

Solano County Nonprofit Capacity

Diagnostic Findings

Executive Summary

March 2018

Prepared by:



LEARNING *for* ACTION

Purpose & Methods

About this Report

This Executive Summary provides an overview of the findings and recommendations that emerged from an effort to design and administer a diagnostic assessment of nonprofit organizations' capacities in Solano County. First 5 Solano and Solano Health and Social Services engaged Learning for Action (LFA) to conduct this assessment.

About the Nonprofit Capacities Diagnostic

LFA developed a comprehensive diagnostic tool, the Solano County Nonprofit Capacities Diagnostic to learn about Solano nonprofits' current capacity. The tool is based on LFA's direct experience and knowledge of the factors most critical to organizational effectiveness, as well as a review of existing instruments in the field that measure nonprofit capacity. In particular, LFA reflected on lessons learned from a similar study they conducted for Point the Way, a capacity building study of nonprofits, funders, and capacity building providers in the Chicago area in 2016. The diagnostic is organized according to the seven dimensions of nonprofit capacity (see Fig. 1.)

Overview of Methods

Data Collection: LFA administered the Solano County Nonprofit Capacities Diagnostic via SurveyMonkey.

Data Analysis: LFA analyzed the data collected from the diagnostic. Questions for each dimension of the Nonprofit Capacities Diagnostic were aggregated to create overall scores for each domain that are discussed in this report.

Figure 1. Seven Dimensions of Nonprofit Capacity



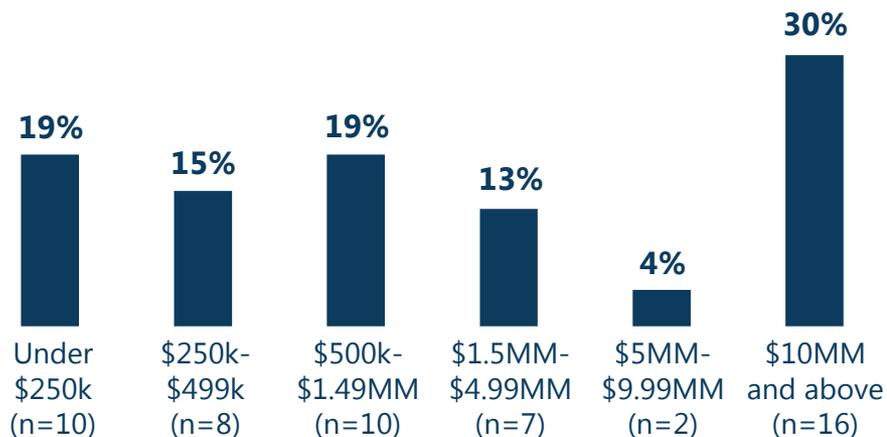
Purpose and Methods

About the Responding Nonprofits

First 5 Solano identified 103 nonprofits in Solano County that are funded by First 5 Solano or Solano County Health and Social Services to complete the diagnostic. A total of **54 nonprofits** participated (52% response rate). A brief overview of respondents follows:

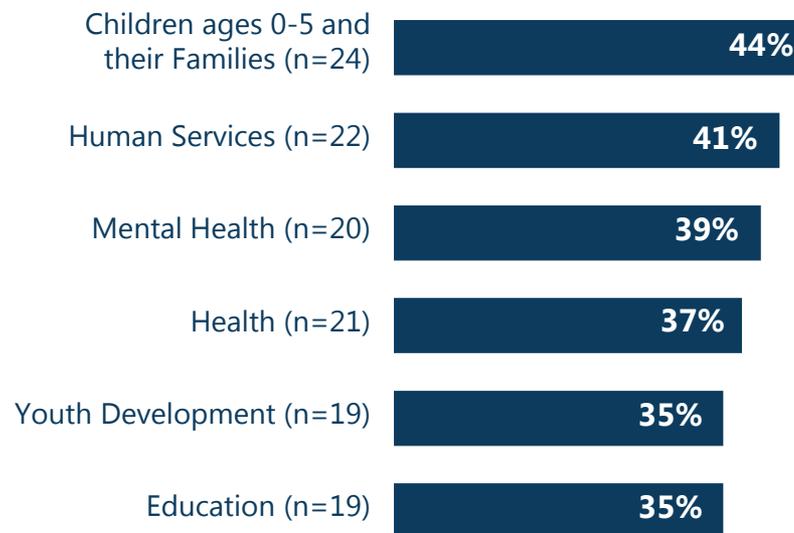
- **67%** of survey respondents were the Executive Director/CEO of their organization.
- **Most of the participating organizations (69%)** have been in operation for **20 years or longer**.
- While nonprofit budget size varies, **over one-third (34%)** have an annual budget under \$500k (see Fig. 2 below).
- For **one-third (31%)** of respondents, **less than 50% of their budget comes from government funding**.
- Respondents work in a variety of content areas; the most common are **children ages 0-5 and their families, human services, and mental health** (see Fig. 3 below).

Figure 2. Organization Annual Budget Size (n=53)



**The sum of percentages exceeds 100% because respondents were asked to check all that apply.*

Figure 3. Most Common Content Areas Organizations Work and/or Provide Services (n=54)*



A Common Definition of Capacity Building

A Common Definition of Capacity Building

What Is Nonprofit Capacity?

Any nonprofit organization needs these seven **capacities**, to varying degrees depending on its context, in order to function effectively:

Vision and impact model

A clear and detailed description of the impact the organization is trying to create, mapped to the set of organizational activities that help produce that impact (e.g., Theory of Change)

Governance and leadership

A board and staff leadership that have the skills needed to work effectively together in service of the organization's mission

Program delivery

Staff, technology, facilities, and other capabilities needed to deliver programs effectively and in fidelity to the impact model

Resource generation

A strong funding model to guide resource generation, and the capabilities to secure resources over time

Internal operations and management

Includes technical functions such as IT, financial management, and internal/external communications, plus human resources management and strategic planning

Evaluation and learning

Tools, processes, infrastructure, and culture that support continuous program and organizational improvement

Strategic relationships

The ability to nurture and maintain the external relationships necessary for success, including program delivery partners, funding relationships, and political support

What Is Capacity Building?

Simply put, capacity building **is any intentional and sustained effort to improve an organization's functioning.**

Capacity-building services are delivered by a range of provider types, which can be grouped into three major categories: nonprofit, for-profit, and academia.

Capacity-building approaches vary depending on the provider; they range from direct transfer of knowledge (e.g. training and education), to facilitated change processes (e.g. consulting and coaching), to peer-to-peer learning and collaboration.

As nonprofits and funders have limited resources available to dedicate to capacity building at any one time, they need to prioritize which areas of nonprofit capacity to focus their attention. When selecting an area(s) to prioritize, LFA recommends that organizations choose the area(s) that best meet the following criteria:

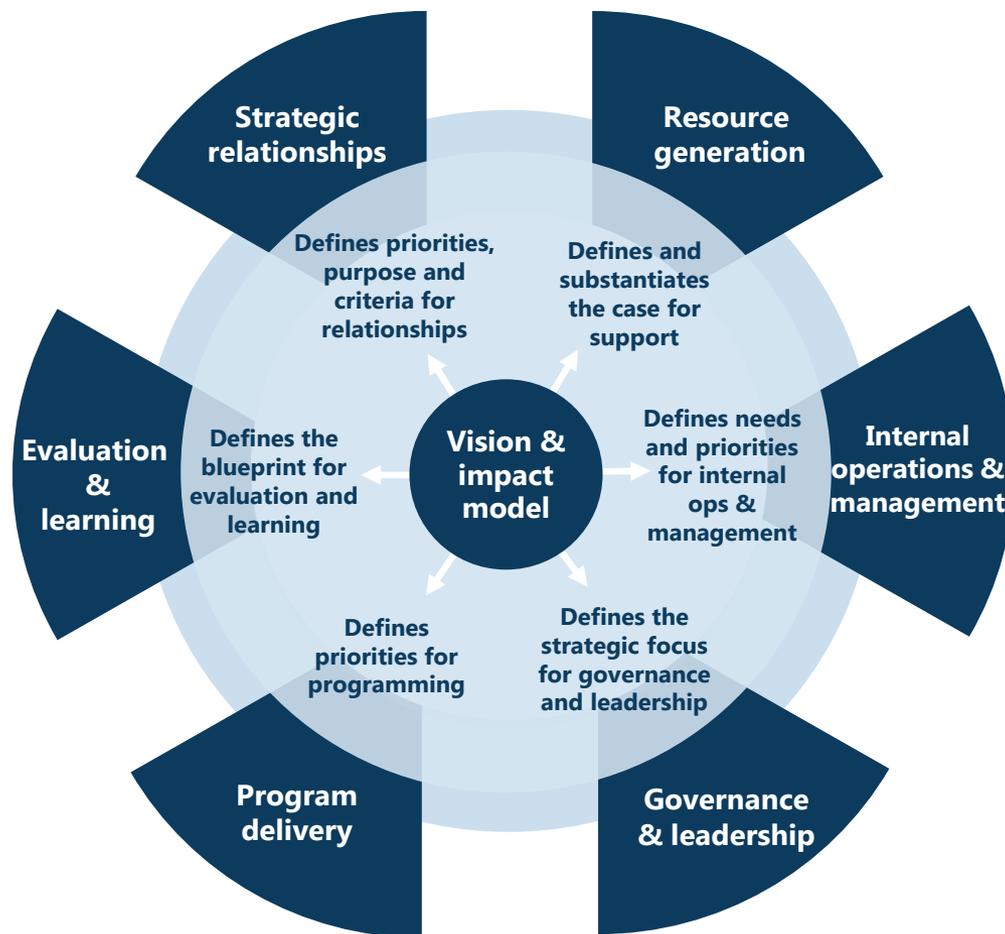
- **Match an organization's specific needs** for growth and support (which can be assessed by the Nonprofit Capacity Diagnostic)
- Have **high leverage to influence other areas** of organizational need
- Are **well-suited for change** via capacity-building interventions

A Vision and Impact Model is Foundational

While all seven dimensions of capacity contribute to a nonprofit's success, **a clear and specific vision and impact model is integral to maximizing effectiveness in the other dimensions.** A strong, vibrant vision and impact model provides the foundation on which the other dimensions stand; without it, the nonprofit will be unstable. A thriving nonprofit uses its vision and impact model as a guide that informs all the other areas of the organization, and that evolves along with the changing needs and priorities of the organization and communities it serves.

Articulating a vision and impact model is a precondition for achieving success in the other areas of nonprofit capacity. For example, many Solano County nonprofits indicated that they need support with fundraising. Having in place a solid theory of change is critical for these nonprofits to **clearly communicate their organizational priorities and needs** (Internal Operations and Management: Marketing and Communications) and to **make a compelling case for their need for support** (Resource Generation). Figure 4 describes the ways in which a strong vision and impact model can be used to strengthen the other key dimensions of a nonprofit's capacity.

Figure 4. Vision and Impact Model Drives Nonprofit Effectiveness



Findings & Recommendations

Key Findings

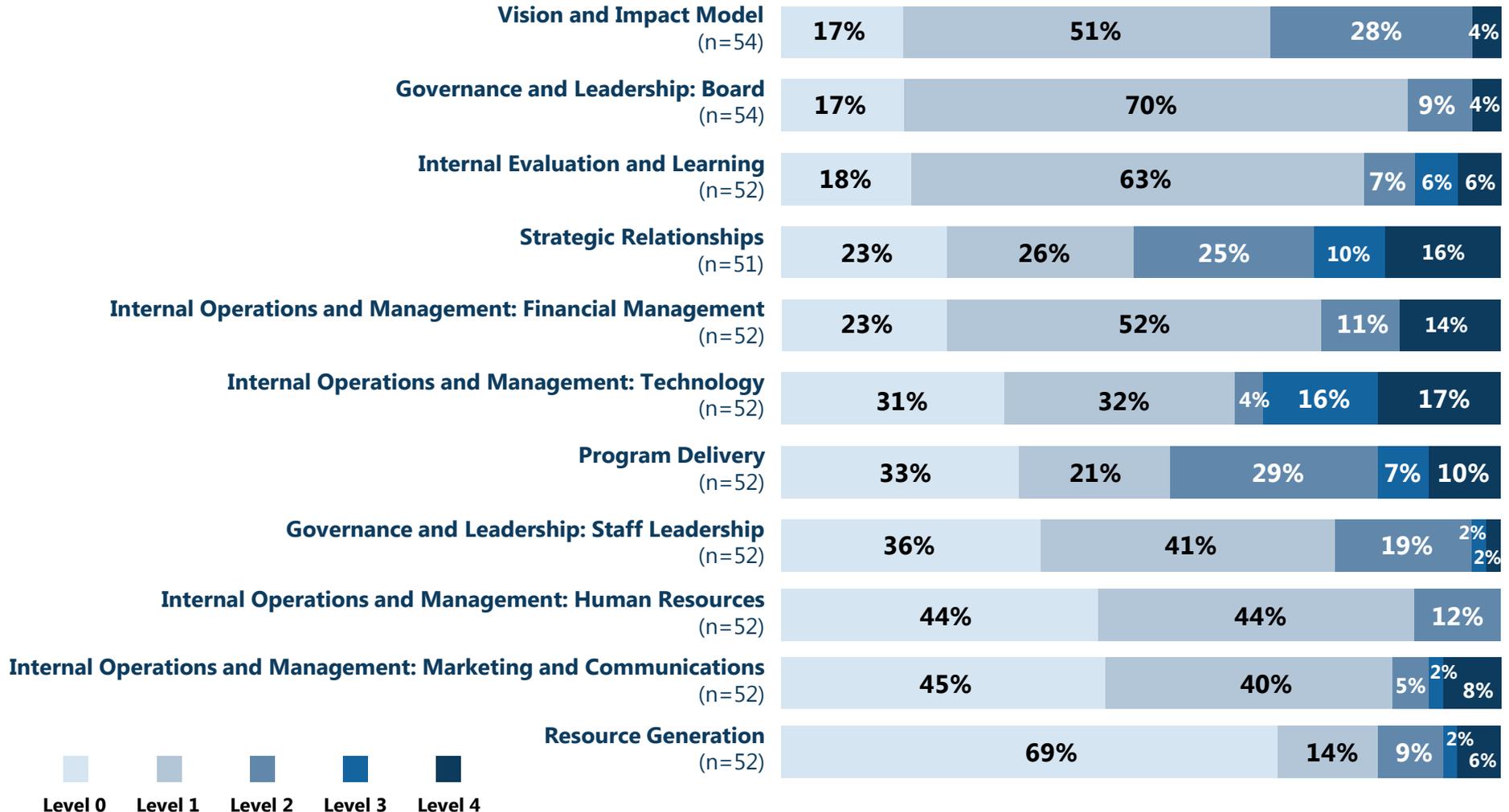
Solano County nonprofits have a great need for capacity-building services. The statements below and the charts on Pages 10 and 11 provide an overview of nonprofits' capacity-building needs. See the full report for a more detailed description of the findings in each dimension of capacity building.

- Solano County nonprofits **deliver services with intention, expertise, and cultural responsiveness** (see Page 20 in the full report).
- **Capacity is low** among Solano County nonprofits in many of the seven dimensions.
- Solano County nonprofits have **high levels of capacity**, relative to the other dimensions, in the following areas: **Program Delivery, Strategic Relationships, and Technology** (part of Internal Operations and Management).
- Solano County nonprofits have **low levels of capacity**, relative to the other dimensions, in the following areas: **Vision and Impact, Board Development, Internal Evaluation, Resource Generation, and Human Resources** (part of Internal Operations and Management).
- **Nonprofits' needs for capacity in each dimension are interrelated.** For example, in order to design programs that lead to desired change (Program Delivery), nonprofits need to effectively and systematically collect, analyze, and reflect on program data (Internal Evaluation). In order to effectively generate funds (Resource Generation), nonprofits need strong boards of directors that can provide funds and serve as ambassadors for the organization in the community (Board Development).
- Nonprofits' levels of capacity according to the diagnostic's indicators (Fig. 5, Page 10) **largely align with the areas in which nonprofits self-identified the greatest need for capacity-building support** (Fig. 6, Page 11).
- When describing the **key challenges** that they face in each dimension, nonprofits most often cited a **dearth of staff capacity and time, insufficient staff skill and expertise, and insufficient funding.**

Nonprofit Capacity Findings Overview

Below is a summary of respondents' highest level of attainment in the core dimensions of nonprofit capacity. There is a relatively large percentage of respondents (49% or higher) in Levels 0 and 1 in all dimensions.

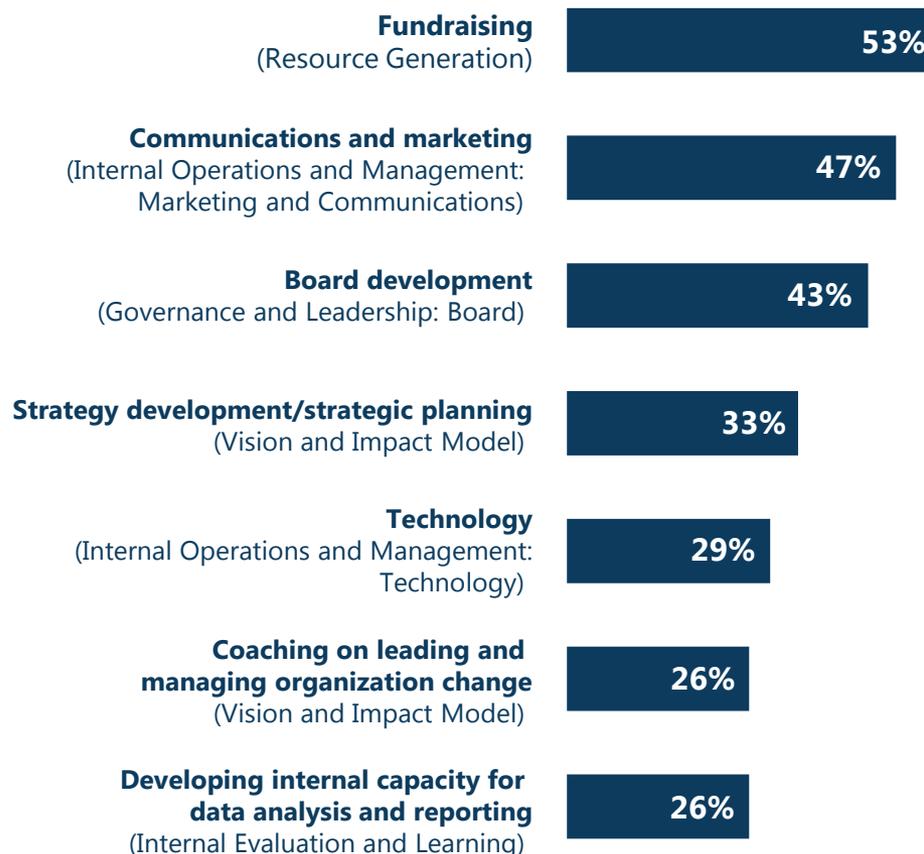
Figure 5. Nonprofit Capacity Results in Core Dimensions



Nonprofit Capacity: Self-Reported Needs

Nonprofits indicated the types of capacity-building supports (up to five) that are most needed by their organization. The most frequently cited areas are shown below. These areas largely align with the areas in which nonprofits demonstrate the greatest need for capacity-building support, based on their responses to the indicators in each dimension.

Figure 6. Self-Reported Capacity-Building Supports Most Needed by Organizations (n=54)



Recommendations

Focusing in on Recommended Capacity-Building Supports

LFA recommends that Solano County focus a set of intentional capacity-building efforts in the following capacity dimensions:

- 1. Vision and Impact Model: *Clarity on Organizational Strategy***
- 2. Internal Evaluation and Learning: *Developing Evaluation Frameworks and Cultivating Reflective Practices***
- 3. Board Governance and Leadership: *Strengthening Boards and Identifying New Board Members***

LFA has chosen to highlight these three dimensions for potential capacity-building interventions based on the need for increased capacity as demonstrated by the results of the Nonprofit Capacity Diagnostic, LFA's deep experience with nonprofits and understanding of which dimensions are the highest leverage within an organization, and what lends itself well to capacity-building interventions. LFA has chosen to focus on what we believe are foundational elements of organizational capacity. Increased capacity in these three areas will then enhance performance and capacity in other dimensions. Some areas of reported need by nonprofits are not included for various reasons. For instance, while Resource Generation was noted as a high need among many organizations, having a clear vision and strategy in place, along with data to demonstrate success, are pre-conditions for nonprofits to successfully generate additional resources. In addition, First 5 Solano already has a fundraising capacity-building program that many of its community partners are engaged in.

The following pages provide more detail on why support is especially needed in these areas and includes some suggestions of what support might look like in varying levels of investment intensities.



Recommendations

Vision and Impact Model

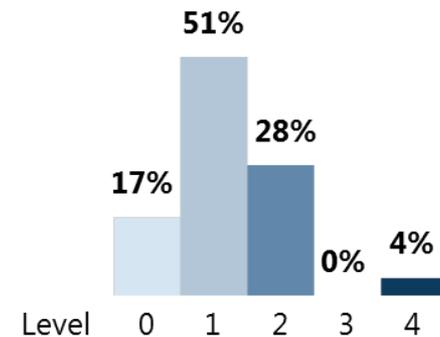
Clarity on Organizational Strategy

Overall, the majority of organizations (68%) are at a Level 1 or below in the Vision and Impact dimension (Fig. 7). While most organizations have mission and vision statements (83% of those surveyed), only 15% use strategic planning and monitoring tools, and less than one in five has a theory of change, indicating **a deep and foundational need for support in the area of organizational strategy.**

Articulating a clear and up-to-date strategy is beneficial for several key reasons:

- Developing a theory of change allows the organization to name its intended impact, set clear goals for where it is going, and select indicators of progress along the way.
- Strategic planning is inherently a board-driven process, which can increase board engagement and learning.
- Strategic plans are also the foundation for the other dimensions of nonprofit capacities, such as communications, and a thoughtful strategic plan will allow an organization to strengthen other aspects of its work.

Figure 7. Nonprofit Capacity Level Attained: Vision and Impact (n=54)



A **high intensity effort** would be to provide individual grants of \$25k-\$30k per organization to engage in customized strategic planning process with a consultant.

A **medium intensity effort** would be a cohort-based intervention, where many organizations receive some information about strategic planning together in a joint session, and then each organization receives some sessions tailored to their organization.

A **low intensity effort** might entail hiring consultants for individual organizations to develop a theory of change, or sending staff members to trainings on those topics.

Recommendations

Internal Evaluation and Learning

Developing Evaluation Frameworks and Cultivating Reflective Practices

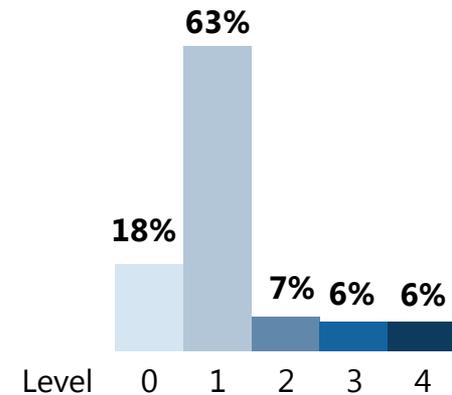
Organizations in Solano need support with their capacity to measure, track, and reflect on data. The majority of survey respondents (82%) collect data on the number of people served, and 69% collect client-level data for evaluation and learning. Overall, 81% of organizations are at a Level 1 or below in this dimension (Fig. 8). Most nonprofits do not have a system for collecting, analyzing, and adjusting based on outcome data. Just as articulating an organization’s vision and impact model is foundational to an organization’s success, using data for learning and improvement influences an organization’s success in the following ways:

- Understanding whether or not benchmarks are met, and course correcting as necessary to ensure the program is achieving its intended results;
- Discussion and communication about program results with internal staff for learning, reflection, and improvement; and
- Communication about the program’s results with funders and external stakeholders.



A **medium intensity effort** would support organizations in this dimension in a meaningful way. Cohort-capacity building is less expensive than individualized consulting and an MDRC evaluation found the group-learning approach to be nearly as effective as customized consulting at improving organizational outcomes.¹ A cohort-based support model would allow many organizations to simultaneously participate in an effort to enhance their ability to measure and track their work. This would entail organizations articulating their program model and intended outcomes, measuring and tracking progress, learning how to reflect on data, and understanding how to communicate the value of their work with data. If desired, this work could be phased, such that Phase 1 would include clarifying the program model and outcomes, Phase 2 would be data collection, and Phase 3 would focus on deepening a culture of learning and reflection. It can also easily be linked to cohort-based strategy effort, such that organizations can first clarify their strategy in a theory of change, and can then move into evaluation and learning capacity building together.

Figure 8. Nonprofit Capacity Level Attained: Internal Evaluation and Learning (n=52)



¹ <https://www.mdrc.org/publication/skills-pay-bills>

Recommendations

Board Governance and Leadership: Board

Strengthening Boards and Developing New Board Members

While most organizations have basic procedures in place and hold regular board meetings, the Nonprofit Capacity Diagnostic results indicate that most organizations do not have strategic boards that are strong fundraisers (only 19%), serve as ambassadors for the organization (23%) or engage regularly in reflective processes (17%). Based on these results, it is clear that **there is room for improvement in key areas of governance and leadership**. Overall, 87% of organizations are at a Level 1 or below in this dimension (see Fig. 9).

A strong board where individual board members bring their time, talents, and financial resources to bear is a hallmark of a strong nonprofit. A high-performing board is also closely tied to fundraising—board members should serve as ambassadors for the organization in the community, developing connections and generating resources. **A particular area of need noted by diagnostic respondents is cultivating new board members**—many report that their boards are comprised of individuals with limited time, networks, expertise, and/or financial resources. They recognize this need, but are unsure how to have it met. Support for organizations in this area could range in the degree of intensity and resources required.

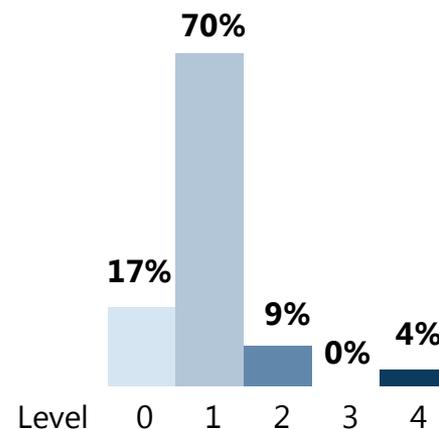


- A **high intensity effort** might entail developing the pool of qualified potential board members in the county, by intentionally seeking out and recruiting community members for individual boards. Solano County might be able to work with a small number of organizations a year to build their board in this way.



- A **low intensity effort** might be to provide access to resources through BoardSource or send executive directors or board members to CompassPoint trainings. Solano County could create a scholarship fund for organizations to apply to for support and provide guidance on which types of trainings might be most relevant for a particular organization.

Figure 9. Nonprofit Capacity Level Attained: Governance and Leadership: Board (n=54)



For more information

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