Building Organizational Capacity in Health Care Non-Profits

Introduction

Capacity building is currently a major topic among nonprofits and support organizations (funders, networks, associations, training centers, consultants, etc.) that provide services to nonprofits. After 9-11, a change in charitable giving placed a dramatic burden on government and civic institutions. At the same time, the disbursement of funds by the American Red Cross demanded nonprofits to spend money and perform in accountable ways. In a recent survey, by Paul Light, of the Bookings Institute, found that those organizations with increased organizational effectiveness showed an increase in funding from donors and grant funders.

The concept of capacity building in nonprofits is similar to the concept of organizational development, organizational effectiveness and/or organizational performance management in for-profits. Capacity building efforts can include a broad range of approaches, strategic planning, defining business goals and objectives, and identifying areas for operational improvement in grant management, fund development, marketing, training and development sessions, coaching, collaboration with other nonprofits, etc.

Organizational Capacity Building begins with an assessment to determine strengths and areas that need improvement. Organizational Capacity Building enables organizations to identify their own management priorities for strengthening or expanding management operations. Often, consultants facilitate a strategic planning session with the organization's executive team to help them align their vision and mission, values, business goals and objectives.

Strategic planning provides organizations with a clear plan for increasing their organizational effectiveness, efficiency and sustainability. Strategic objectives address, but are not limited to, program design, development and evaluation, business planning for revenue-generating activities, marketing and communications, financial management, resource development, board development, executive leadership training, technology and information systems.

Examples are:
- Staff training for certification, licensing and new skill sets.
- Medical and administration equipment, electronic record systems, computer hardware and software, outfitting examination rooms, dental chairs and telephone systems.
- Planning consultants for operational, technological or financial.
- Expenses for recruiting, hiring and temporary positions.
- Communication and marketing materials.

Case Study

Recently, a group of Organizational Development Consultants (IOE Consultants) engaged with Center for Non-Profit Effectiveness (C-One) an agency supported by the Health Foundation of South Florida to serve non-profit healthcare agencies in South

Florida. The purpose of this initiative was to improve the management and operational effectiveness of selected health-related organizations in Miami-Dade County."

The Organizational Effectiveness Initiative (IOE) was a yearlong capacity-building effort implemented by C-One and supported by Health Foundation of South Florida. Thirty-three health care organizations participated initiative. The average age of the IOE organizations is 20+ years with an average budget in excess of $10 million dollars. The goal of this initiative is to improve the organizational effectiveness of the participating organizations in order for them to better achieve missions and program goals.

This initiative was designed to identify, engage, and assist local nonprofit organizations in a yearlong capacity-building effort.

The overall goals were:

- Improve the management and operational effectiveness of selected health-related nonprofit organizations, to submit at least ten high-quality proposals for funding by October 2005, suitable for funding by the Health Foundation of South Florida
- Develop the capacity of C-One to design and deliver high quality foundation-sponsored capacity-building initiatives.

The Project had four phases: Planning & Selection, Assessment, Operational Planning 1 and 2 (Technical Assistance).

I. Planning & Selection Phase:

C-One worked with several consultants to design an effective assessment instrument that would provide organizations with insight into their organizations current effectiveness.
The two main deliverables of the planning phase were to:
- Identify an assessment tool and process for IOE Participants, and
- Recruit and select up to 40 health-related organizations to participate in IOE.

An assessment instrument was developed utilizing a combination of tools that have normative comparative data available. Several assessment instruments were reviewed Organizational Capacity Building by Paul C. Light, Bookings Institution and the McKinsey Capacity Assessment Grid.

> Paul Light's capacity building questionnaire assesses an organization's previous experience with capacity building initiatives.

> The McKinsey Capacity Assessment Grid helps nonprofit organizations assess their organizational capacity. McKinsey's capacity assessment grid explains the seven elements of organizational capacity and their components. Participants assessed the effectiveness of each element using a Likert Rating Scale.

Using a combination of assessment instruments, participants were asked to rate approximately 30 questions in the following areas:

- Previous experience with capacity-building activities, and
- Organizational operations in nine key areas.

IOE Assessment Instrument and IOE Toolkit
- Capacity Building Survey (Parts 1 & 2)
- Organizational Lifecycle
- Operations Inventory

OD Consultants

C-One contacted the local South Florida Organizational Development Network and recruited 12 OD Consultants. The consultants received training on the Organizational Capacity Building assessment and guidelines to debrief the results of the assessment with each Organization's executive team.

II. Assessment Phase:

Organizations were asked to participate in the IOE initiative. Forty-one applications were received, that subsequently 37 were recommended for participation. During the notification process four organizations withdrew their applications. 33 organizations participated in the Assessment Phase. Twenty-one participants have been prior HFSF grantees, 3 have had prior HFSF applications denied, 2 are in the current cycle and 7 have never previously applied/ received HFSF grants.

Consultant Visit

An OD consultant met with each organization's executive team and debriefed the aggregated data from the assessment report. The consultant role was to review data IOE Assessment, clarified information from the Operations Inventory, and help the organization establish a short-list of priorities for operations planning.

Feedback

Each organization received a personalized report with a summary of the aggregate data as well as the consultant's feedback report and recommendations. Executive Director reviewed the report with their board and key staff. They were provided with a personalized powerpoint presentation to be used for this purpose.

III. Operations Planning 1

The third phase involved meeting with each organization to help them develop operational goals and objectives. The planning was very complex depending on the operational needs of the organization. Some organizations requested support for conducting a strategic plan prior to working on their operational improvement plan. This process as lengthy and time consuming, however, the executive team agreed it was well worth the time. OD technical specialists met with the organizations to identify actions for

their operational improvement in specific areas. Grant money was available to help the organizations with the planning process.

IV. Operations Planning 2

Final strategic plans and operational plans were reviewed by OD consultants. Their recommendations on the quality of the plans were given to C-One. This provided guidance to Health Foundation of S. Florida on which organizations are eligible for future grant funding for operational improvement.

What was the Impact

Overall the participants benefited from the IOE assessment and planning processes. With clearer directions and a sense of their needs to improve their performance, organizations have clearer goals for the future.

The majority of organizations realized the need to improve their IT Systems, provide employees with computers and updated software, improve their marketing and fund raising efforts, provide board governance, identify succession planning for the executive team, improve recruitment and retention for employee satisfaction, and provide leadership development.

10 organizations were selected to participant in the next grant funding phase from Health Foundation of South Florida. Once the funding as been awarded, the OD consultants will provide assistance to help implement the operational improvement plans.

About the author:

Nancy Rehbine Zentis, Ph.D. has been an OD consultant in S. Florida for over 18 years. She has provided OD consulting to the healthcare and nonprofit organizations in Organizational Effectiveness Assessment, Competency Development, Mentoring, Succession Planning, Human Resource Management and Leadership Development. She currently chairs the South Florida ODNetwork **www.slfodn.org**. She was the past president of ASTD Fort Lauderdale. Her company, Institute for Organizational Development offers consulting and services in the field of OD. She can be reached at nancy.zentis@hrtalentpro.com