

Capacity Building Activities Shown Effective for Nonprofit Organizations



Background

Nonprofit organizations (NPOs) play a critical role in delivering social services and addressing the needs of local communities and our nation as a whole. Through capacity-building activities in the form of grant funds, technical assistance and training, funders aim to enhance NPO functions and ultimately improve outcomes for the NPO's clients. Despite a general consensus about the importance of capacity building, there has been little high-quality evidence about the impact of such activities.

A recent study in *Nonprofit and Voluntary Sector Quarterly* presents findings from the first random assignment evaluation of a capacity-building initiative. The Compassion Capital Fund Demonstration Program (CCF), funded by the Administration for Children and Families within the U.S. Department of Health and Human Services, is one of the nation's largest capacity-building initiatives. Under contract from the ACF to evaluate the program, researchers from Abt Associates randomly chose some organizations to receive capacity building through the CCF. Abt's evaluation considered two primary research questions: How effective is the capacity-building assistance in increasing organizational capacity among NPOs, and in what areas of organizational capacity have these organizations showed the greatest improvement?

Key Points

The CCF Demonstration Program funded intermediary organizations to deliver capacity-building training, technical assistance and financial assistance to NPOs in five critical areas: **organizational development, program development, revenue development, leadership**

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development and community engagement. The evaluation found that the program significantly improved each of these five areas of organizational capacity examined. Findings include:

- NPOs receiving capacity-building services from CCF grantees reported significant improvement on several measures of long-term planning, human resources management, technology access and use, and financial management systems.
- The CCF's services also improved organizations' capacity to deliver services. For example, in the areas of service delivery and program design, significantly more NPOs in the CCF program developed or implemented plans to increase the number of clients served, expanded services to include new types of clients and/or geographic areas, added new types of services, and used new approaches to improve the quality of existing services.
- Organizations increased their capacity in several areas of revenue development. Significantly more organizations had written revenue development plans, hired grant writers to train staff, participated in development training, and increased their overall organizational focus on revenue development planning.

- The program improved NPOs' leadership development capacity. Their executive directors completed more leadership training sessions, and they increased their level of focus on providing leadership and job skill development opportunities for staff. In the area of board development, CCF services increased the percentage of NPOs that sent board members to training about their roles and responsibilities, and strengthened the overall focus of the organizations on improving board performance.
- The percentage of NPOs receiving CCF services that engaged in partnerships in their communities (especially with businesses and schools) increased significantly. There was also a significant increase in the percentage of NPOs that used both paid and unpaid advertisements to expand awareness of their organizations among potential partners and funders.

In sum, the results show that targeted capacity-building assistance can help nonprofit organizations make improvements over a relatively short time period.

Implications

Because this study used random assignment methods, it represents an important step in providing strong evidence of a causal link from capacity-building activities to improvements in capacity. The CCF Impact Evaluation did not measure whether these changes improved client outcomes.

To estimate impact on these ultimate outcomes, longer-term random assignment studies of programs with shared goals are needed. Future studies would benefit from building upon the literature related to measuring organizational effectiveness. A rigorous evaluation could incorporate some combination of these theories and test their validity.

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