Assessing Nonprofit Organizational Capacity

Abby Weiss from HFRP describes the tool that the Marguerite Casey Foundation offers its nonprofit grantees to help them assess their organizational capacity.

Nonprofits often are told to maximize their organizational capacity as a way to improve their performance. Knowing what capacity actually means and how to identify areas of need, however, can be confusing. Tools that define and assess organizational capacity can help organizations identify their unique capacity building needs and guide the development of plans to address them.

The Marguerite Casey Foundation—a private foundation that funds community organizing and advocacy with the goal of creating a movement of working families advocating on their own behalf—works with its nonprofit grantees to assess and build their organizational capacity. As part of this process, the foundation offers grantees a self-assessment tool to help them diagnose capacity strengths and challenges, and establish capacity building goals. Results deepen the foundation's understanding of grantee capacity and help both the foundation and grantees track growth in capacity over time.

The foundation's Organizational Capacity Assessment Tool is adapted from the McKinsey Capacity Assessment Grid, a comprehensive tool that evaluates organizations on 60 capacity dimensions. Aided by Blueprint Research and Design, Inc., the Marguerite Casey Foundation tailored the grid to fit its own needs and goals, which include encouraging grantees to take stock of their capacity issues, gaining a greater understanding of grantees' organizational capacity, and informing the foundation's technical assistance and programming plans.

The modified grid organizes questions under four dimensions: (a) leadership capacity—the ability of the organization's leaders to inspire, prioritize, make decisions, provide direction, and innovate; (b) adaptive capacity—the ability of the organization to monitor, assess, and respond to changes; (c) management capacity—the ability of the organization's management to ensure effective and efficient use of resources; and (d) operational capacity—the ability of the organization's operations to implement key organizational and programmatic functions. The adapted tool includes new questions on community organizing and constituent involvement (which are relevant to the foundation's movement building work). Blueprint and the Marguerite Casey Foundation also strengthened questions in the areas of evaluation, marketing, communications, fundraising, and cultural competency.

Ideally, several staff members and a board member of the nonprofit grantee each complete the assessment independently, and then meet to compare responses and identify a single set of ratings. This discussion can also include the identification of organizational capacity building goals and action plans. The electronic version of the tool automatically tabulates and summarizes results, facilitating communication among colleagues and allowing organizations to share the data easily with their funders or outside evaluators.

Both the Marguerite Casey Foundation assessment tool and the McKinsey grid are publicly available (see box). Some cautions accompany the tools, which should be treated as "a grading framework" rather than as instruments for precise scientific measurement. First, responses are subjective and respondents can potentially inflate ratings, although rating scales provide for some standardization and encourage candid responses. Second, rating scales can capture only major differences in capacity over time and are not sensitive to smaller increments of progress. Third, because the tools are often customized, data are difficult to aggregate across different versions. However, data can be examined across organizations to determine general areas of strengths and weaknesses.

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Capacity Building Assessment Resources

McKinsey Capacity Assessment Grid. www.vppartners.org/learning/reports/capacity/assessment.pdf

Marguerite Casey Foundation Organizational Capacity Assessment Tool. www.caseygrants.org/pages/resources/resources_downloadassessment.asp

Guthrie, K., & Preston, A. (with Hemmings, E., Walker, C., Siqueiros, S., Friedman, E., & Ko, K. L.). (in press). **Building capacity while assessing it: Three foundations' experiences using the McKinsey Capacity Assessment Grid.** In *A funder's guide to organizational assessment*. Saint Paul, MN: Fieldstone Alliance. www.blueprintrd.com/text/capacityassess.pdf

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Evaluation and the Sacred Bundle

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Three questions may help with this alignment. First, the nonprofit should ask, what story does it want to tell? Organizations should think about that moment down the road when a staff member will have to sit down at the computer and write a few lines about the work. Someone will pull open a drawer, take out a file, and hope that they have the right information.

That brings up the second question: What information does the organization need to tell the story? Organizations must figure out what information they must capture, day by day, so that one day it will be possible to pull that information from a sacred bundle.

The third question is, do organizations currently have in place mechanisms to track that information over time? If so, staff will put the information they value most into their sacred bundle. It will be there when they need it. If the mechanisms are not in place, staff will at least have identified their priority for evaluation.

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