



Creating Nonprofit Excellence through Capacity Building

Capacity building – what is it really? Are you a capacity builder?

By Tangie Newborn

People's views of capacity building have gone through a transformation. Funders once frowned on it, preferring to fund programs. Yet it's become clear that programs without capacity could result in unsuccessful outcomes. More and more, the trend is toward a focus on building capacity. Recent studies recommend that foundations refocus their support on general operating funds as a strategy for building organizational capacity.¹

How Is It Defined?

Here's how the Alliance for Nonprofit Management defines capacity building:

Building capacity involves a continuum of interventions that assist nonprofits with basic functions (such as financial and human resource management) as well as support for healthy organizational cultures.²

Capacity building refers to an organization's ability to achieve its mission and sustain itself over the long term. Capacity building involves bringing about change and measuring the effectiveness of that change. This effectiveness is often measured by an organization's progress in six key areas:

- governance
- fundraising
- financial management
- program delivery
- administration
- cultural competency.³

These key drivers influence a nonprofit's performance and overall effectiveness, thus leading to greater impact. It's not enough to look at one area. Rather, it's vital to consider all areas holistically.

Capacity building brings about change.

Where Do You Fit?

So, are you a capacity builder? The answer, without a doubt, is yes.

All of us who work in the field of nonprofit management are capacity builders. From the board to the CEO, the program manager to the fundraiser, the grantmaker to the conference manager – we're all in the business of building the capacity of the organizations we serve.

But how successful are you in building capacity? To answer this question, ask yourself: Has the organization embraced change? Is the organization prepared for the future? How will the organization demonstrate accountability and remain sustainable as a result of change? What will be the impact overall?

For many practitioners, the most compelling test is whether the organization and the sector as a whole have become stronger and more effective as a result of their work. Capacity building brings about change.

Much More than a Buzzword

Understanding the importance of capacity building is vital to creating a nonprofit of excellence. This excellence equates to the organization's accountability, sustainability, and impact on the community it serves.

As a capacity builder, you must continuously work toward change. You must evaluate the results of your work on an ongoing basis. And you must educate others on the need to build capacity. These are the keys to nonprofit excellence. ■

Footnotes

¹See, for example, "Report Calls for More General Support from Foundations," *Nonprofit World*, Vol. 25, No. 4, p. 30.

²See *Evaluation of Capacity Building: Lessons from the Field*, Alliance for Nonprofit Management, www.allianceonline.org.

³We can define cultural competency as the ability to work effectively with many different groups and to incorporate diverse cultures productively.

Articles in this department are written by the staff and members of the Alliance for Nonprofit Management (www.allianceonline.org).

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