints
3. Collaboration drives impact
4. Power Dynamics must be addressed to foster trust and communication

## **CAPACITY BUILDING IS VITAL YET MISUNDERSTOOD**

“I’m sort of confused about these questions - when I hear ‘capacity building services’ I’m not sure I’m interpreting that in the same way you actually mean it, so I’m not super confident I’m answering any of this in a useful way.” – Nonprofit Leader

Research describes how the need for strong organizational capacity is imperative to the health of nonprofit organizations and their ability to respond to changing environments and community needs. High-quality, high-impact programs can only be consistently delivered if the organization has the proper infrastructure—board, staff, management systems, IT, financial systems, systems for evaluation and improvement and so on. Our findings show that funders in Washoe County recognize nonprofit organizational capacity building as highly needed and very important, which presents a shared urgency to engage in the work of improved nonprofit capacity building; however, there is considerable confusion among both nonprofits and funders regarding the definition and tangible implementation of capacity building, even when provided with definitions and examples.

### **Recommendation(s):**

1. Realizing that organizational capacity building is highly needed and important, adopt a common organizational capacity building definition and framework
  - a. Select a shared definition for organizational capacity
  - b. Research, adopt, and operate from an established, evidence-based framework. The absence of an established framework, or implementation of efforts outside that framework, are likely to limit success. Adherence to a framework also works to reduce or eliminate “one shot” efforts that are attractive due to their limited duration, low cost, and perceived ease of implementation. Ultimately these are unlikely to result in sustained, impactful change.
  - c. Create a Washoe County-wide strategic plan for capacity building initiatives
  - d. Continue to elevate capacity building throughout community-wide discussions.
2. Implement training programs and learning collaboratives. These are best suited to focus on how improved organizational capacity leads to nonprofit sustainability and increased ability to implement effective services and maintain financial stability.
  - a. Consideration might be made for developing a curriculum like “Certified Sustainable”, the Impact Foundry’s eight-month program for nonprofit leaders that results in a written sustainability plan for each entity.

Increased and improved nonprofit organizational capacity will only be improved with accurate and reliable assessment. We recognize that current organizational capacity tools may not be fully developed, funding limitations may prohibit the use of rigorous third-party assessments, and that additional evaluations can strain already limited nonprofit resources. However, ongoing assessment of organizational capacity

remains a critical element of continuous improvement, and we recommend approaches that balance the challenges with the need. Given that funders already have a positive association of nonprofit organizational capacity, this may provide a positive entry point to initiate discussions about enhancing assessment techniques and setting improvement targets for nonprofit capacity that are equitable for all parties.

While both funders and nonprofits perceived level of implementation of all six core capacity areas of organizational capacity were high, funders suggested a need for universal nonprofit standards to increase comfort in providing funding. Funders emphasized the importance of clearly demonstrating the impact of all funding, including that for organizational capacity building. The effort to increase and improve organizational capacity through assessment can grow funder confidence and might stand in place of creating a certification or verification system.

**Recommendation(s):**

1. Utilizing readily available research and resources, like the six core capacity areas utilized in this study, build a community-wide shared understanding of best practices for assessment of organizational capacity and how it can be a tool for improvement.
2. Research and distribute a number of potentially appropriate assessment tools, like CCT Group's Core Capacity Assessment Tool (CCAT), that might be adopted and utilized in nonprofits across our community based on nonprofit lifecycle and organizational sophistication.
3. Future efforts should consider conducting third party assessments using validated, reliable assessment tools specific to the sector being assessed, if available.

While funders responded that they are funding organizational capacity building; and perceive nonprofits to largely be implementing the identified six areas of capacity building, they report low confidence in their knowledge of, and ability to measure, organizational capacity implementation. To further complicate the issue, nonprofits report very limited assessment of organizational capacity building. This suggests that broadly there is limited understanding of organizational capacity building across all stakeholder groups and that meaningful assessment may not be occurring.

Note of Caution on Assessments: While assessments are a valuable tool, funders' insistence on their implementation may pose a risk to nonprofit capacity and can strain resources, diverting time and energy away from core mission activities. It is important for funders to be mindful of these potential impacts and to ensure that their expectations do not unintentionally hinder the very organizations they seek to support. There are a wide variety of assessment tools available, each suited to different organizational sizes, levels of sophistication, and stages in the nonprofit lifecycle. It is crucial to select assessments that align with the specific needs and capacities of the organization in question.

**Recommendation(s):**

1. To increase urgency for the use of organizational capacity assessment tools by nonprofits, funders might consider include organizational capacity assessment inquiries in grant application materials. The candid responses from nonprofits should not be a barrier to funding and should be stated as such.

Washoe County nonprofits need access to multiple capacity building resources and no one entity can effectively cover all components. In order to build capacity building readiness in the thriving, robust nonprofit community we collectively envision, multiple organizations need to assume and/or continue leadership roles.

A few organizations in Washoe County have shown strong leadership in enhancing the community's organizational capacity building, and their role in identifying and working to address significant needs in the

ecosystem is acknowledged. Specifically, the Community Foundation of Northern Nevada (CFNN), Washoe County, and the Sierra Chapter of the Association of Fundraising Professionals (AFP) have each played integral roles in organizational capacity building efforts.

In order for this work to be most effective, there must be broad community buy in, coordination and multiple entities providing leadership in their respective areas.

**Recommendation(s):**

1. The entities that have already established important local leadership in nonprofit organizational capacity building efforts—CFNN, Washoe County, and AFP—should continue to engage in and expand their efforts, which will be benefitted by community buy in, collaboration, and coordination.
2. Study and consider implementation of a nonprofit organization that might serve other regional or state-wide nonprofits. While there are different organizational capacity building service models—primarily for profit and nonprofit—it is a nonprofit model that we explore here. Caution should be taken in this approach to ensure that previously experienced challenges in our own and other communities regarding competition of funding, a lack of nimbleness in comparison to a for-profit provider, and potential limitations of such an organization being governed by a Board of Directors are avoided. In order for this effort to be successful, the organization should have:
  - a. Long-term funding that is not competitive with the entities it’s working to serve. Consideration should be given to a membership-based model.
  - b. Broad, professional buy-in from all audiences—funders, nonprofits, and service providers—should drive the entity’s strategic development.
  - c. Careful consideration of the results of this analysis.
3. Leverage relationships to explore the expansion of Nevada Grant Lab and their focus on bringing federal dollars to the state to encompass more of northern and rural Nevada.

**CAPACITY BUILDING IS LIMITED BY RESOURCE CONSTRAINTS**

**“It takes time and resources and non-profits often struggle to find both of those. We often have the mindset that resources and time must be spent on direct client services.” – Nonprofit Leader**

Nonprofits often juggle the multiple demands of running an efficient business, with severe limitation on resources, all while striving to fulfill their missions. Funding and, relatedly, staffing constraints rose to the top as issues associated to initiating and implementing capacity building activities. Other resources in technology and human resources, especially health insurance, were also frequently mentioned.

Nonprofits, with many respondents operating with minimal staff, consistently cite funder limitations on staff-related costs as a primary obstacle to talent retention and organizational effectiveness. There's a concern among nonprofits about a perceived stigma from funders regarding competitive wages and comprehensive benefits, with the inability to offer competitive compensation packages identified as the most significant factor in staff turnover and reduced capacity. Nonprofits report a perceived lack of understanding from funders about the critical role that organizational capacity, particularly in staffing, plays in program success.

Limited funding to both expand organizational capacity building and sustain a network of organizational capacity building providers locally further hampers progress towards meeting the needs of nonprofits.

**Recommendation(s):**

1. Funders might consider prioritizing funding initiatives that support nonprofit organizational capacity, potentially in multi-year gifts that support long-term sustainability.
  - a. If they don't already, Funders should consider allowing a portion of grants to be used for staff-related costs, including salaries and benefits, recognizing the critical role that competitive wages and comprehensive benefits play in attracting and retaining skilled staff. Removing the stigma associated with funding these costs can help nonprofits maintain a stable workforce.
  - b. Funders are encouraged to clarify their entity-specific messaging and documentation so that it is clear what their funding initiatives are and what they will and will not fund, as well as outline clear expectations on how and when to report on granted dollars.
2. Nonprofits should work to clearly articulate how staffing levels and compensation impact their ability to deliver successful programs when talking with funders, either in person or in written applications for funding.
3. Nonprofit collaboratives should evaluate highest need areas and develop potential cooperatives where human resources, financial, and potentially even some development services are shared or outsourced.

**COLLABORATION DRIVES IMPACT**

Universally valued, collaboration is a broad term defined differently across groups that takes shape in many ways to serve different needs. Collaboration happens both informally, in the form of networking, shared missions, etc., and formally, in the form of contracts for shared resources, Memorandums of Understanding, collaborative grant funding requests, etc. There are risks and benefits to consider for each informal and formal collaboration to succeed.

While funders emphasize the need for increased nonprofit collaboration, both formal and informal, to address perceived service duplication, nonprofits report strong existing collaborative efforts and rate their collaborative capacity highly. This misalignment in perspectives is further complicated by competition for funding, which acts as a barrier to collaboration. Despite these challenges, collaboration is universally valued across all stakeholder groups.

**Recommendation(s):**

1. Facilitated convenings/discussions between and among funders, nonprofit Board leadership, and nonprofit executive staff to discuss optimal pathways for complimentary collaboration, utilizing established evidence-based practices and programming.
2. Facilitated convenings and discussions between nonprofits to explore opportunities for HR, finance, fundraising cooperatives, and shared services.
3. Nonprofits always have the opportunity to communicate with funders more effectively about their valued collaborations and partnerships

Funders disclosed they are not effectively collaborating among themselves; however, they recognize the opportunities that are possible through intentional engagement with other funders. To foster greater cooperation, identify gaps, optimize resources, and share information, it would be beneficial to enhance communication between and among funders. These efforts provide the opportunity to address existing power dynamics, especially when nonprofits are invited to participate in defined roles. Engaging non-profit partners and capacity building service providers, funders can play a role in convening across community stakeholders and provide a platform for open, transparent discussions, information sharing, and aligning capacity building strategies across the community.



Additionally, the staff and resource capacity of foundations themselves was presented as a challenge to fully understanding and implementing effective nonprofit organizational capacity building. Through collaboration, funders may find that they can collectively benefit through efficiently and effectively managing funding opportunities. Efficiencies may include streamlined grant making processes, shared expectations for capacity building efforts, jointly funding capacity building directly through nonprofits or collaboratively funding capacity building service providers to support nonprofits in addressing their organizational capacity needs. Collaboration between funders should be informed by input and guidance from nonprofits and capacity building service providers to ensure engagement is built upon mutual trust and communication, takes into account the needs of the community organizations, reduces burden, and effectively measures impact of capacity building.

**Recommendation(s):**

1. Research and utilize established, evidence-based frameworks to facilitate funder convenings and collaborations. An example, *Funder Collaboratives: An Approach to Impact*, is included here.<sup>10</sup>
2. Consider sharing resources implementing common grant applications and common review processes to support both internal funder and nonprofit capacity.

**POWER DYNAMICS MUST BE ADDRESSED TO FOSTER TRUST AND COMMUNICATION**

A clear disconnect exists in how funders and nonprofits perceive and approach funding relationships, particularly regarding organizational capacity building. Nonprofits across all sizes report difficulties in candidly communicating their needs to funders. This contrasts with funders' expressed desire for honesty about organizational needs. The data highlights a paradox: while 69% of funders report providing unrestricted funds and general operating support, nonprofits frequently cite a lack of such support, perceiving that funders prefer to fund specific programs and supplies or other tangible items. Overall, these findings underscore a critical need for improved communication and relationship building and to reform the pervasive mythology in the nonprofit-funder relationship.

In order to make real change for nonprofits, whereby improving their impact and the related efficiency of funders dollars, there must be shared decision making among and between all three types of entities—nonprofits, funders, and capacity building service providers. Improving communication and building trust is the first step in effective organizational capacity building.

**Recommendation(s):**

1. Through open and facilitated dialogue, build a shared understanding of the power dynamics between nonprofits and funders and the challenges those dynamics bring to open and honest communications.
2. Create and implement facilitated convening/discussions for nonprofits and funders to discuss effective capacity building.
3. Foster opportunities for continued intentional efforts to build trust between nonprofits and funders on an individual basis.
4. Boards of Directors have the opportunity to take leadership roles in breaking the barriers between nonprofits and funders, as they play an intermediary role.

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<sup>10</sup> Gibson, Cynthia and Mackinnon, Anne. *Funder Collaboratives: An Approach to Impact*. Grant Craft, 2009, [learningforfunders.candid.org/wp-content/uploads/sites/2/2018/12/funder\\_collaboratives\\_secure.pdf](http://learningforfunders.candid.org/wp-content/uploads/sites/2/2018/12/funder_collaboratives_secure.pdf)



## NEXT STEPS

To capitalize on the momentum created by the activities of the Steering Committee and the data collected in this Nonprofit Capacity Landscape Analysis, there is commitment to continue this work into an execution phase. The following draft next steps were developed in a joint meeting of the Nonprofit Capacity Landscape Analysis Steering Committee and Nonprofit Advisory Committee on September 3, 2024.

While preliminary, the following efforts were determined to be foundational to our community's renewed capacity building efforts.

1. Develop a high-level, community-wide action plan
  - a. Determine governance by expanding and continuing the Steering Committee to develop an initial action plan with goals and resources
  - b. Define project infrastructure and determine long-term sustainability goals
  - c. Define 'Capacity Building', core values, and roles and responsibilities
  - d. Present progress, socialize definition of capacity building activities, and build accountability through convenings
2. Build a fund to support both creation of the action plan and capacity building implementation efforts
  - a. Explore funder collaboratives and community partner collaborations
3. Implement Capacity Building efforts
  - a. Execute efforts to build a shared language around "Capacity Building"
  - b. Develop learning collaboratives based on nonprofit size and lifecycle stage
  - c. Identify a Resource Hub – a source to find access to local capacity building service providers and resources like trainings, documents, guides, and tools
  - d. Identify and vet potential nonprofit capacity assessment tools, distribute, train, and reinforce with both funders and nonprofits
  - e. Develop and facilitate trainings, convenings, and learning opportunities based on the six core capacities—adaptive, leadership, management, technical, organizational culture, and collaborative
    - i. Cultivate capacity building service providers and resources to present trainings, assistance, and coaching through the community's existing networks
    - ii. Facilitate discussions with nonprofits to explore opportunities to share resources (HR, IT, Clinical Services, etc.)

Included in the appendix of this analysis is a Framework for Community Partners Collaboration on Capacity Building. This framework delineates levels of communication, collaboration, and shared decision making the community may use to guide strategies for and implementation of the recommendations from the landscape analysis. The framework considers the readiness, ability, and capacity of community partners may vary considerably, requiring efforts for collaboration to take a stepwise approach.

It's important to reiterate that: to grow capacity building readiness in the thriving, robust nonprofit community we collectively envision, multiple organizations need to assume and/or continue leadership roles. Washoe County nonprofits need access to multiple capacity building resources and no one entity can effectively cover all components. Additionally, shared decision making among and between all three types of entities—nonprofits, funders, and capacity building service providers—will go a long way toward improving communication and building trust.

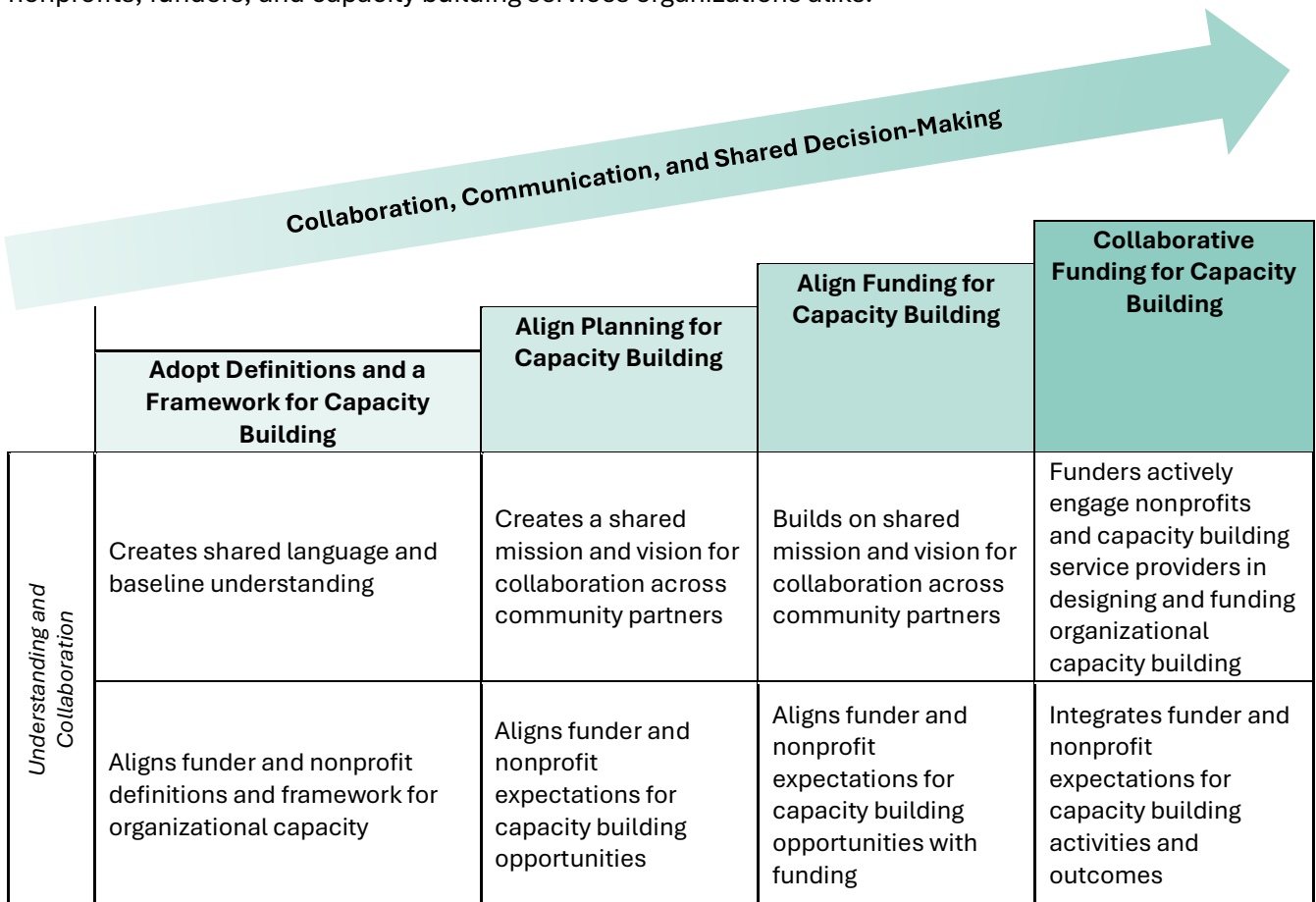
***We look forward to the work!***

# APPENDICES

## FRAMEWORK FOR COMMUNITY PARTNERS COLLABORATION ON CAPACITY BUILDING

One of the goals of the landscape analysis was to identify ways the community could collaborate and develop strategies for action based on key findings and recommendations. While findings from the landscape analysis underscore the shared understanding of the importance and need of nonprofit capacity building across Washoe County, it was also evident that the community collaboration may need a framework to support identifying concrete, actionable steps that could be taken to further this work.

This framework delineates levels of communication, collaboration, and shared decision making the community may use to guide strategies for and implementation of the recommendations from the landscape analysis. The framework considers the readiness, ability, and capacity of community partners may vary considerably, requiring efforts for collaboration to take a stepwise approach. This approach must recognize the need to establish trust and acknowledge the potential impact of limited resources within nonprofits, funders, and capacity building services organizations alike.



	<b>Adopt Definitions and a Framework for Capacity Building</b>	<b>Align Planning for Capacity Building</b>	<b>Align Funding for Capacity Building</b>	<b>Collaborative Funding for Capacity Building</b>
<i>Assessment</i>	Encourages use of self-assessment of organizational capacity	Self-assessments are selected based on nonprofits developmental stage and organizational considerations, and are used to inform planning	Self-assessments and/or third-party assessments are used to inform opportunities for capacity building funding, based on nonprofit needs, development stage, and organizational considerations	Self-assessments and/or third-party assessments are integrated into opportunities for capacity building funding, based on nonprofit needs, development stage and organizational considerations
<i>Evaluation</i>	Recognition of the ongoing monitoring of organizational capacity needs across community partners; no shared or unified expectation for evaluation of capacity building efforts	Recognition of the ongoing monitoring of organizational capacity needs across community partners, possible shared or unified expectation for evaluation of capacity building efforts	Aligns funder and nonprofit expectations for capacity building evaluation, possible shared or unified expectations for evaluation of capacity building efforts	Aligns funder and nonprofit expectations for capacity building activities and outcomes , service providers actively measure outcomes and implementation impact
<i>Communication</i>	Minimal communication and shared decision making across community partners	Opportunities for communication and shared decision making across community partners	Consistent and frequent communication and shared decision making across community partners	Communication strategies are included within the shared structure, multiple modes of communication are used, efforts are centered on shared decision making
<i>Power Dynamics and Trust</i>	Build trust and awareness of power dynamics	Intentional discussions and strategies to address power dynamics and trust	Strategies to address power dynamics and build trust become an integral part of planning, including factoring in nonprofit needs and burden	Strategies to address power dynamics and build trust are imbedded into planning and implementation of the collaborative structure
<i>Funding</i>	Funding strategies may be modified to reflect definitions and framework.	Funding strategies are aligned; however, funding remains independently administered and managed	Funding opportunities are aligned across funders with unified application and evaluation processes, however funding remains independently administered and managed	Funding opportunities are implemented through a collaborative structure with shared governance

	<b>Adopt Definitions and a Framework for Capacity Building</b>	<b>Align Planning for Capacity Building</b>	<b>Align Funding for Capacity Building</b>	<b>Collaborative Funding for Capacity Building</b>
<i>Nonprofits</i>	Nonprofits are engaged at all levels of the process and are actively engaged in shared decision making.	Nonprofits are engaged at all levels of the process and are actively engaged in shared decision making. Nonprofit needs and burdens are considered when planning.	Nonprofits are engaged at all levels of the process and are actively engaged in shared decision making. Nonprofit needs and burdens are considered when planning, funding, and evaluating organizational capacity building strategies.	Nonprofits are engaged at all levels of the process and are actively engaged in shared decision making. NPO needs and burden are considered when planning, funding, and evaluating organizational capacity building strategies.
<i>Service Providers</i>	Capacity building service providers are encouraged to use common definitions and framework in service delivery	Capacity building service providers use assessments to drive planning	Capacity building service providers provide a coordinated approach to NPO and funder engagement	Capacity building service providers provide an integrated approach to NPO and funder engagement

## FUNDER FOCUS GROUP QUESTIONS

### Area 1 — Introductions

- 1) Please introduce yourself (name, organization)
- 2) Describe your relationship with nonprofit organizations.
- 3) What draws you to want to support non-profits?

### Area 2

Our online survey indicated that respondents found organizational capacity building to be of “high need” and “high importance” for nonprofits in Washoe County. As such, our questions are building off that assumption.

- 1) How would you describe the organizational capacity of the organizations you currently fund?
- 2) What organizational capacity factors are important in considering funding organizational capacity?
- 3) Tell us about a time when you funded nonprofit capacity building. What type of work did you fund? What was the process? What were the outcomes?
- 4) If you could improve upon that capacity building effort, what would that look like?

### Area 3 — Next, we will talk about the role funders might see themselves playing in improving organizational capacity.

- 1) What role does funding play in improving nonprofit organizational capacity?
  - a. Provide examples to probe on if people don't respond
    - i. Providing general operating support
    - ii. Board development
    - iii. Staff development
- 2) Beyond funding, what role can funders play to improve nonprofit organizational capacity?
  - a. Probe on describing what that role would be
    - i. Assisting to identify appropriate organizational capacity service providers
      1. Board development
      2. Fundraising
      3. Program Evaluation
    - ii. Requiring certain standards for nonprofits or specific programs to be funded
      1. Program evaluation
      2. Staff training
      3. Staff retention measures
      4. Board requirements such as 100% giving boards
- 3) Can you see yourself/your foundation playing a role in developing or supporting the region's capacity-building field?
  - i. Funding specific activities:
    1. Development of capacity building services
      - a. If so, what type, for profit? Nonprofit? University based?

### Area 4 — Moving on from roles funders might play, now we are going to talk about what you might need in order to be more comfortable or interested in funding organizational capacity building.

- 1) Consider for a moment your comfort or interest in funding organizational capacity in our community. What do you need to be more comfortable or interested in funding organizational capacity building?

**Area 5 — Collaboration**

- 1) If you were to collaborate with other funders to improve nonprofit organizational capacity, what might that look like?

Survey results indicated that nonprofits increasing collaboration was an area of need.

- 2) What are some examples of nonprofits illustrating collaborative capacity?
- 3) If you could improve upon collaborative capacity building efforts, what would that look like?

**Area 6 — Wrap Up**

- 1) What nonprofits and capacity building service providers are doing great work in our community?
- 2) Do you know of other communities/examples of communities doing great work to improve nonprofit organizational capacity?
- 3) Is there anything else on this topic you want to share?

## NONPROFIT FOCUS GROUP QUESTIONS

### Area 1 — Introductions

- 4) Please introduce yourself (name, organization)
- 5) Describe your role within your current organization
- 6) What drew you to want to work in the non-profit sector?

### Area 2 — Capacity-Building Activities

In front of you is a list of the six core capacity-building categories.

Please look at the list and talk briefly about whether and how your organization has deliberately undertaken any of these activities in in the last two years. If your organization has done a lot of the activities, tell us about the most important one or two.

- Have you ever engaged in capacity building work?
- Did you use internal staff, if so, why did you choose internal staff over other options?
- Did you use outside help, such as consultants, coaches, workshops, or trainings?
- Did the project(s) go as well as you had hoped? Why or why not?

Have you done any self-assessment previously?

Do you have any plans for improvement in those areas? What do those plans look like?

How highly would you prioritize capacity building?

### Area 3 -- Capacity-Building Needs

Preliminary data from the Nonprofit Survey shows that Management Capacity and Technical Capacity are the areas that are most in need of improvement.

As reminder.....

- **Management Capacity** is the ability of a nonprofit organization to ensure the effective and efficient use of organizational resources.
- **Technical Capacity** is ability of a nonprofit organization to implement all of the key organizational and programmatic functions.

Does that finding match your experience?

What is needed to improve your organization's **management** capacity?

What is needed to improve your organization's **technical** capacity?

Staffing was frequently mentioned as a limitation to improving most organizational capacity areas. What opportunities do you see to improve current staffing limitations?

### Area 4 — Collaboration

Duplication of services was frequently cited in the survey as an issue within the local nonprofit community. Does this match your experience? Is this an issue and why?

Let's talk about collaboration. Can you share some examples of effective collaboration with other non-profits? What's working well and what's not working well?

## **Area 5 -- Funding**

Competing for funding was cited as a barrier to collaboration. Does this match your experience? If so, how can this barrier to collaboration be overcome? What role can funders play in reducing that barrier?

Are you as transparent with funders as you would like to be about your organizational capacity needs? If not, what are the limitations to being more transparent?

If funding were provided to your nonprofit to improve nonprofit capacity, how would you use it?

What do you want funders to know about organizational capacity?

## **Area 6 — Potential Solutions**

What other ideas do you have to improve nonprofit organizational capacity?

Several organizational capacity service provision models were included in the survey (pooled funding to work together to provide capacity building services, capacity building provided by an intermediary like a community foundation, funding that pays capacity building providers directly, direct services provided by the funder). There are other models that exist in other communities such as membership fee-based models that allow members to access certain levels of service. Do you see any of these options as preferred over the other? What would your organization benefit the most from?

Do you know of other communities/examples of communities doing great work to improve nonprofit organizational capacity?

## **Area 7 — Wrap up**

Is there anything else on this topic that you'd like to share?



