

Capacity Development Needs

Excerpts from *Report on Capacity Building Strategies*, prepared by Kay Sohl.

Examination of effective community-based organizations reveals key capacities which assure organizational survival, support community direction, and result in productive service delivery:

1. Board Leadership

The Board of Directors plays a crucial role in nonprofit organizations. In community-based organizations, the board provides the structure for community members to set the mission of the organization, prioritize the use of its resources, and keep the organization in touch with the needs and preferences of the community. It also provides continuity and oversight to assure sound management.

In order to fulfill these key roles, boards must have strong leaders committed to building skills of all board members and helping all board members to be heard. Effective leaders involve the board in developing structures which work within the cultural context of the community. Leaders provide vision, and eyes and ears into the community. Effective leaders support the work of the staff, and hold staff accountable for achieving agreed- upon goals.

2. Staff Leadership

Effective Executive Directors build skills and teamwork among staff, board, and volunteers. While possessing clear vision for the organization, they are able to listen and hear the views of their staff, board, volunteers, and community, and integrate the conflicting needs and priorities expressed by these divergent groups.

Effective staff leaders recognize the importance of follow-through and make certain that goals are translated into specific workplans and that systems are established and maintained to support the work of staff. Some effective leaders directly take charge of implementation; others recognize their own limitations in setting up and maintaining systems or translating vision into concrete action plans and employ staff with these organizational skills.

3. Effective Financial Management

To achieve its mission, the community-based organization must obtain and use resources effectively. Financial planning and management systems must meet both the needs of the organization and the expectations/requirements of funders. Much of the funding available to community-based organizations carries restrictions which must be observed and the observance documented. Consequently, the financial management requirements of community-based organizations are often significantly more complex than those of a business of comparable size.

Strong community-based organizations use budget processes which translate the mission of the organization and the board's priorities into plans which direct the use of resources. Through such budget processes, the organizations remain focused on meeting community needs as defined by the community, rather than funder-driven, drifting from service to service based on the availability of funding.

Community-based organizations also require clear accounting systems which consistently track the costs of specific activities and the use of restricted funds. Because funding is often limited in community-based organizations, accounting systems must be able to record the amounts owed by the organization as well as the amounts disbursed in a given financial period. This accrual based accounting generally requires a trained bookkeeper.

The presentation of financial information in understandable reports is also essential for effective management at both the staff and board levels. Effective community-based organizations recognize that many of their board and staff members have limited experience working with formal financial statements, and provide ongoing training and support to build their understanding of financial information and encourage their participation in financial analysis and planning.

Effective community-based organizations continually assess the stability and adequacy of their funding and develop strategies to diversify their sources of funding and assure continuity of funding relationships.

4. Fund Development and Revenue Generation

Community-based organizations must develop the capacity to obtain resources needed for operations. While volunteer labor and in-kind materials and services are extremely valuable, ultimately, organizations must find ways to obtain cash. Consequently, they must develop the capacity to identify, contact, and ultimately persuade funders and individual donors to provide contributed support. Beyond initial success in attracting contributions, they must develop systems to sustain and enhance fund raising efforts.

They must also analyze the potential for generating income through fees for services, and develop and implement business strategies.

5. Program Planning and Evaluation

Effective community-based organizations translate the needs of the community into program responses which are clearly targeted to address those needs. They establish clear program objectives and seek simple ways to measure whether those objectives are being achieved. They think clearly about who each program is designed to serve, what changes the program is designed to assist its participants to make, and how the program will provide that assistance. Having identified the indicators of achieving the desired outcomes, they create and maintain basic tracking systems to provide the information needed for evaluation.

Effective community-based organizations avoid defensiveness about their services and acknowledge errors when programs do not prove effective. They encourage honest supportive feedback and avoid blame both within and outside the organization.

6. Community Relations and Community Collaborations

Effective community-based organizations encourage a two-way flow of information: from the organization to community members to build awareness of what the organization is doing; and from community members to the board, staff, and volunteers of the organization to learn how the community perceives the work of the organization, the extent to which it is meeting the community's needs, and the nature of emerging or unmet needs.

Effective community-based organizations put the needs of the community above the needs of their own organization and consequently are supportive of other community efforts to meet those needs. Through their staff and board, they build relationships with other community-based organizations and institutional service providers in the community so that they will be at the table whenever community needs and strategies are discussed. They carefully evaluate the time invested in various meetings and networking efforts to be certain that the ultimate benefit to the community and to their own organization justifies the investment of time.

7. Staff Management and Development

Effective community-based organizations are committed to providing high quality, empowering, and respectful services to community members. They recognize the value of employing staff from the community. They also recognize that to provide services effectively, staff members need well-organized, developmentally focused supervision and feedback. Consequently, they work individually with staff members to develop staff training and development plans, and they structure staff positions so that those given responsibility for supervision are given sufficient time and training to function effectively as supervisors.

8. Dealing with Diversity

Oregon communities are increasingly diverse in terms of the ethnic, cultural, education, and, to some degree, economic backgrounds of their residents, effective community-based organizations prepare staff and volunteers to work well in a multicultural environment. They provide training and create an atmosphere of respect and value for differences, and consciously look for opportunities to increase the inclusiveness of the organization.

9. Strategic Planning

Effective community-based organizations involve board members, staff, volunteers, and the community as a whole in overall organizational planning. They determine where the organization is going by regularly reassessing their mission and priorities. Leaders develop and review plans for achieving the goals which have been prioritized, including plans for obtaining needed resources and for building key organizational capacities. The planning process is communicated in simple language and community members are given opportunities to express their needs and priorities throughout the process, not simply at its conclusion.

10. Effective Use of Technology

Effective organizations need to develop comprehensive technology plans to guide their investment in tools to streamline management, enhance service delivery, and increase capacity to communicate with donors, volunteers, and program participants. Beyond sporadic purchases of new hardware and software, nonprofits need to build the capacity to identify, acquire, implement, and manage technology.

11. Utilizing Outside Assistance

Effective community-based organizations are skilled at identifying and using outside assistance from both paid and volunteer consultants and professionals. They recognize the value of both their own staff and volunteer time and that of the outside assistance provider. Consequently, they are careful to define their need for assistance and assertive in presenting their priorities to the assistance provider.