



Strengthening Capacity in the Field

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Grassroots Solutions is an engagement strategy and evaluation firm committed to building healthy, just, and equitable communities. Majority-owned by women, we are a diverse team based in ten states and the District of Columbia with backgrounds in campaigns, policy, philanthropy, and advocacy. Since our founding in 1999, we have worked with a wide range of philanthropic, electoral, nonprofit, and advocacy organizations.

SWEL is an AAPI and woman-led consulting firm based in New Mexico that provides strategy and evaluation consulting. SWEL is managed by Sandra Wechsler and Eli Il Yong Lee. Both have 20+ years experience working in civic engagement, evaluation, politics, and advocacy.

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Background

Purpose

In Spring 2022, we began an assessment on behalf of a funder **to better understand how best to engage in and strengthen capacity-building for the field.**

Shortly after data collection began, we quickly learned that the gaps in the capacity-building process between the existing service provider sector and the groups who needed their services were complex, and that **fundraising capacity was in a class by itself in terms of expressed organizational need.**

An additional question that kept coming up was, **“Capacity-building resources actually exist. Service providers, while needing more scale, also exist. Why aren’t more grantees taking better advantage of these resources?”**

It became clear that the answer wasn’t a simple one. To try to understand the various impacts funders could have, a new framework for thinking about capacity-building was needed that could comprehend the roles of each player (i.e., grantee, intermediary, service provider, and funder) within the capacity-building ecosystem; clear areas for action; and the role of funders in the capacity-building process moving forward.

We did not have an expectation that a new framework could solve this challenge or easily define a new approach to grantmaking, nor fix capacity-building on its own. Rather, we believe a new framework will allow funders to potentially speak the same language and be as informed as possible as they develop their capacity-building strategy.

In this report, we discuss:

- | An **analysis** of data collected
- | A deep dive into the need for **fundraising capacity**

DEFINITIONS

Capacity-Building: In this report, we use the term “capacity-building” to mean the activities that strengthen the *internal* capacities of movement individuals and organizations, not *programmatic* capacities. For example, we include internal capacities like fundraising, financial management, board development, DEIB training, digital and physical security, etc., but exclude programmatic capacities like voter engagement, communications, data, lobbying, electioneering, etc.

Service Provider: A “service provider” is an individual or organization that assists movement individuals or organizations with these internal capacity-building needs. A service provider could be a vendor, a consultant, or an organization.

Field-facing vs. Funder-facing Intermediaries: We distinguish between funding intermediaries that are “field-facing” and fund and service a cohort of organizations, and “funder-facing” intermediaries that primarily work on behalf of a set of institutional or individual funders.

- | A **framework** for funder intervention in the capacity-building process
- | **Considerations** for funders interested in supporting capacity-building

The following section provides a summary of learnings from the data collected, which are further discussed in the subsequent section.

Methodology

This work included collecting and analyzing data to understand the capacity-building ecosystem, grantee needs, services provided, and options for how funders could best operate within that ecosystem. We engaged in the following activities:

- | Literature review of 81 capacity-building studies, report, and other research from the field
- | Interviews with 17 staff from a diverse group of intermediary funds, state-based grantees, service providers, consulting firms, and institutional funders
- | A quantitative survey of 20 respondents with six from state organizations and networks, five from national organizations and networks, five from pooled funds, and four service providers
- | Two focus groups specifically about fundraising capacity, one with three state-based organizations and the second with six pooled funds and national organizations
- | Data analysis, including a weighting of survey respondents with state-based groups receiving a multiplier of 4, national groups with a multiplier of 3, pooled funds with a multiplier of 2, and service providers with a multiplier of 1

Data Analysis and Findings

Summary of Learnings

From Organizations	From Intermediaries and Pooled Funds	From Funders
<p>Fundraising capacity, by far, is the most important need, with both cultural and career obstacles, including redefining our sector’s definition of “overhead.”</p> <p>Funders should provide organizations with additional funds to hire the service provider of their choice.</p> <p>The best way for funders to support capacity-building is to be responsive to, and fund, specific, customized capacity-building needs as they arise, on a case-by-case, ad hoc basis; and to provide a suggested or vetted service providers directory as an informational resource to grantees.</p>	<p>Capacity-building solutions often differ based on the size and type of the organization.</p>	<p>While numerous funders support capacity-building, few funders are focused on building fundraising capacity.</p>
From the Field		
<p>Developing a common framework and vocabulary for capacity-building will facilitate more cooperation and alignment, particularly among funders, toward effective capacity-building programs.</p>		

Survey of Capacity Needs

To identify priority capacity needs, we surveyed a representative set of leaders and weighted their responses. Respondents were selected from the following four groups, with state-based groups receiving the highest weighting and service providers receiving the lowest weighting:

- State-based groups (multiplier of 4)
- National groups (multiplier of 3)
- Pooled funds (multiplier of 2)
- Service providers (multiplier of 1)

We then created four tiers of capacity needs, shown on the following page.



TOP CAPACITY NEEDS OF THE FIELD

	TIER 1	TIER 2	TIER 3	TIER 4
CAPACITY NEEDS	<p>Fundraising:</p> <ul style="list-style-type: none"> • Individual • Foundation • Corporation • Online 	<ul style="list-style-type: none"> • Evaluation • Personnel Policies • Board Governance 	<ul style="list-style-type: none"> • Safety and Security (online/in-person) • Strategic Planning • Executive Director Coaching/Review • Hybrid Workforce Management • Technology Inventory Management • Professional Development Plans 	<ul style="list-style-type: none"> • Transition Planning • Data Analysis • Healing Justice • Crisis Communications • DEIB • Digital and Data Security • Fee for Service Fundraising • Health and Wellness
				<ul style="list-style-type: none"> • Financial Management • Nonpartisan Compliance • IRS Compliance • Risk Mitigation • Dealing with Government Delays/IRS • Family Accommodations • Office Space Audit • Peer Learning

Capacity-building needs often differ, based on the size and type of organization

A key learning from the data is that capacity-building solutions often differ based on the size and type of the organization. For example, large grantees often just need funding, as they can work their way through the capacity-building process (see “Capacity-Building Framework,” pg. 18) themselves through their breadth of relationships with service providers and their more robust organizational infrastructure required to engage in a capacity-building process.

However, smaller organizations more often funded by intermediaries tend to need more assistance in the capacity-building process, from identifying capacity needs to finding appropriate service providers to funding, which creates multiple entry points where funders can have an impact.

A third grouping are many national organizations and intermediaries, who need capacity-building services themselves but also play a role in providing services to their affiliates, local partners, and grantees.

Fundraising is the top capacity need

From our survey of a sample of state-based groups, national organizations and networks, pooled funds, and service providers, we created a weighted average for top capacity needs, with state-based groups’ responses weighted the most and service providers the least.



Fundraising capacity, by far, was the most important need.

There were several other needs that we would define as Tier 2 needs, ranking far below fundraising:

- | Evaluation
- | Personnel Policies
- | Board Governance

Several topics that have received significant attention recently were not at the top of people’s lists, including safety and security, strategic planning, executive coaching, DEIB, digital security, health/wellness, and healing justice. These topics are critical and important, but in the survey, they paled in comparison to fundraising. This ranking could be a reflection of organizations already knowing they can receive support for these needs, already knowing the service providers who provide these services, and/or simply being a reflection of the urgency around fundraising support.

Provide organizations with additional funds to hire the provider of their choice

When asked about the best way for capacity-building to be funded and delivered, the choice was clear among all respondent types: **Funders should provide organizations with additional funds to hire the provider of their choice.** In other words, every organization seeks to hold the funding, decision-making power, and accountability with the service provider themselves.

Organizations of all types want to control who they hire for capacity-building, ensure those service providers are culturally-competent, and have the accountability with the service provider reside with the organization, not with the funder.

“When the funder is involved in choosing [a service provider], it creates a lopsided power dynamic. It’s hard to work with consultants that have more power than the organization because they are dealing with and trying to please the funder rather than prioritizing our needs.”

STATE-BASED ORGANIZATION

The least desirable methods for funding and delivering capacity-building services were the scenarios in which the accountability of the service provider resided outside of the organization receiving services, whether with a funder or intermediary. These cases include an intermediary or funder paying for the service provision or an intermediary or funder selecting the service provider. The administrative advantage to the organization—not having to facilitate contracting, invoicing, 1099s, etc.—were far less important than being able to hold the service provider to account themselves.

Importantly, there are exceptions to this rule, particularly for field-facing intermediaries who have trusted relationships with smaller, lower-capacity organizations who may not have the bandwidth or experience to lead and administer the capacity-building framework for themselves. In these cases, and perhaps others,

it may be more desirable to fund the field-facing intermediary, who can then lead the capacity-building process with their trusted partners on the ground.

Do's and don't's for capacity-building support

We asked respondents about the best ways for funders to support capacity-building. The most helpful ways funders can help to build capacity are:

- | Be responsive to, and fund, specific, customized capacity-building needs as they arise, on a case-by-case, *ad hoc* basis.
- | Provide a suggested or vetted Service Providers Directory as an informational resource to grantees.

It is worth noting what groups on the ground do *not* want:

- | Formal and regular needs assessments
- | Cohorts that groups are required to join in order to receive funding
- | Group trainings

“The cohort model of training is much less effective. We build direct relationships with organizations we want to learn from, and have often found even well-intentioned cohorts to be a time suck, and the diversity of experience makes it less applicable. The only exception is when the cohort is for a specific training (economy of scale), and then paired with 1-1 skilled coach.”

STATE-BASED ORGANIZATION

“Lately, there has been a lot of group trainings being done by funders. What groups really need is support addressing their specific needs. The best way to help organizations is to include capacity-building in their budgets as a real cost.”

STATE-BASED ORGANIZATION

“Please no more cohorts. They take time away from the work, and we feel pressure to participate.”

STATE-BASED ORGANIZATION

A Deep Dive into Fundraising Capacity

From the interviews and surveys we conducted, fundraising capacity was by far the most important need expressed. Based on that finding, we conducted two focus groups to take a deeper dive into what exactly grantees meant by “fundraising capacity.”

We found that when groups talked about fundraising capacity, they usually meant one or all of the following:



1 *We need development staff—both mid-level staff to handle grant mechanics, and senior-level staff who understand programming to engage in donor relations, fundraising strategy, and writing.*

2 *Executive Directors need more time to focus on clear priorities like fundraising, organizational vision and strategy, and high-level staff culture and management. Assistance in areas like development, operations, and the minutiae of programming or administrative support could free up this time for Executive Directors.*

3 *Our sector needs to reassess how we think about “overhead,” “administrative,” and “operational” support. There still exists subtle (and sometimes overt) pressure to reduce grant dollars spent on overhead, but these line items are exactly where organizations can hire development staff and assistance for Executive Directors.*

Respondents articulated the following two categories of obstacles to solving fundraising capacity gaps.

CULTURAL OBSTACLES

- | There is a deep-seated drive in organizations to always put every dollar available toward programming, rather than toward expenses that are seen as “overhead,” “administrative,” or “operational” support, such as non-program staffing. In the past, some funders have reinforced this culture by capping, formally or informally, the amount of a grant that can go toward operations.
- | Dedicated development staff is a rarity. In the cases where an organization even has a development staffer, that person is usually mid- or entry-level and development is just one among several duties, with the Executive Director bearing the brunt of all development responsibilities.

- | Staff from low-income backgrounds face additional barriers and often trauma around money and asking for money, particularly important in organizations that focus on engaging low-income individuals and are staffed by community members.
- | Donors of all types expect to communicate directly with Executive Directors, making it difficult for development staff to start and maintain donor relationships that can provide status and upward career mobility and take high level tasks off of the Executive Director's plate.

CAREER OBSTACLES

- | There are few strong and senior development professionals, especially BIPOC ones, in the progressive field right now.
- | When organizations are able to identify a strong and senior development professional, the pay scale often outpaces their organization's pay scale.
- | The field of development can be difficult and unrewarding, made more challenging by not having a professional ladder to aspire to.
- | There are few strong development consultants, which creates a delivery gap but also reinforces the notion that there may not be a viable long-term career path for development staff.

A useful comparison for these cultural and career challenges might be political fundraising. In electoral campaigns, the Finance Director is often the first person hired and has among the highest compensation of any campaign position. Finance Directors are held in high esteem because if they are good at what they do, they have deep relationships with a broad network of individual and institutional donors. Finance Directors have an unlimited career ladder—they can develop their own finance firms, work on larger and more prestigious races, become donor advisors, etc. In short, we want progressive movement fundraisers to have the same cultural status and career opportunities as their political counterparts.

Considerations for Funders and the Field

The following section lays out considerations for funders based on everything we learned during the course of this project. First, we offer several guiding principles for funders to inform their approach to capacity-building. We then offer specific considerations for funders on how to provide capacity-building support.

Guiding Principles

- | **Capacity-building must begin by listening to organizations on the ground and reacting to their stated needs.** At times, funders create capacity-building programs and fit grantees into that program, when those services may not be the ones groups most need or are delivered in the way that is most helpful.
- | **The approach to capacity-building taken by funders will look different.** Some funders primarily support national organizations while others focus on state-based groups. Some have supported training and technical assistance for decades while others are still developing their approach to capacity-building. Additionally, each funder has different types of grantees, a different approach to grantmaking, and different levels of internal staffing. A one-size-fits-all approach won't work and those differences create opportunities to test out different approaches in applying the framework to different situations and types of grantees.
- | **The six-step capacity-building framework should serve as a reference point throughout,** acknowledging that the size and sophistication of an organization is a key factor in determining the most helpful ways funders can assist in building capacity (see *A Capacity-Building Framework* section).

Key Opportunities

We offer the following opportunities for funders, understanding that each funder will customize and adopt their own practices, based on their grantmaking approach and internal capacity.

Duration	Opportunities for Collaboration	Potential Impact
Filling Capacity-Building Gaps		
Short-Term	Opportunity 1: Fund an opt-in support system for progressive development staff, with a focus on BIPOC and low-income staff	Recommendation 1: Provide support for existing development staff



Duration	Opportunities for Collaboration	Potential Impact
Filling Capacity-Building Gaps (cont.)		
Medium-Term	Opportunity 2: Fund the training of ten, new BIPOC development staff or consultants from a pool of former organizers	Recommendation 2: Create a new cohort of skilled, experienced development staff
Funding and Implementing Capacity-Building		
Short-Term	Opportunity 3: Create a new pot of capacity-building funding that grantees can apply for to hire the consultant of their choice for their individualized needs, with priority given to proposals for development capacity or to free the Executive Director’s time.	Recommendation 3: Transfer accountability for capacity-building services to the organization, not the funder
Short-Term	Opportunity 4: Compile and share a “list of lists” of culturally competent service providers with allied funders and organizations.	Recommendation 4: Share potential service providers throughout the sector
Short-Term	Opportunity 5: Strengthen and/or create service providers with expertise in Tier 2 needs	Recommendation 5: Increase expertise and capacity among service providers in evaluation, personnel policies, and board governance
Role of the Field		
Long-Term	Opportunity 6: Become a sector though leader on capacity-building	Recommendation 6: Change the culture of how the field thinks about capacity-building, development, and overhead

We hope these opportunities stir a much-needed conversation in the field to improve the practice and execution of capacity-building, toward the end of strengthening state and national organizations and the funding entities that support their critical work.

A Capacity-Building Framework

Through the data collection, we found that there is no articulated or shared framework to guide the role of funders in the capacity-building process. Additionally, there is no common vocabulary around the capacity-building process. After input from organizations in the field, we offer a framework for capacity-building, with distinct action points for funders.

This framework outlines a decision tree (shown on the following page) with six steps to implement capacity-building assistance. Key players in this decision tree are:

- | The organization that seeks capacity-building
- | Funders who seek to support capacity-building and fill sector-wide gaps in capacity-building
- | Capacity “navigators” or coaches, who can assist organizations work through these steps
- | Service providers who will provide capacity-building

In each step, we suggest potential actions at a sector-wide and organizational level to assist the organization, as requested.

We believe that this can be a useful tool for funders in thinking about how to move forward. We believe developing a common framework and vocabulary for capacity-building will facilitate more cooperation and alignment, particularly among funders, toward effective capacity-building programs. The truth is that for many organizations, there is friction at multiple steps, not just in the “matchmaking” phase. This framework is an attempt to systematize capacity-building, making it easier to unearth pain points in the process that can be addressed through funder action. The framework also provides different approaches between large organizations and smaller organizations, often funded through intermediaries.

CAPACITY-BUILDING DECISION TREE

with Options for Funder Intervention

