

# Building Capacity of Nonprofits to Better Serve Older Adults

By Mary O'Donnell

Eleven years ago, The Retirement Research Foundation (RRF), a private foundation devoted to improving the quality of life for our nation's older population, heard from its nonprofit partners that they were facing enormous pressures. As the demands to serve a fast-growing senior population increased, public and private sources of funding were uncertain and shrinking. Organizations faced rapid technological change and heightened calls for accountability and efficiency. Nonprofits required bold and well-trained leaders.

Fast forward a decade and these pressures remain and are, in many cases, amplified. These concerns were the impetus for developing RRF's Organizational Capacity Building (OCB) Program in 1999 and remain the program's *raison d'être* today. The OCB program helps Chicago-area

nonprofits make long-term improvements in key management, governance and organizational development areas to build strong and sustainable organizations.

Eleven years, 93 grants and 5.4 million dollars later, RRF maintains its commitment to OCB. This conviction is even more relevant during these economic times. Now, pressures to navigate state payment delays, reductions in private funding and demands to "do more with less" echo loudly. These pressures are not unique to the field of aging; they cut across the nonprofit sector. Recognizing that a foundation's mission is only as strong as its grantees' ability to carry out *their* missions, RRF finds the need for capacity-building support more important than ever.

In the last decade, many funders have recognized the value of investing in organizational capacity building. What follows is a description of our foundation's capacity building program, some of the challenges and opportunities we face, and a few of our lessons learned.

## OUR APPROACH TO CAPACITY BUILDING

Grants awarded through RRF's OCB program have helped organizations tackle a wide-range of projects. They include strategic planning to prepare for future growth, succession planning to prepare for leadership transitions, resource development to cultivate a broader base of support, board development to strengthen governance and technology enhancements to maximize efficiency. For several capacity-build-



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ing activities that foundations may support, see Box 1.

RRF's OCB funds generally support consulting and technical assistance fees, information technology management costs, and other expenses directly related to capacity-building activities. There is no minimum or maximum amount for an OCB grant; the amount fits the scope of the project and has ranged from \$5,000-\$75,000 per year. Box 2 provides a snapshot of one OCB grantee.

In addition to grant dollars, organizations benefit from special features offered by the OCB program. For example, all OCB grantees are eligible for additional funding to be used for technical assistance opportunities during the grant period (e.g. seminars, workshops, etc.). Another unique feature is the availability of organizational coaches. RRF recruited a team of professionals with broad organizational development experience to serve as coaches. The coach provides support and an objective point of view as unanticipated developments arise while the capacity-building work unfolds. The coach's fee is paid for by RRF and is over and above the grant. The coaching relationship is confidential; details are not discussed with the Foundation. Grantees often cite coaching as one of the most valuable aspects of the OCB experience.

## BOX 1: EXAMPLES OF CAPACITY-BUILDING ACTIVITIES A FOUNDATION MAY SUPPORT:

- Strategic, business or succession planning
- Program evaluation or quality improvement efforts
- Public relations, communications and marketing
- Financial management
- Resource development
- Human resources management
- Information systems management or technology enhancements
- Restructuring, mergers or strategic collaborations
- Board development

## MEETING THE CHALLENGES TO BUILDING NONPROFIT CAPACITY

Despite the value of capacity-building investments, RRF and other capacity-building funders face unique challenges in the current landscape of philanthropy. This is due largely to a “Catch 22” problem. That is, just when it is most critical for nonprofits to build capacity for long-term sustainability, they face immediate demands as they struggle to keep the lights on and meet payroll. And, just when it is most critical for foundations to bolster their support of nonprofits’ capacity-building needs, they face reduced assets as they struggle to support greater needs with fewer dollars.

RRF’s sphere of nonprofits serving older adults is not exempt from the challenges facing the nonprofit sector as a whole. For example, in a survey conducted in 2010, of nonprofits in RRF’s OCB target area, 84 percent of respondents reported receiving government funding; of these, 65 percent said it is their single biggest revenue source. This has significant implications in a state like Illinois, which now is ranked last in the nation for timely payments to nonprofit human service providers, according to a report released by The Urban Institute in October 2010.

Unfortunately, these struggles came at a time when RRF’s asset-base was dramatically reduced due to stock market plunges. In 2009, in an effort to navigate the unknown tides of the downturn, RRF Trustees decided to limit multi-year grants. This prompted questions about how its OCB program could remain strategic and responsive to nonprofits’ needs while working with reduced funds. RRF viewed this as an opportunity to refine the program and took the following steps:

**1) Continued awarding OCB grants, but encouraged organizations to focus on one specific area of capacity building in one-year increments.** For instance, we encouraged appli-

cants to propose realistic objectives for either resource development or board development, but not both at the same time. This is challenging since many capacity-building areas are closely related. However, this shift may prove beneficial overall, since previous evaluations by RRF have found that OCB projects with a targeted focus-area are often more successful.

**2) Surveyed partners to learn how they are faring and how RRF investments could be most beneficial.**

The results provided insight about organizational development gaps where RRF investments may have the most impact. For example, the aging services sub-sector is facing an imminent leadership gap, prompting staff to rank succession-planning proposals as high priority. The survey also indicated that some organizations are overwhelmed by the interconnections between capacity-building areas, and most prefer tailored technical assistance to group workshops on organizational development.

**3) Established a Flexible Fund for short-term, low-cost capacity-building projects.**

RRF established a new pool of OCB funds in 2010 that is available to help nonprofits determine their capacity-building priorities or receive tailored consultations for emerging needs. A fast-tracked application process responds quickly to help nonprofits weather tough times. Although this new initiative is just getting started, we are already seeing that it can “jump start” an organization’s experience with capacity-building work in exciting ways.

### THE LESSONS

Based on assessments of the OCB program, feedback from grantees and insight from other funders and key leaders in the field of organizational development, RRF has learned several lessons.



PHOTO COURTESY OF THE FRIEDMAN PLACE.

*A blind older adult man assisted by a staff member of the Friedman Place.*

Our experience with our coach was overwhelmingly positive. She helped us organize our thoughts, think strategically and take action. Capacity-building work is really hard, so it was so helpful to work with her, especially when we hit some bumps in the road.

—Ann Lagory, Executive Director of Friedman Place, OCB grantee

*(Friedman Place provides housing and support to adults with visual impairment in Chicago, Ill.)*

First, flexibility, realistic timelines and trust are especially important for capacity-building grantmaking. The ability of a grantmaker to adjust to the challenges that arise when an organization undergoes capacity-building work can be key to an initiative's success. Similarly, "one-size fits all" models have been problematic. Tailoring the grantmaking approach and expectations to the unique needs, resources and life cycle of the grantee are critical.

Consequently, building strong relationships and trust between grantmakers and grantees can be even more important with capacity-building grantmaking than with general grantmaking. The unique nature of OCB projects often require a grantee to divulge sensitive information about the organization's inner-workings. It must feel confident that such details will be received with discretion and respect, or barriers may arise limiting the project's ultimate success. This type of relationship can be difficult to achieve given the power

imbalance inherent in grantee/grantor exchanges. The onus must fall on the grantmaker to be attuned to this and work to achieve it.

Second, supplemental supports beyond grant dollars can be quite valuable, especially if they are uniquely tailored to the nonprofit. As mentioned above, organizational coaching is often reported as a valuable supplemental support to an OCB grant. Coaches with significant nonprofit experience help grantees problem-solve, think through ideas, reflect upon accomplishments, strategize next steps and provide guidance for unexpected issues that may arise. Other funders have found peer exchanges or learning circles to be beneficial for their grantees, especially when they are structured in a way that allows grantee ownership of the process and include skilled external facilitation.

Finally, capacity building is critically important, and may remain untended to without funding. Participation in the OCB program has awarded RRF

grantees the opportunity to do necessary work on their organizational development needs that might otherwise go unaddressed in the midst of other demands facing an organization. The opportunity to reflect upon and strategically act on capacity-building projects in an intensive way has been a successful vehicle for organizational growth and sustainability.

This last point may seem obvious but is easily overlooked. A marathoner who is too busy running to stop for water will not finish the race. Similarly, nonprofits that neglect their own infrastructure will not endure. This message is more important than ever in this difficult economy, when pressing, short-term demands crowd out the importance of longer-term planning and sustainability. The nonprofits that grasp this point—and the foundations that support them—will survive and thrive long after this economic storm has passed. ■

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## BOX 2: SNAPSHOT OF A GRANTEE

National Able Network (ABLE), received a two-year \$80,575 grant to develop and begin implementing a strategic plan. ABLE is a nonprofit employment training and counseling service that supports the needs of job seekers and employers. Annually, ABLE serves more than 5,000 older workers age 55 and over.

This was ABLE's first formal strategic planning effort under its current executive director. Objectives of the strategic planning process included: 1) to establish criteria to evaluate and direct growth; 2) to develop a new business plan for select programs; and 3) to improve integration of programs to provide clients a seamless point of entry to appropriate services.

ABLE used OCB funds to retain a consultant to do an environmental scan of the workforce development arena and facilitate the strategic planning process. A part-time graduate intern was hired to coordinate internal activities and provide other support.

Many recommendations emerged from the strategic planning process. ABLE adopted three organizational priorities: 1) to expand services for older workers; 2) to focus on key sectors (such as health care); and 3) to improve training and education to help individuals enter, re-enter or advance in the workplace.

As a result of the process, ABLE established outcome measures for its senior services. It now tracks measures on a monthly and quarterly basis, benchmarks against U.S. Department of Labor negotiated levels and evaluates on a trend basis.

ABLE established criteria for planned growth. Criteria include risk management, contract terms, political exposure, cash management, and funding diversification. These were used to guide decisions about bidding on contract opportunities.

ABLE made considerable progress in achieving service integration. It created the Chicago Workforce Center, a high-tech center where private and government organizations are under one roof to serve employers, job seekers and adult learners. This one-stop shop has become a national model for public-private workforce partnerships.

During the two-year period, ABLE grew considerably. At the start of the grant, its budget was \$18 million. At the end of the grant, its budget had grown to \$23.5 million.

As a result of its intensive strategic planning process, the organization became more deliberate in its growth, while still remaining very entrepreneurial. ■