

Overview

Metropolitan Planning Council, along with the Chicago Metropolitan Agency for Planning and the Metropolitan Mayors Caucus, is aiming to partner with struggling local governments in an effort to substantially improve their efficacy – the ability to deliver quality services regardless of geographic location. For MPC and our partners, seeing local governments strain to carry out actions that would benefit their residents has been strong motivation. As we structure our emergent approach, we have been struck with the parallels to established capacity building work in the nonprofit sector.

To explore these parallels, we spoke with Heather Parish, Program Director at the Pierce Family Foundation and a member of MPC's Sensible Growth Committee. Ms. Parish has deep experience in nonprofit capacity building and has also been instrumental in guiding MPC and our partners as we develop this new approach to increasing government effectiveness.

Q and A with Heather Parish:

1. Why is it important to build nonprofits' capacity?

I have a good analogy for this – it is like making a meal. Everybody has to eat, but we want to eat quality meals. That means you have to purchase the right ingredients, you probably have to be willing to pay more for the ingredients that taste good and are nutritious. If you use cheap ingredients, you can make a meal, you can sate your hunger, but it is not a good everyday approach. Long term this will lead to poor health.

It is similar in nonprofits. We have to have the correct ingredients in place – we have to have the right people, infrastructure, and systems in place for the nonprofit to function well over the long term. When you don't make the investments in these ingredients, you will get inferior results. This is not viable for the long run.

There really needs to be an even greater shift in our shared mindset about nonprofits – and government as well. Too often we hold up the idea that total costs need to be low, that results have to be achieved with less funding, and that almost all money has to go towards programming and that overhead should not cost much. This is just wrong. If you don't invest in all that overhead – the people, the systems, the planning, the fundraising – then the services are not good enough. When the services are not good quality, then the people who rely on the services suffer.

2. What does it look like when a nonprofit lacks capacity? What kind of work doesn't get done?

First off, any work that is getting done is not getting done well. You cannot provide good programs or services without investing in all the back office capacity.

One of the clearest signs of this disinvestment is a lot of staff turnover. This is most often the result of inadequate pay and insufficient staff development. Too often as people rise into leadership in nonprofits, they receive almost no training in how to be an effective supervisor. This takes a toll both on the person managing and on those being managed. Also you see people

at all levels that are not trained for their jobs. This all is a common source of burnout. Investing in developing staff is critical.

Now addressing inadequate pay is often more challenging. Something that is emerging and seems effective is a focus on promoting employee health and wellbeing. Focusing on a nurturing and pleasing office environment can be so helpful. But the nonprofits that truly lack capacity are usually not focused on this at all. In fact, they usually have offices that are really dingy, are really unpleasant places to work – broken down technology, outdated software, damaged furniture, and even dirty carpet and walls.

In nonprofits that lack capacity, there also tends to be little focus on strategic planning and evaluation, which obviously really negatively impacts the quality of services that are delivered. Without systems to track data and analyze outcomes, without understanding efficacy – and you need prepared and consistent staff, good technology, and good processes to do that – nonprofits can't even do well on the basics and certainly can't build fuller programs that have greater impact.

3. Twenty years ago, it was unusual for foundations to fund capacity building. Now this is much more common. Why was there this shift?

There is more data, there is more ability to see the difference between nonprofits that have strong capacity versus those that don't. There is more understanding of how much goes in to a well-functioning nonprofit. This really started emerging about ten years ago.

Also, seasoned nonprofit staff are now program officers at foundations. This makes a real difference in getting rid of the myth that you can deliver good programs without investing in all aspects of a nonprofit organization. This change in who is at the foundations has led to more honesty and transparency in the relationship between nonprofits and foundations. So now nonprofits are less likely to contribute to this harmful idea that they can do it all with little funding.

Really the whole sector has become more honest and reflective about what it takes to deliver excellent programs. This has allowed for a shift in looking at desired outcomes first and then asking how much it will cost to get there rather than starting with cost and defining the rest from that.

Unfortunately there is more to be done to push back against this harmful idea that quality services can be provided without much overhead. This is true in the nonprofit sector and this is also true in the government sector.

4. Thinking about some of the suburban communities in our region that have concentrated poverty, many of which are majority people of color, are there nonprofits in all of these communities? Are there organized community groups? In the existing landscape, how do you intervene?

While there may not be large, well known, and formally established nonprofits, there are of course organized community groups. Not all nonprofits and not all community groups are

501c3s. The work that is being done through the Chicago Fund for Safe and Peaceful Communities has illustrated this well. There are so many grassroots groups that may not be formally incorporated with a 501c3, but they are out there doing on the ground work. They are trying to curb violence, address issues in their communities, and help people to be more engaged. These groups generally don't have access to a lot of resources, are starting from a shoestring budget, and may not be as visible because they are operating out of someone's house or car, but they are doing important work. So the Fund for Safe and Peaceful Communities was intentional in learning about these kinds of groups and gave them small grants through a fiscal agent.

So this question about how you intervene is important. I think of the LISC Chicago New Communities Program and how they identified a lead agency in a community. LISC then partnered with them to galvanize everyone else – all these smaller groups – in an inclusive process to plan together for quality of life and to build up existing capacity to achieve these plans. This was a great model and it really had and continues to have a profound impact on those communities.

If there isn't a lead agency then the local government could play this role to convene and catalyze a process. Part of this could be to work directly with residents. Really it is about identifying and galvanizing existing assets and power within the community. If government is organizing and leading this, then a focus can be on engaging people to help government do its work more effectively. This can start with decision making, but as capacity builds, it could be in taking actions to improve quality of life.

For this to be effective, it would require local government leaders committed to true inclusion of community voice – this may take a shift in mindset of those in power. These leaders could not see their role as dictating who gets what, but would instead have real interest in residents' active participation in setting priorities and agendas. This could lead to a change in residents' expectations too, they'd be willing to put more towards this shared work of improving quality of life.

5. What criteria do you use when selecting to support capacity building efforts. What strengths must organizations have?

I'll speak about this in terms of nonprofit organizations, but really I think this can apply to selecting governments too:

Hopefully there is leadership in place that wants assistance, that is willing to think outside the box, and can be entrepreneurial. Often the leaders with the best potential will have ideas about what steps they need to take to build capacity. These ideas might need refinement, but even the ability to start to articulate ways to move forward is crucial.

They also need to recognize that capacity building needs to go beyond fundraising. They need to have a holistic understanding of improvement. A lot of times the default is to try to get more

money in, but effective capacity building involves everything else too. It is important to work with leaders that know they have to develop their people – both their staff and people within the communities they serve. The best leaders also know they need to improve their systems, they need to look clearly at the data and processes, analyze them, and make changes. Research studies on capacity building, and also my experience at the foundation, show that when capacity building involves these things that organizations actually will end up in a better financial situation than if they had only focused on fundraising.

Reputation, accomplishments, and access to the population we want to impact matters too. Sometimes we work with organizations that may be the only ones working in a community, or with a population within a community. They may be struggling in many ways, but they have the developed relationships, the connections. So there we will provide more intensive supports. This may take a long time. Our capacity building in these instances would be really intensive and would be a minimum of five years, but it can take longer.

6. So what are important strategies for working with a truly struggling organization? How do you build a trusting and frank relationship?

First you articulate that this is going to be a long term effort that is going to be phased – that you are going to start with small steps and build up. You need to not overwhelm them and you need to pace things in a way that is manageable. You also reassure them that you are going to be with them through this long process.

You emphasize that they are the expert. You have to ask them what they need, both initially and throughout. You ask them to identify where they want to build capacity, and then you go through assessments with them and involve them in identifying one or two actions. These are steps that shore them up, so it is practical in that sense, but it also helps build their sense of confidence in you as a technical assistance provider, which in turn opens the door to a more trusting relationship.

Once you have built that trust, then you work together to develop a work plan that will cover capacity building for the next three to five years. This might require some deeper assessments and involve setting some long term goals. Again, all of this is phased where they continue to develop in their own expertise, as well as their trust in you.

Through all of this it is imperative that you are flexible. Your intervention must be responsive. It may be necessary to slow down or to pivot. If you do not go in with this mindset of flexibility and long-term commitment, then your efforts will not work, they may actually be harmful. Just as foundations had to learn to stop expecting all funds would go towards programming, we also have to stop proscribing paths and setting unrealistic timelines for the struggling organization.

7. What other lessons does capacity building in the nonprofit sector offer to governmental capacity building? (*Would you ideally work with local government in a way that also drew in residents and built up their capacity?*)

The shift in mindset that has happened in the nonprofit sector must happen in the governmental sector. The perception that tax dollars are constantly misspent is a problem. There is a culture of not valuing the services government provides. In this atmosphere government has disinvested from its staff, its back office systems and technology – so like the low capacity nonprofit, many governments are so disinvested that they are not providing quality services.

The clearest way to overcome this perception problem is to more draw in residents, to have participatory processes where people can be part of the decision making and start to see differently the value of their government. If residents are involved in planning and budgeting decisions, they become more educated about how their government supports them – and the services and infrastructure become better aligned with what communities need.

This requires leadership that is open to change, that is open to participation, and that sees its role as serving the public. They have to take the risk of having these more engaged processes and they have to be willing to meaningfully incorporate what residents articulate through these processes.

So that shift can happen at the level of local governments, but that mindset shift about government has to happen elsewhere too. Funding is a big problem. Federal and state dollars are not going to these suburbs and many have an eroded tax base and cannot generate their own revenue.

We have sharp lines about sectors, but maybe that will not work right now. For these low-income suburbs, we need to develop a different approach. The philanthropic sector needs to find intermediaries that can invest in local governments to shore them up, have them become catalysts for their communities – maybe this is a model that looks something like LISC. Business has to be at the table too, investing and supporting. We need to be more collaborative across sectors – these are necessary actions to improve the quality of life in these suburban communities, and also communities across the state.