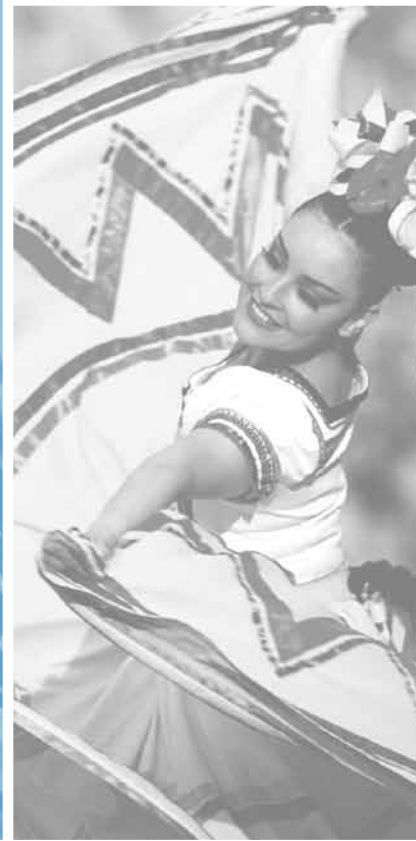


The logo for TCC Group, featuring the lowercase letters "tcc" in a white square followed by the word "group" in a sans-serif font.

FORTIFYING L.A.'S NONPROFIT ORGANIZATIONS:

CAPACITY-BUILDING NEEDS AND SERVICES IN LOS ANGELES COUNTY

A photograph of a highway sign for Route 101 South Los Angeles.

An Executive Summary by TCC Group
Commissioned by the Weingart Foundation

September 2010





A full copy of the report, "Fortifying L.A.'s Nonprofit Organizations: Capacity-Building Needs and Services in Los Angeles County," is available at www.weingartfnd.com

Los Angeles County depends on nonprofit organizations to provide vital services, fuel social and cultural innovation, and advocate for change. They are also an important economic force, representing seven percent of the gross metropolitan product and six percent of the labor force. In fact, Los Angeles County has more nonprofit organizations than any other county—as well as most states—in the nation. Their work is critical to reaching shared civic goals and creating a better region.

Yet these nonprofit organizations are struggling as demand for many services increases and revenues decline. While some of them have proven to be resourceful and resilient in providing quality services during these tough times, many are facing serious challenges in their leadership, governance, management, and operations. If the capacity of these organizations is weak, then their programs and services are bound to suffer.

What is the organizational capacity of Los Angeles County nonprofits? What types of capacity building do they most need to enhance their effectiveness? What kind and quality of capacity-building services are they receiving? And how are funders helping to strengthen—or hinder—nonprofit organizational performance?

To help answer these questions, the Weingart Foundation retained TCC Group, a 31 year-old management consulting firm that serves funders and nonprofits, to conduct a study of nonprofit capacity-building needs and services in Los Angeles County. Through surveys, phone interviews, focus groups, and objective assessments, TCC heard from over 1600 nonprofit, capacity-building, and philanthropic leaders in the region. As explained in detail in this report, TCC determined that Los Angeles County nonprofit organizations had such important strengths as visionary and inspiring staff leaders and a clear understanding of the needs of the complex and diverse communities they serve. Yet they were less effective in other critical areas like strategic learning, board development, financial management, and fundraising. TCC also found that nonprofit organizations were not well-informed consumers of capacity-building services and perceived the available consulting, peer exchange, training, and other capacity-building services to be somewhat fragmented and of mixed quality. And most L.A. funders were seen as providing inadequate and poorly coordinated support for nonprofit organizational capacity building.

The study revealed that there is clearly much that can be done to strengthen the organizational capacity and effectiveness of nonprofit organizations in Los Angeles County. The capacity of capacity-building providers in the region, in turn, also needs to be fortified.

What is the best way to respond to these sobering findings? A comprehensive list of recommendations is found in the final section of the report and recapped in this Executive Summary. It is our hope that nonprofit organizations, capacity-building service providers, and grantmakers carefully review the findings and work together to implement many of the recommendations.

We hope that you find the report to be illuminating and thought-provoking. We want it to stimulate change that enables more Los Angeles County nonprofit organizations to be well-led, reflective, sustainable, adaptive, and, ultimately, achieve greater impact.

Fred J. Ali
President and Chief Executive Officer
Weingart Foundation



What resources do Los Angeles nonprofits need to grow, thrive, and accomplish their missions? How readily can they currently access needed resources? And how can those who are concerned about the management, leadership, and governance of Los Angeles nonprofits assure that capacity-building resources are sufficient?

This report highlights findings from a comprehensive study of the capacity-building needs and resources of Los Angeles' nonprofits using an objective assessment and the perspective of multiple stakeholders to address these questions.

BACKGROUND

In 2009, the Weingart Foundation engaged TCC Group to undertake a study of the nonprofit and capacity-building¹ sectors in Los Angeles County to assess:

- The organizational strengths and challenges of nonprofit organizations in Los Angeles County;
- The capacity-building needs of these organizations, as well as their access to and experiences with capacity-building services; and
- The availability and types of capacity-building services available in the region.

This report provides findings from four main sources of data:

- TCC Group's Core Capacity Assessment Tool (CCAT)² completed by 260 Los Angeles nonprofit organizations;
- A Supplemental Survey completed by 263 nonprofits that assessed their capacity-building needs, as well as their access to and experiences with capacity-building services in Los Angeles;
- Interviews with 12 foundations, nine capacity-building providers, and 14 nonprofit leaders identified by the Weingart Foundation; and
- Focus groups attended by 25 nonprofit leaders identified by the Weingart Foundation.

Data for the study was collected from organizations representing all regions of Los Angeles County between September 2009 and March 2010, at the height of the economic recession. The nonprofits invited to participate in the study were the 725 organizations that had applied for or received funding from Weingart between 2004 and 2009, which comprises a meaningful sample of all nonprofits in Los Angeles County.

KEY FINDINGS

In carrying out this study, TCC Group elicited information from three different groups that together shape the landscape of capacity building:

¹ TCC Group defines "capacity building" as any activity that strengthens the performance of a nonprofit organization. Capacity-building activities include training, coaching, peer exchanges, consulting, and convenings.

² The Core Capacity Assessment Tool (CCAT) is a 146-question online survey that measures a nonprofit organization's effectiveness in relation to four core capacities—Leadership, Adaptive, Management, and Technical capacities—as well as Organizational Culture. It is designed to be taken by all senior staff leaders and one to three Board members who are deeply knowledgeable about the organization and its operations. Please see Appendix B for a fuller description of the CCAT.

It is noteworthy that, when asked to prioritize their capacity-building needs, organizational leaders placed two of these skill deficits—program evaluation and board leadership development—at the top of the list, indicating that they are aware of these needs and ready to address them.

nonprofit organizations (consumers of capacity-building services); capacity-building providers (the suppliers); and funders (“third-party payers” of capacity-building services). The Executive Summary highlights key findings from each of these groups as well as cross-cutting findings relevant to all.

The Nonprofit Sector in Los Angeles County

The nonprofit organizations in this study have numerous organizational strengths that stand them in good stead even in these challenging economic times. The study found that many of the 260 nonprofit groups in Los Angeles County that participated in the study are resilient and resourceful, and have considerable expertise in the communities they serve. One-third of the organizations are in the early organizational lifecycle stage that is characterized by the effective use of organizational resources to achieve greater impact in fulfillment of a nonprofit’s mission. The nonprofit groups in the study exhibit a strong capacity to monitor and learn about developments in their operating environments and to ensure that staff members have the knowledge and skills to deliver effective programs in those communities. Their leadership is strong in many dimensions. For example, a large number of organizational leaders demonstrate a sound ability to formulate a clear vision for their organization, engage stakeholders in making mission-driven decisions, and motivate them to rally around that vision and act on those decisions.

Very specific organizational behaviors that are strong predictors of organizational sustainability and lifecycle advancement among the nonprofit organizations in this study were identified using regression analysis on the data collected for this study. These behaviors include:

Organizational Learning

- Gathering and using community needs assessments and program evaluation data to learn about what is working, improve what is not, and develop new approaches to the work;

Motivating and Developing Staff and Board

- Building an organizational culture that sustains morale and effectiveness by encouraging staff members to reflect on their work and reconnect with why they are doing the work;
- Implementing strong human resource management practices, including hiring and retention, ongoing professional development, and establishing clear performance accountability measures for staff;
- Resolving human resource problems and interpersonal conflicts in an inclusive manner;
- Strengthening the board of directors’ capacity to lead the organization, particularly as organizational ambassadors; and

Resource Development

- Securing the resources needed to succeed in fundraising.

Significantly, the majority of organizations in this study were not strong on these crucial organizational capacities. It is noteworthy that, when asked to prioritize their capacity-building needs, organizational leaders placed two of these skill deficits—program evaluation and board leadership development—at the top of the list, indicating that they are aware of these needs and ready to address them. Other important organizational functions in which Los Angeles County nonprofits exhibit vulnerability include the

ability to monitor, assess, respond to, and create internal and external changes; the capability to cultivate “next-generation” organizational leaders and plan for leadership transition; the capacity to maintain financial stability in order to adapt to changing environments; the related capability to conduct outreach and marketing; and the capacity to secure the staff and technical resources needed to carry out the work.

The study found that areas of strength and challenges in organizational capacities vary by sub-sector. For example, Arts and Culture nonprofits on average scored lower than other organizations in the study on their ability to monitor, assess, respond to, and create internal and external changes with respect to both operations and programs. They are also weaker than both their peers within the county as well as organizations in the national CCAT database on almost all the indicators in the CCAT that measure whether an organization has the resources, skills, tools, and facilities to deliver its programs, manage its operations, and engage as a community partner. Health organizations, meanwhile, scored lower on the capacity to manage program staffing—to hire, reassign, or dismiss program staff depending on programmatic needs—than other nonprofits in this study. Human Service organizations are stronger than other nonprofits in the study on organizational culture, while nonprofits in the Education sub-sector are stronger than their peers in the study with respect to their ability to use data and other resources to effectively make decisions.

Overall, this study found that nonprofit organizations in Los Angeles County can strengthen their organizational effectiveness, enhance their sustainability, and advance to the next stage of the organizational lifecycle by building on their existing strengths to address deficits in the following areas:

- Program evaluation and strategic learning;
- Board leadership development;
- Human resource management;
- Financial management; and
- Fundraising.

The study also found that many nonprofits could benefit from becoming better informed consumers of capacity-building services.

Capacity-building activities that are effective at strengthening organizational capacity in these areas include trainings and workshops, organizational assessments, coaching, and consulting. The availability of these resources is discussed in the following section.

The Capacity-Building Field in Los Angeles County

Philanthropic, nonprofit, and capacity-building leaders interviewed for this study felt that the capacity-building field in the County is “disjointed” and “fragmented;” there are not sufficient providers to serve such an extensive region; there is little, if any, coordination among providers to share resources, synchronize services, and learn together; and there are significant gaps in services. Interviewees also expressed concern that many capacity-building providers are themselves neither organizationally strong nor financially sustainable, raising questions about their fundamental business models. Some interviewees also questioned whether nonprofits are effective consumers of capacity-building services.

There were concerns among nonprofit and philanthropic leaders interviewed regarding the quality and effectiveness of the capacity-building services currently available.

The study identified gaps in the areas of content, format, and geographic access. For example:

- While many of the capacity-building providers in this study provide services in the areas of strategic planning, organizational assessment, and fundraising, there are not many offerings in the areas of communications and outreach, information technology, and facilities management.
- There are fewer resources still for program evaluation, a critical capacity for organizational effectiveness as well as a predictor of organizational sustainability.
- While almost all providers included in the study offer workshops and trainings, fewer provide coaching and peer exchanges.
- There was also an expressed need for more culturally competent consulting services.
- Geography was also identified as an important issue. While there are a number of comprehensive service providers for specific communities, such as the Long Beach Nonprofit Partnership and the Flintridge Foundation in Pasadena, those providers that serve the County as a whole are all located in downtown Los Angeles, leaving regions of the county with little ready access to capacity-building services that depend on in-person group meetings.

In short, there is not close alignment between the organizational functions that nonprofits most need assistance with, the service formats most effective at building organizational capacity in those areas, and the current offerings of capacity-building providers in Los Angeles County.

There were also concerns among nonprofit and philanthropic leaders interviewed regarding the quality and effectiveness of the capacity-building services currently available. For instance, only 15 percent of respondents to the Supplemental Survey “strongly agreed” that the consulting services they had received incorporated well-established best practices in the consulting field. Given this, it is perhaps not surprising that just 1 in 3 nonprofit leaders reported that they “strongly agreed” that they would recommend a consultant they had worked with to a colleague. Additionally, when asked if the workshops and peer exchanges they had participated in were of high quality and reflected best practices, just 10 percent of respondents reported that they did.

Nonprofit organizations report facing barriers in accessing capacity-building services, particularly in managing the financial costs and investment of staff time involved in undertaking capacity-building activities. Perhaps due to these obstacles, many nonprofits in this study are not undertaking capacity-building activities in key capacities in which they are relatively weak. Forty percent of groups in the study, for example, are not undertaking any efforts to build their program evaluation capacity, and one-third are taking no action to strengthen board leadership, both important predictors of sustainability and lifecycle advancement.

Consultants are, by a wide margin, the main source of capacity-building services for nonprofits in the study. Forty-eight percent of groups reported having retained a consultant for strategic planning in the previous two years,

and 46 percent hired a consultant to conduct an organizational assessment. Less than one in ten nonprofits in the study work with a consultant retained through a nonprofit resource center or management support organization. Compared to this substantial use of consultants, just nine percent of organizations indicated that they had participated in a peer exchange for executive leadership development, and an average of three percent had received coaching to address any of the 12 organizational issues asked about in the Supplemental Survey.

Nonprofit organizations in Los Angeles County report that cost is the single most significant obstacle to accessing capacity-building services, and 83 percent of respondents reported paying for consultants from their discretionary budgets. The median amount paid over the previous two years was \$5,000, and one-quarter of nonprofit organizations reported paying \$25,000 or more. Thirty-five percent of nonprofits in the study received funding for capacity-building, in most cases from a foundation. This percentage may reflect the fact that the participants in the study are grantees of the Weingart Foundation, a significant funder of capacity building in the region.

Study participants concurred that the philanthropic sector could play an important role in strengthening the capacity-building field in Los Angeles County. The next section outlines the key findings in that area.

The Philanthropic Community in Los Angeles County

There are numerous foundations in Los Angeles County supporting nonprofit capacity building in the region. This support takes various forms, including providing general operating support and funding for capacity-building activities to nonprofits, funding intermediaries and capacity-building providers, and offering capacity-building services directly themselves.

Study participants suggested many ways that funders in the region could further support and strengthen the field of capacity building. An important strategy they identified was to increase dialogue about regional capacity building. Significantly, there was a widespread call for foundations to help foster greater communication and coordination about capacity building by encouraging capacity-building providers to meet regularly to share resources and synchronize services, and supporting these collaborative efforts. Study participants also suggested that funders themselves meet regularly to discuss ways to strengthen the capacity-building field.

Some interviewees suggested grantmaking strategies for foundations that build organizational capacity. A number of nonprofit leaders said that funders in the region could make the greatest difference by providing more dedicated funding for capacity building as well as more unrestricted and multi-year funding. They also suggested that foundations could carry out further research on the effectiveness of specific capacity-building practices on nonprofits in the region and continue to deepen understanding of the needs, opportunities, and strategies for maximizing capacity-building resources in Los Angeles.

Furthermore, study participants indicated that there are indirect ways that foundations can help nonprofits build organizational capacity, such as by launching an effort to encourage civic participation in Los Angeles to develop civic leaders and thus increase the pool of potential board members.

As an initial step, leaders in the community may want to join forces to create an ongoing forum among nonprofit organizations, capacity-building providers, and funders to develop a coordinated capacity-building strategy for Los Angeles County.

Capacity-building providers also indicated that they need help in building their own financial sustainability and suggested that foundations could help them deepen the quality and relevance of their program offerings.

Philanthropic leaders themselves differed on the question of how the philanthropic sector in Los Angeles could help strengthen the nonprofit capacity-building field in the region. Some felt that funders should help establish a new capacity-building provider from the ground up since, in their view, some of the existing resources were “too broken” or had “too much baggage” in the eyes of the community to be turned around and significantly improved. However, others felt that it would be premature to abandon what is already on the ground in Los Angeles and start anew.

One philanthropic leader felt that local foundations should continue to invest heavily in building existing organizations for another 10–15 years and then assess the situation at that point. Other interviewees felt that, given the geographic spread of existing capacity-building resources and the fact that they serve different communities and provide different services, it would be best to support the field as a whole in Los Angeles—to, in the words of one respondent, “fund the ecosystem” of capacity-building providers in the region. This approach, implemented by funders in other cities such as Seattle, entails funders supporting a select set of high-performing capacity-building providers to offer different services throughout the region, following their respective grantmaking priorities and strategies. Ideally, this approach would be coordinated at a general level to ensure that high-impact providers and strategies are supported and services made available to communities across Los Angeles County.

RECOMMENDATIONS

Exhibit 1, on the next page, depicts the nonprofit capacity-building ecosystem in Los Angeles County, including resources, strengths, challenges, and gaps identified in this study. A summary of recommendations that address the “What is Missing?” section of the chart have been distilled from evidence gathered from 1,613 nonprofit leaders, 14 foundations, and nine capacity-building service providers through surveys, interviews, focus groups, and objective assessments. These recommendations follow and are elaborated more fully in Section VI of the report.

The findings and recommendations outlined in this study merit open and candid discussion. Nonprofit organizations, capacity-building service providers, and funders need to work together to prioritize needs, jointly develop strategies, and coordinate resources.

As an initial step, leaders in the community may want to join forces to create an ongoing forum among nonprofit organizations, capacity-building providers, and funders to develop a coordinated capacity-building strategy for Los Angeles County. This would provide an opportunity to share resources, synchronize services, and learn together. Such a forum could be convened by an individual foundation or group of funders or through Southern California Grantmakers. Through this forum, participants can work together to bring program offerings into closer alignment with the identified needs of nonprofit organizations, ensure the incorporation of best practices in the field, address geographic gaps in service, and identify needed financial resources.

EXHIBIT 1: The Ecosystem of Nonprofit Capacity Building in Los Angeles

FUNDERS

Private foundations, government agencies, and other funders providing:

- General operating support to select nonprofits (e.g., *Irvine Foundation*).
- Grants to nonprofits specifically for capacity building (e.g., *The California Endowment, Ralph Parsons Foundation, and Keck Foundation*).
- Grants to intermediaries for them to re-grant to nonprofits for capacity building (e.g., *California Wellness Foundation and Weingart Foundation to Liberty Hill Foundation*).
- Grants to nonprofit management support organizations (e.g., *California Community Foundation's support of select management support organizations*).
- Capacity-building programs, directly (e.g., *Annenberg Foundation's Alchemy programs, and Durfee Foundation Leadership sabbatical programs*).

Overall, capacity-building support is diffuse and not well coordinated. A small number of large funders are responsible for a large portion of the grantmaking and capacity-building support that L.A. nonprofits receive. Some funders concentrate their support on particular communities or sub-sectors in L.A. Much funding of L.A.-based foundations support nonprofits outside L.A. County.

WHAT IS MISSING?

- A robust set of nonprofit capacity builders that provide a diverse range of high-quality, in-depth, place-based, culturally-competent, and comprehensive services and coordinate their activities well.
- A strong, one-stop shop that provides initial needs assessment and acts as a clearinghouse and referral-maker for capacity-building services.
- A county-wide association of nonprofits and a strong state association of nonprofits.
- Nonprofits that are well-informed consumers of capacity-building services.
- Funders' widespread provision of explicit, focused, and coordinated support for capacity building, including sufficient funding and general operating support, to support a thriving set of high-quality capacity builders and to strengthen the organizational effectiveness of key L.A. nonprofits.
- A regular central forum for funders, capacity builders, and nonprofits to discuss nonprofit capacity building.

CAPACITY BUILDERS

A wide array of capacity-building service providers including:

- Region-wide training and consulting providers (e.g., *Center for Nonprofit Management*).
- Comprehensive service providers focused on specific communities (e.g., *Pasadena-based Flintridge Foundation and Long Beach Nonprofit Partnership*).
- Specialized providers offering in-depth services related to a particular organizational area (e.g., *Nonprofit Finance Fund and CompassPoint's Fundraising Academy for Communities of Color*).
- Organizations that provide corporate volunteers for consulting services (e.g., *Taproot Foundation, Executive Service Corps, and Deloitte Center for Leadership and Community*).
- Academic institutions that conduct research on the L.A. nonprofit sector and provide training and evaluation services (e.g., *USC and UCLA*).
- A very large number of independent consultants and private firms, many of which offer specialized services, sometimes of variable quality.

Overall, the quantity and quality of available services is not adequately meeting the needs of nonprofits in the county and the service providers are fragmented and not well coordinated. In particular, there is a shortage of: high quality coaching and peer exchange services; program evaluation, strategic learning, and human resource services; culturally competent services; and services in particular communities outside of central Los Angeles, San Fernando Valley, and Long Beach.

NONPROFITS

A geographically dispersed set of almost 35,000 nonprofits (the largest number of any county in the nation) serving a diverse population with a range of pressing needs, across a variety of sub-sectors (including human services, education, health, arts and culture, and community development) that need and/or want stronger:

- Adaptive capacity, especially program evaluation and strategic learning and planning.
- Leadership, especially related to succession planning and board development.
- Ability to take programs to scale.
- Human resource management capability.
- Fundraising and financial management capacity.

Overall, L.A. nonprofits are struggling with financial sustainability and adaptive leadership and need access to high-quality, comprehensive, affordable, and culturally sensitive organizational assessment and capacity-building services. The number of nonprofits has increased over the last 15 years even as revenues have leveled off, leaving more, smaller organizations competing for a tinier share of the pie, with fewer resources to invest in capacity-building. L.A. nonprofits also need to become better informed consumers of capacity-building services.

More detailed recommendations for nonprofit organizations, capacity-building service providers, and funders follow below.

Nonprofit Organizations

Based on the findings of the CCAT study, nonprofit organizations in Los Angeles County can do much on their own to strengthen their capacity. They should strive to build on their numerous existing strengths—their self-awareness, deep knowledge of community needs, empowering organizational cultures, and visionary leaders—to develop their organizational effectiveness, enhance their sustainability, and advance to the next organizational lifecycle stage. In particular, they should:

- Build their capacity in program evaluation, become more effective learning organizations, and understand what works for program delivery;
- Help organizational leaders become more effective, particularly in the areas of program and organizational learning, organizational assessment, program scaling, succession planning, and resource acquisition;
- Strengthen their ability to manage staff, assess staffing needs, make staffing decisions, and effectively resolve human resource problems, especially so that they can take their programs to scale; and
- Develop their skills and expertise in the areas of evaluation, fundraising, outreach, marketing, financial management, and technology.

Since there are so many nonprofit organizations in the County and they are so diffuse, some of them could benefit from forming strategic alliances for the explicit purpose of strengthening their infrastructure to better take programs to scale. Specifically, those nonprofits that work in the same community or sub-sector could consider developing joint infrastructure projects in human resource management, fundraising, administrative support, volunteer engagement and management, and technology.

Moreover, the large number of organizations in this study that are not engaging in any activities to plan for a leadership transition should consider working with a consultant, participating in a peer exchange, or working with a coach to do so.

In general, nonprofits should endeavor to become more knowledgeable consumers of capacity-building services—when nonprofit leaders know what to ask for, they can hold providers accountable for delivering it. Nonprofit and philanthropic leaders should also consider ways to support the development of a strong regional association of nonprofit organizations.

Capacity-Building Service Providers

As discussed above, capacity-building providers in Los Angeles County should bring their program offerings into closer alignment with those organizational functions with which nonprofits most need assistance, including program evaluation, strategic learning, human resource management, strategic alliances, communications and outreach, and information technology. They should also increase the number of coaching and peer exchange opportunities, highly effective capacity-building activities that appear to be in short supply in the region.

Leaders in the fields of philanthropy and capacity building interviewed for this study agreed that capacity-building providers also need to build their own capacity.

Beyond quantity, they ought to closely examine the quality of their offerings and ensure that they follow well-established best practices in the field of nonprofit capacity building. For example, workshops could be more targeted and tailored to ensure that nonprofits' particular training needs are met.

One concrete way that providers could collaborate and focus their efforts is to provide services through a focused capacity-building initiative. Such an initiative could work in an in-depth manner with participating organizations by concentrating either on an organizational area of need, such as financial or human resource management, or sub-sector, such as education or the arts. The initiative could bring together a team of capacity-building providers with expertise in the chosen focus area.

In order to address geographic gaps in service, capacity-building providers should explore ways that they can extend place-based services to under-served areas of Los Angeles County. Some possibilities include offering a greater number of webinars and establishing joint satellite offices out of which multiple providers could offer services that require in-person meetings, such as trainings and peer exchanges.

Leaders in the fields of philanthropy and capacity building interviewed for this study agreed that capacity-building providers also need to build their own capacity. They should consider undertaking organizational assessments, evaluating their programs and operations, developing their own boards of directors, and assessing and refining their business models.

Interviewees added that capacity-building providers in the region would benefit from more networking, coordinating, and collaborating with each other. As mentioned above, providers should at minimum set up quarterly meetings to share resources, synchronize services, and learn together. With more resources, a formal network could provide a greater number and depth of activities. In particular, independent consultants and nonprofit providers of capacity building would benefit from understanding each others' work better and collaborating more. In addition, increased collaboration among capacity-building providers would help them provide nonprofit organizations with better services to help them implement and act on what they have learned in the workshops, peer exchanges, and other services in which they have participated.

Funders

Foundations and other capacity-building funders in Los Angeles County should consider ways in which they can encourage and help their grant recipients to build capacity in the organizational areas where this study found deficits, especially in program evaluation and strategic learning, board development, human resource management, strategic alliances, succession planning, and fundraising. Funders should also consider increasing funding that builds nonprofits' capacity, including general operating support, multi-year funding, and support for non-program staff positions.

Funders in the county could focus their limited resources by providing general operating support to "anchor" nonprofit organizations in the community, with in-depth organizational assessment and the development of a clear capacity-building plan as a prerequisite to ensure "readiness" to use the dollars. Furthermore, funders could pool some capacity-building

resources to support initiatives to “go deep” and address very specific needs.

Capacity-building providers in the region also need assistance from foundations, particularly with regard to increasing the quantity and quality of services they provide, extending services to under-served regions of the county, and building their own organizational capacity. As mentioned above, funders may choose to invest strategically in existing nonprofit capacity-building providers, possibly matched with a higher level of involvement with regard to directing the resources and setting their expectations. Funders could provide support for convenings, trainings, and workshops to further develop capacity builders’ skills, knowledge, and expertise. Funders may also want to explore the feasibility of forming a new management support organization that can complement existing providers, help fill in gaps, and provide “one-stop shopping” for a range of high-quality capacity-building services to nonprofits. Alternatively, funders may want to consider establishing a central forum and clearinghouse that would connect those seeking capacity-building services with relevant providers. Such an entity (which could be autonomous or operated under an existing provider) could provide “intake” services to nonprofits seeking capacity building, conduct assessments of needs and current organizational capacities, and make referrals to appropriate capacity-building providers.

Overall, as previously noted, funders should work together more to encourage grantmakers and capacity-building providers in Los Angeles County to undertake greater coordination in order to enhance the delivery of capacity-building services in the region. The USC Center on Philanthropy and Public Policy and Southern California Grantmakers are well positioned to convene philanthropic, capacity-building, and nonprofit leaders to tackle this topic. Funders will also want to address the difficult question of how to allocate limited capacity-building resources. Since capacity building is a means to an end, funders need to ask, “Capacity building for *what?*” and, based on their response, they may decide to concentrate their limited resources on the nonprofits that are best aligned with their grantmaking priorities. Another question for funders will concern the balance between funding nonprofit organizations directly for capacity building and supporting the capacity-building providers themselves.

The report outlines the findings of this in-depth study of the field of nonprofit capacity building in Los Angeles County from the perspectives of nonprofit organizations, capacity-building providers, and funders. This report is provided with the hope that it may lead to fruitful discussion and concrete steps to strengthen nonprofit organizations in the region in their ability to serve our communities.





ABOUT TCC GROUP

For more than 30 years, TCC Group has provided management consulting and evaluation services to foundations, nonprofit organizations, corporate community involvement programs, and government agencies. In this time, the firm has developed substantive knowledge and expertise in fields as diverse as education, arts and culture, community and economic development, human services, health care, children and family issues, and the environment. From offices in New York City, Philadelphia, Chicago, and San Francisco, the firm works with clients nationally and, increasingly, internationally. Services to our clients include business planning, organizational assessment and development, research, feasibility studies, program and organizational evaluation, board development, restructuring and repositioning, as well as grant program design, evaluation, and management. TCC Group has extensive experience working with funders to plan, design, manage, and evaluate initiatives to strengthen the capacity of nonprofit organizations.

Philadelphia

One Penn Center
Suite 410
Philadelphia, PA 19103
215-568-0399

New York

31 West 27th Street
4th Floor
New York, NY 10001
212-949-0990

San Francisco

225 Bush Street
Suite 1600
San Francisco, CA 94104
415-439-8368

Chicago

625 North Michigan Ave.
Suite 1600
Chicago, IL 60611
312-266-1711