

Capacity building

Investing in not-for-profit
effectiveness

*A PricewaterhouseCoopers
Canada Foundation
discussion paper on
strengthening the dialogue
between the not-for-profit
and corporate sectors*



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The context for our conversation

At the PricewaterhouseCoopers Canada Foundation, we believe that the greatest wisdom on building and empowering community leadership comes directly from those who know it best: the dedicated leaders within the not-for-profit¹ sector, who work tirelessly to improve the quality of life in communities across the country and around the world each and every day.

Through our work, we've become very familiar with some of the ongoing challenges faced by the not-for-profit sector in Canada. Among these is the issue of capacity building and how to strengthen organizational effectiveness. Too often, not-for-profits—driven by their passion, funders' restrictions or because of other factors—focus their resources on programs or services, without investing in their organizations and initiatives aimed to maximize impact and sustainability.

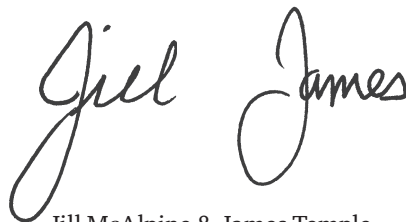
So, we asked ourselves: is there a role that we can play to facilitate conversations about this important issue? How can we invest our time, expertise and resources to help enhance understanding of the capacity issues facing the not-for-profit sector and create new bridges between the sector and corporations? To initiate our work on this important issue, we conducted a literature review and brought together not-for profit and corporate leaders in a series of roundtables. This paper provides a summary of the roundtable discussions. As you read on, you'll also learn about our interest in capacity building, the evolution of the roundtable discussions, several tools for understanding and building capacity and some proposed next steps to continue our Roundtable Project.

Our goal in publishing this discussion paper is to obtain further input and to stimulate cross-sector dialogue. We also hope this discussion paper can be used to drive engagement within corporate Canada and beyond.

A number of leaders from the not-for-profit sector and companies across the country helped us to bring this document to life. We want to acknowledge their support and thank them for their wisdom and passion.

We look forward to continuing this discussion together and listening to your valuable feedback about how we can evolve our Roundtable Project to help enhance not-for-profit capacity and strengthen organizational effectiveness.

Warm regards,

A handwritten signature in black ink, reading "Jill James". The signature is written in a cursive, flowing style.

Jill McAlpine & James Temple
PricewaterhouseCoopers Canada Foundation

Framing our discussion of capacity building

What do we mean by capacity and capacity building?

Definitions for capacity and capacity building are far reaching and broadly discussed.

Capacity

Organizational capacity has been described as “a wide range of capabilities, knowledge and resources that non-profits need in order to be effective.”² It is about a range of interrelated components that give a not-for-profit “the ability to perform effectively—to do the right things in the best way”³ to achieve their mission.

Capacity building

“There are many acceptable definitions for “capacity building”, but like the word “leadership”, its literal meaning is not nearly as important as the ideas the term embodies”.⁴ Here are a few definitions:

- The process of strengthening an organization in order to improve its performance and impact⁵
- Actions that improve nonprofit effectiveness⁶
- Actions that enhance a nonprofit’s ability to work towards its mission⁷
- Activities or actions put in place to support and strengthen core capacities within an organization⁸
- Actions that strengthen a not-for-profit’s ability to deliver greater social, economic and environmental benefits

PricewaterhouseCoopers Canada Foundation’s interest in capacity building

Since its inception in 2004, the PricewaterhouseCoopers Canada Foundation has been interested in capacity building—how we can invest our resources to help increase organizational effectiveness and inspire and assist others to think critically about issues impacting the not-for-profit sector.

We recognize that not-for-profits operate on a “lean and mean” basis and in many cases are stuck in a vicious cycle. This “Nonprofit Starvation Cycle”⁹ is clearly described in an article in the Fall 2009 issue of the Stanford Social Innovation Review. Not-for-profits are “so hungry for decent infrastructure that they can barely function as organizations—let alone serve their beneficiaries. The cycle starts with funders’ unrealistic expectations about how much running a nonprofit costs, and results in nonprofits misrepresenting their costs while skimping on vital systems—acts that feed funders’ skewed beliefs.”¹⁰ To break the starvation cycle, the article recommends that funders must take the lead.

So, where do we fit in this cycle? Our mission has evolved over time to more succinctly articulate our interest in building the capacity of not-for-profit organizations and the sector, in particular through helping to build and empower community leadership by sharing our time, expertise and resources. We strive to learn from our not-for-profit partners and better understand how we can maximize our impact. We believe that one way we can achieve this is to facilitate important cross-sector conversations that build knowledge, enhance grant-making practices and stimulate ideas for high-impact investment and collaboration.

Our Foundation's programs have been developed with guidance from not-for-profit industry leaders and are grounded in a capacity building framework. This framework includes capacity building grants, knowledge development, and skill-based volunteer programs designed to engage people in processes and activities that help support dialogue, understanding and collaboration. We hope our work will enhance not-for-profit effectiveness and develop strategic and committed philanthropists. You can find a summary of our volunteer programs and our approach in **Appendix A – The PricewaterhouseCoopers Canada Foundation Volunteer Continuum.**



At the PricewaterhouseCoopers Canada Foundation, we strive to learn from our not-for-profit partners and to understand how we can maximize our impact. We believe that one way we can achieve this is by facilitating important cross-sector conversations that build knowledge, enhance grant-making practices and stimulate ideas for high impact investment and collaboration.

Our approach to learning from other leaders and playing a role in the conversation

The PwC Capacity Building Roundtable Project

Over the past year, we've been working to deepen our understanding of capacity building to enhance the effectiveness of our work. We wanted to learn more about the challenges faced by our community partners and the methods, tools, experiences and promising practices needed to build and evaluate not-for-profit organizational effectiveness. During this time, it became clear that colleagues in the Canadian corporate community investment field had similar interests. As a result, we decided to undertake the Capacity Building Roundtable Project.

Through this project, we aim to deepen our knowledge, enhance the value of our work and create a positive effect on the success of others. Our goals are to:

- raise corporate sector awareness and understanding of the capacity challenges faced by not-for-profit organizations and the sector
- enhance investment and collaboration within the corporate community investment field and across sectors to build not-for-profit capacity

Our approach

In fall 2010, we hosted a series of roundtables to bring together representatives from not-for-profit sector organizations, public and private to foundations and major corporations. Participants were chosen based on their experience in fostering cross-sector collaborations, and developing common language and approaches for addressing complex community issues.

We chose the roundtable approach because it provided a safe place for open dialogue between and across sectors to:

- inform, educate, stimulate and broaden the conversation within the corporate community investment sector and cross sectors
- share ideas and information on promising practices for capacity building, collaboration, evaluation and other related areas
- identify opportunities to continue corporate engagement in capacity building learning and application`

The dialogue challenged participants to look beyond isolated program support and think bigger picture about how their resources can keep the lights on at charities. We also discussed what capacity building means. We wanted to understand how capacity building can be supported and evaluated, and how we could create a common language. The need to acknowledge differences between the sectors, including roles and resources, power dynamics, knowledge, experience and expertise was noted. It was the participants' hope (and ours) that the Roundtable Project would pave the way for more effective investments that would enhance organizational effectiveness and achieve greater community benefit.



Influential trends, resources and thinking

Our approach to the PwC Roundtable Project was based on emerging trends from authoritative literature. This included the 2011 article *Collective Impact*¹¹ and the 2009 paper *Convergence: How five trends will shape the social sector*.¹² These insights informed the development of the roundtable curriculum and subsequent discussions, for example:

- Demographic shifts in not-for-profit participation
- Technological advances
- Networks that enable new ways of working
- Rising interest in civic engagement and volunteerism
- Increasing public scrutiny and demand for accountability and transparency
- Blurring boundaries between sectors
- New ways of thinking and models for achieving systemic change through large scale, longer-term multi-stakeholder initiatives.

Roundtable objectives and possible next steps

To help stimulate discussion, we identified a number of objectives for the roundtables:

1. To develop a common language for capacity building and a shared understanding of some major gaps/opportunities that would benefit from corporate support.
2. To generate ideas for the development of a value proposition and plan to increase corporate awareness and understanding of the challenges faced by not-for-profit organizations.
3. To identify ways corporations can better allocate their resources to build not-for-profit capacity.
4. To see how interested people are in the capacity building issue.

The roundtables set the stage for continued multi-stakeholder discussions and the development of this discussion paper.



Roundtable participants' perspectives

We began the Roundtable Project by asking not-for-profit participants to provide a high-level perspective on the major strengths, weaknesses, opportunities and threats within their sector today. Their insights are captured below. This analysis was also shared and discussed with corporate participants.

Figure 1: Roundtable participants' SWOT analysis of the Canadian not-for-profit sector

Strengths

- Growing attention from boards and funders
- A transition from “sponsorship” to “partnership” with a need to define what partnership really means
- New networks are forming
- Increased sector maturity and the move towards a collaborative voice
- Investments in research (theoretical and applied)—new resources are being developed and leveraged

Opportunities

- Engaging generations on either end of the continuum (young to old)
- “Real time” information sharing
- Increased supply of talent due to boomer retirement
- Shift from talking about “outputs” to “outcomes”
- Focus on developing a shared language between NFPs, foundations and corporations
- Focus on storytelling as an effective tool to build understanding and share strengths, challenges and promising practices

Weaknesses

- Perception that corporate decision makers may need a better understanding of critical issues facing the NFP sector
- Lack of time, especially for reflective and generative thinking
- Often the wrong people at the table or the conversations don't go anywhere
- Challenge to create meaningful volunteer experiences (both NFPs and corporations) based on operational/knowledge constraints
- The sector needs a stronger voice

Threats

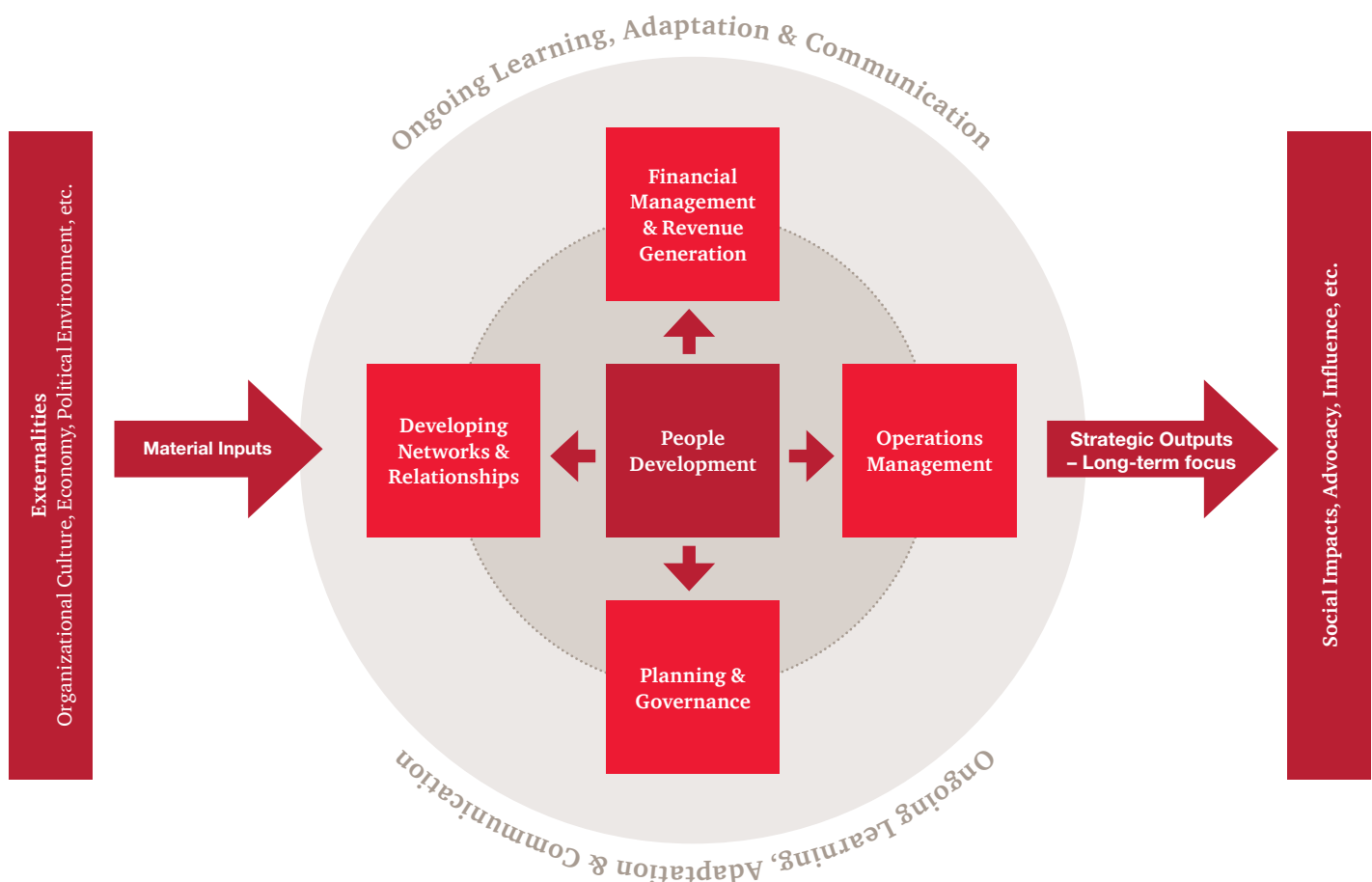
- Lagging compensation, resources for professional development and job security
- Focus on efficiency rather than effectiveness
- Resistance to change from both NFP and corporate organizations
- Lack of a concerted effort to identify priorities that impact the entire sector
- Competition rather than sharing and collaboration amongst NFPs
- Focus on individual issues, programs and organizations rather than systemic change and collective action

A capacity building model for increased dialogue, support and collaboration

Following the SWOT discussion, roundtable participants were asked to comment on a model (**Figure 2**) that describes not-for-profit capacity building. This model was adapted from the 2005 Muttart Foundation Fellowship paper *Conversations about Capacity Building* by Julie Kidd.¹³ It considers some of the key themes that impact not-for-profit organizational effectiveness, highlights the inter-connectedness of these components and shows the need for ongoing learning, adaptation and communication. What is not shown, but must be considered by funders and organizations, is that capacity building is “patient work” that typically requires an investment of three to five years before meaningful improvements can be achieved. The benefit—enhanced outcomes and sustainability—is worth the investment.

This model is not intended to capture all the complexities associated with building not-for-profit capacity. Rather, its purpose is to provide a plain language overview of the components that are required for effective performance. It can be used as a tool by both corporate and not-for-profit sector representatives to engage in dialogue.

Figure 2: A capacity building taxonomy¹⁴



Financial Management and Revenue Generation

- Challenges related to financial sustainability (standards, processes, transparency)
- Generating new revenue through social enterprise
- Financial training and literacy
- Training and development

Planning and Governance

- Needs assessments and identifying gaps in organizational effectiveness
- Governance (strategic and generative) and leadership training
- Sharing best practices across multiple organizations
- Understanding current and future state

Operations Management

- Better data management systems
- Integrating technology and cloud computing
- Using free online services (e.g. mobile giving, ticketing)
- Understanding productivity and how to maximize opportunities
- Using the right people in the right roles

Developing Relationships & Networks

- Opportunity to learn from leading organizations
- Network building
- Board of Directors training

Roundtable participants debated the model to identify where there could be improvements. Here is a sample of what was said:

- The model needs to be opened to new energy. It may not go far enough. Consider the work of La Piana, Margaret Wheatley and the topics of convergence, complexity, science and organizational development and key competencies for organizations of the future including, leadership, management and workforce development; tools and technologies; partnerships and organizational structures and resources for innovation.
- Mission should be in the centre, people should be embedded in all boxes, and all areas should be integrated not viewed as silos.
- The model reflects an organization in isolation; it needs an outer ring to reflect the broader context.
- Connectivity to other sectors needs to be reflected. Sector support organizations are missing.
- How do we use the model to promote value(s) of the not-for-profit sector?
- The model is not inspirational or aspirational. Critical thinking, cross-sectoral influences and the bigger picture context are missing.
- The model is too narrow. It should go beyond the ideas of sustainability to embrace the goal of “putting ourselves out of business” by resolving or eradicating societal issues.
- We need to move beyond the “corporate speak” of a value proposition to the inspirational level of values propositions.

The comments made by participants highlight some of the key competency requirements articulated in the literature review.¹⁵

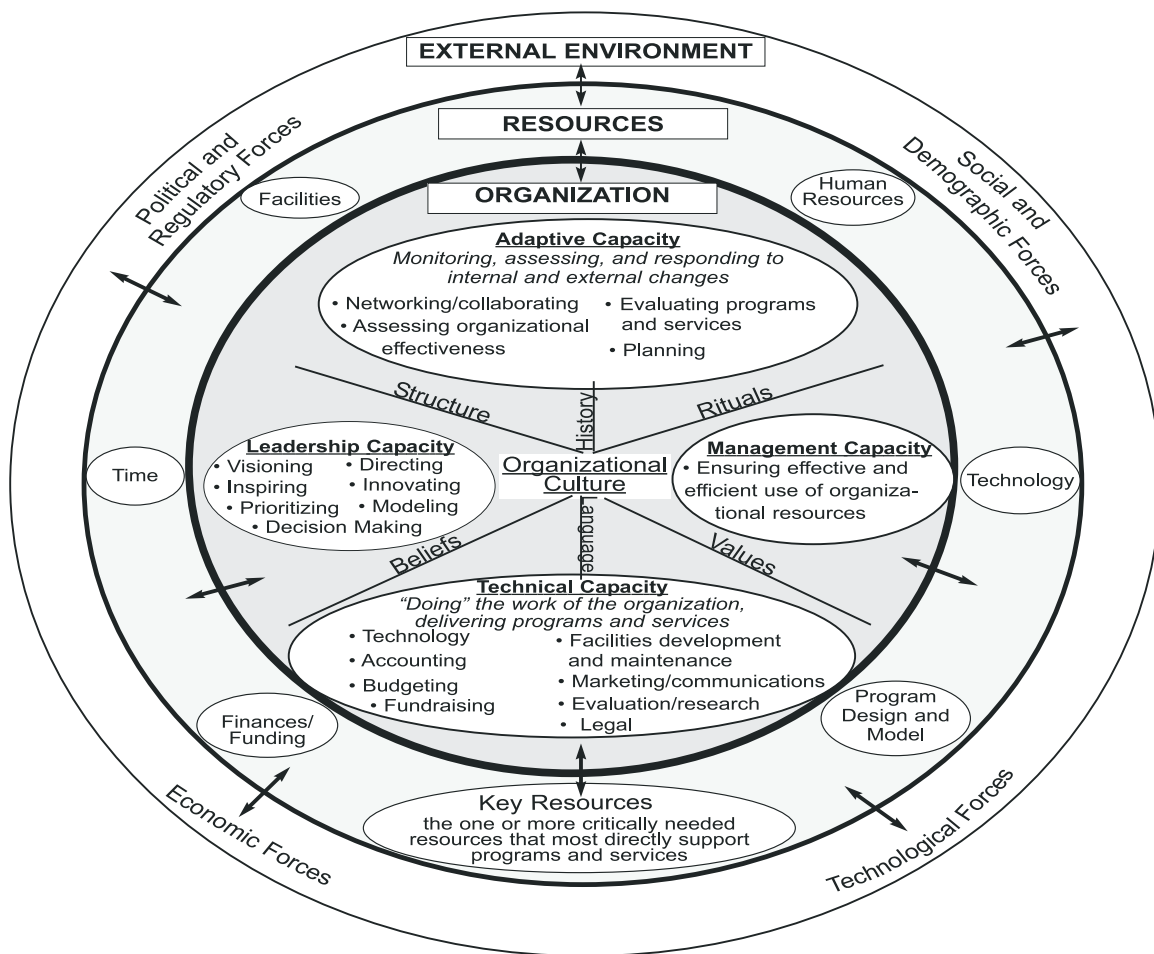
- Leadership, management and workforce development
- Tools and technologies
- Partnerships and organizational structures
- Resources for innovation

We further identified and compared a number of other capacity building frameworks, including those developed by McKinsey & Company¹⁶, TCC Group¹⁷ and Ontario Trillium Foundation (OTF)¹⁸. Each has its strengths, but we are drawn to the TCC Group’s model because:

- It’s both comprehensive (reflects external environment, resources, four components of organizational capacity and organizational culture) and easy to understand
- A detailed capacity assessment tool that aligns with this framework has been developed¹⁹
- Together, this framework and assessment tool will facilitate deeper understanding and discussion. They will form the basis to move beyond a theoretical discussion to assess capacity; identify needs; design interventions; attract and align resources; develop partnerships/collaborations; and evaluate, track and learn from capacity building initiatives.

The TCC Group model²⁰ is provided in **Figure 3**.
The McKinsey and OTF frameworks are outlined in **Appendix B & C**.

Figure 3: TCC Group Capacity Building Model



Ideas on how to engage corporations

A key issue considered by the roundtable participants was how to engage businesses that have limited time and resources dedicated to the topic. The following questions helped frame this discussion.

- Where do corporate strengths and community needs meet?
- How do private and not-for-profit enterprises complement each other? What are the strengths and gaps/needs of each?
- How do we better educate companies about the lack of funding and resources faced by not-for-profits?
- How do we create a compelling value proposition for corporations to invest in capacity building?

So, what did the roundtable participants recommend? A step-by-step communications process to help stimulate new conversations, define what collaboration means, and map out the landscape of corporate community investment in a capacity building model.

Participants also recommended six key points based on the SWOT analysis (Figure 1) and the model (Figure 2).

Six key points

1. A shared language to facilitate dialogue about capacity building

There is a strong case to be made for the investment of corporate resources in capacity building. By investing in organizational capacity, a funder leverages not only the impact of their contributions, but also the impact of an organization's total resources.

However, clear, simple and familiar language is needed to help corporations understand capacity building and develop effective investment strategies that leverage their strengths. Analogies to corporate needs and experiences would aid understanding: “not-for-profit organizations have the same needs as other businesses, including overhead and space, back end functions

(such as human resources, accounting and legal), as well as training and professional development. They face the added challenge of recruiting, training, and managing volunteers.”²¹

2. The not-for-profit sector is a source of value(s) and strength

Re-frame the conversation to focus on both the value and value-add not-for-profit organizations bring to corporations. Examples include opportunities to support recruitment, retention and professional development goals and embed desired social values through meaningful employee engagement activities.

3. Generative thinking, risk-taking and innovation

For any organization to achieve optimal results, leaders need ample time to think, reflect and generate new ideas. Encourage corporations to provide resources to enable their not-for-profit partners to reflect, take risks and test new innovations.

4. Networks and communications

Corporations can strengthen not-for-profits through sharing their networks, and communications expertise, so not-for-profits can tell their stories more effectively.

5. Public policy advocacy

The not-for-profit sector needs support to advocate for effective public policy. Corporations can assist by lending their voice to public policy discussions on a wide range of topics, such as transparency and standards.

6. Cross-sector professional development and human resource management strategies

Human resource challenges are a growing concern for all sectors. Collaboration on strategies to enhance professional development and human resource management would benefit both the for-profit and not-for-profit sectors.

Our next steps

Step 1: Identify a range of opportunities for corporate involvement

To enhance awareness and support, it will be important to provide a range of options for corporate investment in capacity building. Outlined below are several examples that illustrate a range of capacity building opportunities along a continuum from simple to more complex—from grants (e.g. including funding for operations as a portion of all grants or making grants that are unrestricted or specifically for capacity-building), to partnerships (e.g. collaborations between companies and not-for-profits to address a technical issue), to advanced collaborations (e.g. complex partnerships between multiple stakeholders that focus on system level changes).

Grants (investments):

The PricewaterhouseCoopers Canada Foundation Leadership Grants Program provides funding for professional development opportunities to staff and volunteers who work at small- to medium-sized registered charities in Canada. This program was developed based on an inspired and effective program of the Toronto Community Foundation—the Vital People Awards.

Grants are awarded annually in two categories:

- Individual Leadership Grants: \$2,500 for individual staff members or volunteers to participate in formal or self-designed professional development opportunities of their choice.
- Team Leadership Grants: \$5,000 for teams of two or more staff members and/or volunteers (including the applicant) to participate in formal or self-designed professional development opportunities of their choice.

Partnerships:

The Toronto Community Foundation, in partnership with IBM and local community organizations and with the support of The J.W. McConnell Family Foundation, developed and launched Canada's first philanthropic web portal (<http://ckc.tcf.ca>). The Community Knowledge Centre (CKC) uses videos and participant stories to showcase some of Toronto's charities and their "innovative and effective solutions to some of our city's most pressing issues." The CKC is a resource for individuals, families, businesses and governments who want to invest in effective organizations and programs.²²

Advanced Collaborations:

Strive, a not-for-profit subsidiary of KnowledgeWorks, brought together over 300 local leaders in Cincinnati, representing all sectors, to develop processes and funding models to tackle the issue of student achievement and create new processes for system level changes. The success of a complex initiative of this type is dependent upon a variety of factors: they include a long-term commitment to common agenda; a shared measurement system; mutually reinforcing activities; continuous communication; and a support organization that can act as a central point of contact.²³

Step 2: Create a map of the corporate-community investment landscape in Canada

Roundtable participants expressed concern that corporate community investment communications have a tendency to oversimplify issues, strategies and outcomes.

In this regard, all roundtable participants indicated there's a need to illustrate how corporations are currently investing their funds, sharing their skills and expertise, providing in-kind support, and working together with the not-for-profit sector. A funding map

could take many forms; but, there is a keen interest to identify, compare and contrast how, where and why companies are focusing their investments against a capacity building model such as those included in this discussion paper.

Participants believe this map would facilitate increased collaboration, particularly if the map is simple to understand and provides a clear basis to make better investment decisions.

Step 3: Broaden participation in the discussion

Participants emphasized the importance of extending the dialogue more broadly and some other essential considerations:

- move beyond the "us" and "them" mentality that may be inhibiting productive conversations between the corporate and not-for-profit sectors
- shift the tone of the dialogue from "what isn't happening" to "what might become"
- provide multiple opportunities and vehicles for corporate and not-for-profit organizations to participate in the discussion

The thoughts we leave you with

The outcomes of the roundtable discussions point to a variety of paths. Participants believe an important first step would be to establish a learning community that would foster and facilitate open and honest discussion. It was felt that this would help to create a level playing field and enhance the opportunity to learn and strengthen relationships.

In disseminating this discussion paper, our objective is to solicit

further feedback and host ongoing dialogue with corporate and not-for-profit organizations. Over the next year we will be engaging people through online discussions and presentations to help understand how we can all work together to make a difference. In addition, we will present the outcomes of the roundtables and other conversations at the 2011 Business and Community Partnership Forum hosted by Imagine Canada and Volunteer Canada.



Appendices

Appendix A

The PricewaterhouseCoopers Canada Foundation Volunteer Continuum

About PricewaterhouseCoopers

PricewaterhouseCoopers Canada (PwC or the firm) has close to 500 partners and 5,000 staff in locations from St. John's, Newfoundland and Labrador, to Vancouver, British Columbia. Now celebrating more than 100 years of excellence in Canada, PwC provides industry-focused assurance, consulting and tax services for public, private and government clients. As part of a larger network of over 163,000 people in 151 countries, PwC works to provide clients with the best of its collective thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders.

Our approach to Corporate Responsibility

At PwC, Corporate Responsibility (CR) represents the way we integrate social, environmental and economic concerns into our values, culture, decision-making and operations in an accountable and transparent manner. In 2009, PwC created a comprehensive CR strategy and we intend to lead our industry in integrating CR into all aspects of what we do – ranging from working with our local communities, minimizing our environmental impact, developing our people to their full potential, contributing to sound public policy and providing advice to our clients on their sustainability strategies.

Our firm approaches CR from four dimensions:

- **Community** – PwC is committed to making a positive, lasting impact in our communities by sharing our time, knowledge and resources as well as inspiring and harnessing the dedication and capabilities of our people.
- **Environment** – PwC is committed to respecting the environment by raising awareness of the footprint we are leaving on the planet and taking measurable steps to reduce the environmental impact of our business operations.
- **People** – PwC is committed to investing in our people by providing a range of opportunities to support them in reaching both their personal and professional goals. We are focused on developing responsible leaders who can build trust-based relationships with each other and with our clients and stakeholders.
- **Marketplace** – PwC is committed to responsible business practices and promoting responsible corporate citizenship. Whether with clients, vendors or other organizations, we promote sustainable practices and good governance.

The PricewaterhouseCoopers Canada Foundation

The PricewaterhouseCoopers Canada Foundation (the Foundation) was created in 2004 to help enhance and expand on the firm's philanthropic activities. The mission of the Foundation is to help build and empower community leadership by sharing our time, expertise and resources. The Foundation focuses its efforts on the following three strategic priorities:

- **Community:** making a significant difference in communities across Canada by integrating our community programs (cash, in-kind and volunteer) and by empowering and enhancing the commitment and effectiveness of our volunteers. Our objective is to facilitate the transfer of expertise between our people, the Foundation, the firm and

community partners in an effort to build capacity in the charitable sector.

- **PwC People:** developing responsible leaders who can build trust-based relationships with each other and with our clients and stakeholders. Our goal is to share knowledge, skills, experience and networks through our people's participation in the Foundation's programs.
- **The PwC firm:** adding value to PwC's business through our people's personal and professional development and enhancing the firm's reputation among key stakeholder groups in support of the broader business strategy.

The Foundation operates under a framework called *the PricewaterhouseCoopers Canada Foundation Volunteer Continuum* (the Continuum), which is a tool that helps with developing, monitoring, evaluating and revising the Foundation's strategy and programs. It helps to ensure any community support or volunteer experience is designed in a way that maximizes a person's level of commitment to the charitable sector and the effectiveness of their volunteer contributions. We focus on people at the core of our own capacity building initiatives and believe that we can strengthen organizational outcomes and impacts through the development of innovative thought leaders within both the corporate and not-for-profit sectors.

The Volunteer Continuum – A framework to help develop committed and effective volunteerism

The Continuum in **Figure 4** was created in collaboration with stakeholders in the charitable sector and PwC's leadership team. It acts as a decision-making framework to help guide the firm's community initiatives and maintain focus on the important role the Foundation has to engage, enlighten, enable and empower PwC's people for maximum community benefit.

At the highest level, the Continuum is a tool that helps to develop, monitor, evaluate and revise the Foundation's strategy and programs. It helps to ensure any community support or

volunteer experience is designed in a way that maximizes a person's level of commitment to the charitable sector and the effectiveness of their volunteer contributions.

The Continuum can be re-purposed by any individual or organization to assist with looking at the relationship between personal or business development and community program design and impact. At PwC, we leverage it to ensure anyone involved in the Foundation's activities is participating in an experience that is sustainable and strategic, highlighting how someone can move from being a novice philanthropist with simple program awareness to a strategic philanthropist who is using their skills, expertise and resources in new and

innovative ways. An illustration of how the Foundation has used the Continuum in this manner can be found in the Program Design Matrix in **Table 1**.

The Continuum also highlights how developing partnerships with the charitable sector can help encourage, enlighten and empower others to be thoughtful about their financial investments in the community and, in particular, help guide individual community contributions.

Table 1: Program Design Matrix – Measuring effectiveness and commitment

	Commitment and/or Effectiveness are Increasing and More Strategic		
	Team Volunteering & Foundation Day (Commitment)	Volunteer Grants (Commitment)	Volunteer Recognition (Commitment)
Novice Philanthropist Not involved, minimally or sporadically involved; involvement driven by external forces such as friends or colleagues, loose connection to the charity	Hands and Hearts – basic introduction to Volunteering & Learning Participating in Foundation Day activities	Program awareness	Program awareness
	Providing skills and expertise Helping to put together and lead Team Volunteering and Foundation Day activities	Active volunteering + application for a Volunteer Grant	Self-education about volunteer recognition program and fundamentals surrounding what makes a great experience + applying for or Nominating someone for an award – taking action
Strategic Philanthropist Deeply involved in the community through sustained, strategic and effective investment and leveraging of a range of resources including time, expertise, financial, networks and other resources	Transforming volunteer experiences into positions on Boards of Directors, connecting charities to resources, building capacity in strategic ways	Active volunteering + application for Volunteer Grants + personal financial contribution (recommended)	Participation in Volunteer Recognition selection panels

Figure 4: The PricewaterhouseCoopers Canada Foundation Volunteer Continuum

Team Volunteering – Hands/Hearts
Foundation Day – Participation

Volunteer Recognition – Be aware & apply
Foundation Champion – Add to performance plan
Board of Directors – Join a board

Team Volunteering – Put together an event
Volunteer Grants – Be aware & apply
Leadership Grants – Identify & invite applicants
Foundation Champion – Sign up & participate



Leadership Grants (Effectiveness)	Volunteer Education & Engagement (Effectiveness)	Foundation Champions (Commitment/ Effectiveness)	Foundation Advisory Board (Commitment/ Effectiveness)
Program Awareness	Volunteer 101 – Learning the basics of the volunteer experience Lunch and Learns – simply attend and learn	Program awareness	Program awareness
Inviting applications from charities who might benefit from the program	Board Basics – attend basic charitable director information seminar to increase effectiveness Lunch and Learns – identifying topics and speakers for lunch and learn and attend sessions in local offices	Commitment to the Champion leadership role & participation in calls & experiences	Commitment to serving as a member on the Foundation Advisory Board and integration of the role into the Performance Coaching & Development Plan
Participation in Leadership Grants selection panels	Board Treasurer (in development) – attend specialized information sessions on board treasurer and finance committee roles Governance as Leadership – attend new paradigms in charitable directorship/leadership sessions Join a charitable board	Full integration of the Champion role into the Performance Coaching & Development Plan; proactive partnership development and capacity building opportunities within the charitable sector	Ongoing participation and generative approach to board governance Join a task force to innovate the Foundation programs

Appendix B

McKinsey & Company

Excerpt from “Effective Capacity Building in Non-Profit Organizations”,
published by Venture Philanthropy Partners, 2001

If building capacity is vital to the long-term health and effectiveness of nonprofit institutions, both large and small, how then can we determine the capacity gaps of a particular nonprofit? Are there common threads, common issues, a common framework for assessing capacity that cut across the full spectrum of nonprofit activity?

Capacity is one of those words that mean all things to all people, and nonprofits have approached and interpreted capacity building in many different ways. As a starting point, therefore, the team developed a “Capacity Framework” to provide a common vision and vocabulary for nonprofit capacity.

The Capacity Framework (see Exhibit on page 36)*, defines nonprofit capacity in a pyramid of seven essential elements: three higher-level elements – aspirations, strategy, and organizational skills – three foundational elements – systems and infrastructure, human resources, and organizational structure – and a cultural element which serves to connect all the others. The team defined these elements as follows:

- Aspirations: An organization’s mission, vision, and overarching goals, which collectively articulate its common sense of purpose and direction
- Strategy: The coherent set of actions and programs aimed at fulfilling the organization’s overarching goals
- Organizational Skills: The sum of the organization’s capabilities, including such things (among others) as performance measurement, planning, resource management, and external relationship building
- Human Resources: The collective

capabilities, experiences, potential and commitment of the organization’s board, management team, staff, and volunteers

- Systems and Infrastructure: The organization’s planning, decision making, knowledge management, and administrative systems, as well as the physical and technological assets that support the organization
- Organizational Structure: The combination of governance, organizational design, interfunctional coordination, and individual job descriptions that shapes the organization’s legal and management structure
- Culture: The connective tissue that binds together the organization, including shared values and practices, behavior norms, and most important, the organization’s orientation towards performance.

By combining all the different elements of organizational capacity in a single, coherent diagram, the pyramid emphasizes the importance of examining each element both individually and in relation to the other elements, as well as in context of the whole enterprise. These emphases reflect a key finding of the research: many nonprofits tend to think capacity building is limited to “technical assistance” or improving the effectiveness of functions at the bottom of the pyramid – human resources or organizational structure, for example.

In fact, the case studies suggest that the greatest gains in social impact came when organizations engaged in capacity building efforts that were aligned within the pyramid. As in the case of Samaritan Inns, the organization’s systems

were most effective when integrated both with other lower-level capacity elements such as structure and human resources and with the higher-level elements of aspirations, strategies, and skills. Prudent nonprofit managers are therefore well advised to consider the organization wide impact of an initiative designed to build capacity in one element and plan accordingly. Certainly, nonprofits need not attempt to fix all of the elements of capacity at once – such an effort would undoubtedly lead to institutional paralysis for the duration of the project. By the same token, they must be aware that capacity building cannot be undertaken in isolation. Far better to extend capacity building started in one element to the most pertinent interconnected capacity elements.

The team also developed the Capacity Assessment Grid (see Appendix), a diagnostic tool to measure an organization’s strength along each capacity element in the Capacity Framework. In essence, this grid enables an organization to determine where it stands along the continuum of best practices for each element of capacity. A nonprofit manager can use the grid to map her organization’s institutional evolution along each area – board, fund-raising, information systems, and so forth. We tested the grid with nearly a dozen nonprofit executive directors, all of whom found the exercise illuminating and relevant. In the appendix, we go into greater detail about how nonprofits can use this tool and how to interpret the data that it generates.

* Please note that this Appendix is a direct quotation from the McKinsey paper and all references herein can be located within the McKinsey publication.



EXHIBIT
CAPACITY FRAMEWORK

Appendix C

Ontario Trillium Foundation

Excerpt from “Building Capacity, Granting for Impact Research Report”, 2005

Organizational capacity builds and is built by the following four interrelated pillars:

- 1. Relevance:** aligning with and understanding community realities such as socio-economic mix, societal norms and values, diversity, history, physical environment, assets/capacities and issues/needs.
- 2. Responsiveness:** developing and strengthening community relationships through ongoing consultation and collaboration to create a shared vision and promote inclusiveness.
- 3. Effectiveness:** practising good board governance, management systems and evaluation; implementing well-planned programs and services, communication strategies, resource management and technology.
- 4. Resilience:** nurturing an organizational culture that fosters leadership and creativity and embraces strategic thinking, financial vibrancy, continuous learning, asset/strength-based thinking and change management.



Appendix D

Tools & Resources

Capacity

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Endnotes

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