# Contents

Executive Summary ............................................................................................................................................ 3  
I. Introduction .................................................................................................................................................. 4  
II. Characteristics of the DIP .......................................................................................................................... 6  
III. Types of Capacity Organizations Sought to Build ................................................................................. 8  
IV. Findings .................................................................................................................................................... 10  
   A. Overall Changes in Capacity during DIP .................................................................................................. 10  
   B. Leadership Capacity ............................................................................................................................... 12  
   C. Adaptive Capacity .................................................................................................................................. 14  
   D. Management Capacity ............................................................................................................................ 16  
   E. Technical Capacity ................................................................................................................................. 19  
   F. Organizational Culture ............................................................................................................................ 22  
   G. Organizational Lifecycle ........................................................................................................................ 24  
   H. Organizational Budget .......................................................................................................................... 26  
   I. Predicting Shutdowns/Mergers ............................................................................................................... 28  
V. What Has Deaconess Learned? ................................................................................................................ 29  
VI. Conclusion ................................................................................................................................................ 30  

Appendix A: Deaconess Impact Partnership Logic Model ............................................................................ 31  

Appendix B: Methodology ............................................................................................................................ 32  
   Overview of Collected Data ....................................................................................................................... 32  
   Data Analysis ............................................................................................................................................... 33  
   Limitations ............................................................................................................................................... 34  

Appendix C: List of CCAT Core & Sub-capacity Definitions ...................................................................... 35  
   Core Capacity Definitions ........................................................................................................................ 35  
   Sub-Capacity Definitions .......................................................................................................................... 35  

Appendix D: Select Literature Review on Capacity Building ...................................................................... 38
Executive Summary

- On average, Deaconess Impact Partners (DIPs) targeted 18 areas for capacity-building improvements. The average number of targeted areas increases through time, with cohort 1 focusing on an average of 14 sub-capacities, cohort 2 focusing on an average of 18 sub-capacities, and cohort 3 focusing on an average of 22 sub-capacities.
- Five sub-capacities were targeted for improvements by all DIPs. These were: marketing skills, fundraising skills, technology, staff development, and board leadership.
- On average, groups saw limited improvement in overall capacity from year one of DIP to one-year post-DIP, with cohort one seeing an average decline of 11 points, cohort 2 seeing an average increase of 18 points, and cohort 3 seeing an average increase of 3 points.
- When examining improvement overall for DIPs, nine organizations improved their capacity score while five organizations saw a decline in this score.
- Changes in each core capacity were as follows:
  - For leadership capacity, on average five groups saw positive improvement while three saw a decline. Leader influence was the score most likely to improve, while leader vision was the most likely to decline.
  - For adaptive capacity, six organizations saw positive improvements while two saw declines. Program resource adaptability was the sub-capacity most likely to be improved while decision-making tools and organizational resource sustainability were least likely to be improved.
  - For management capacity, five organizations saw improvements while three saw declines. Conveying unique value to staff was most likely to improve while manager to staff communications was least likely to improve.
  - Technical capacity was the core capacity most likely to see improvement, with 10 organizations improving and only one organization declining. Fundraising and legal skills were most likely to improve while facilities was least likely to improve.
  - For culture, five organizations saw improvement while three saw declines. Re-energizing culture was most likely to improve, while unifying culture was least likely to improve.
- When looking at correlations, a few interesting patterns emerged:
  - Improvements in culture were generally associated with improvements in leadership, adaptive, and management areas.
  - Organizational budget increases did not correlate to changes in capacity.
  - Organizations that shutdown or merged were not able to be predicted by changes in their capacity scores.
- The majority of DIPs did not see increases in their lifecycle scores, but by the end of participation, no DIP remained in core program development.
- Growth in organizational budgets showed an unclear trend, beyond a dip in 2008.
I. Introduction

In 2004, Deaconess Foundation launched a new intensive capacity-building initiative – the Deaconess Impact Partnership (DIP). The DIP was created to increase the organizational capacity of selected nonprofits. The intention of the DIP was to go deep with a small number of organizations by providing substantial investments in capacity-building funding and technical assistance. The initiative was designed as a cohort model, with each cohort lasting four-years. Ultimately, Deaconess supported three cohorts of organizations, with a total of 22 organizations. The years and number of participating nonprofits can be seen in Table 1.

Table 1: DIP Cohorts by Year

<table>
<thead>
<tr>
<th>Cohort</th>
<th>Years</th>
<th># of Nonprofits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2005-2008</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>2009-2012</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>2013-2016</td>
<td>6</td>
</tr>
</tbody>
</table>

As the third cohort was completing its work in 2016, Deaconess Foundation began to think about the future of the DIP. Although the Foundation has worked closely with formative evaluators, including TCC Group, throughout the length of the partnership, there had not been a comprehensive retrospective assessment of what had changed and what had been sustained.

In the fall of 2016, Deaconess Foundation hired TCC Group to do the retrospective assessment as a research study. This research study was intended to assess the impact of the DIP and to contribute to a sparse literature on the effects of capacity-building. The guiding research questions were:

- In which capacity-building areas were DIPs able to improve? How did this growth correlate with their targeted efforts?
- What changes in capacity, if any, are correlated with organizations merging or shutting down?
- How do capacity increases correlate with changes in organizational lifecycle?
- How do changes in capacity correlate with budget growth?
- How do changes in organizational culture correlate with other capacity changes?
- How did the trends in capacity built and sustained differ by cohort?

To answer these questions, we used four sources of data:

1) Capacity-building plans. Each DIP had to create a capacity-building plan for every year of the engagement. These plans were fairly detailed in terms of what the activities of the capacity-

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1 See Appendix D for a brief summary of literature related to capacity building.
2 For more on our methodology, please see Appendix B: Methodology.
building work would be that year and what goals were hoped to be achieved. TCC Group coded all of these plans for intention, and for intensity of the capacity-building activities.

2) **Background data.** TCC Group asked all DIPs to provide three data points from 2002-2016. These were: organizational budget, the number of FTE staff, and the number of board members. Budget and staff size data were used as proxies for growth and thereby effectiveness. For organizations that chose not to respond to the survey, we collected some of this data via a review of publicly available 990s.

3) **Scores from the Core Capacity Assessment Tool.** In 2017, we asked all cohort 1 and 2 grant partners to re-take the Core Capacity Assessment Tool (CCAT) with the intent to use these data to understand the long-term effects of the DIP. As DIPs had taken the CCAT approximately once a year during the DIP and when applying to the DIP, this provided us with directly comparable before, during, and after DIP data.

4) **Interviews.** TCC conducted interviews with seven current and previous staff, board members, and consultants of Deaconess Foundation to better understand their thoughts on the capacity-building process as well as changes to the DIP model over time.

This report presents findings from the research, including changes in organizational capacity, changes in organizational life-cycle, changes in organizational budgets. The current study is meant to understand what was accomplished through DIP as well as to share lessons learned by Deaconess that could be used to inform the broader field of capacity builders. While the data is informative, there are a number of limitations, which are detailed in Appendix B: Methodology. The data also raised areas for additional research, which we detail in the conclusion.

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3 Cohort 3 had recently taken the CCAT as a natural part of their DIP engagement at the time of the research.
II. Characteristics of the DIP

The impact partnership had four main components:

1) **Capacity-building planning.** Each year, DIPs had to plan out their capacity-building efforts for the year ahead. These plans were comprehensive in nature, detailing the activities, goals, owners, costs, timelines, and method. These plans were then used as the basis of the work. For cohort 1, this planning process was done yearly while for cohorts 2 and 3, DIPs tended to update the plans quarterly.

2) **Capacity-building implementation.** With plans complete, DIPs moved forward to implementation. Implementation could mean hiring staff, buying new technology systems, training staff, moving buildings, board retreats, hiring consultants, etc. Deaconess Foundation put few restrictions on how funds could be used, with the one differentiator among cohorts being that while in cohort 1, organizations had no restriction on how funding was used for salaries. For cohorts 2 and 3, the Foundation took a phase-out approach, where they paid a smaller percentage of new staff’s salary every year.

3) **Peer learning.** Executive Directors were invited to ‘ED meetings’ that emphasized both professional development and peer learning. There would frequently be a pre-decided topic and EDs would come prepared having either read a relevant book or article or sometimes an outside speaker was brought in. EDs would also have time set up for peer learning via more informal conversations.

4) **Ongoing feedback and evaluation.** Finally, all DIPs received some level of evaluative feedback and guidance. Throughout all three cohorts, DIPs received customized CCAT reports showing their current level of capacity approximately once per year. Frequently, more formal formative evaluations were conducted that had elements of qualitative data collection from the sites, resulting in reports on progress so far and barriers to making progress.

A logic model detailed the main strategies and desired outcomes of DIP and can be seen in Appendix A.

Organizations that applied for funding were asked to take the CCAT, fill out an application, and meet with Deaconess Foundation staff and consultants for a site visit. There is a perception among Deaconess staff that the selection process became more rigorous over time as the selection criteria became more clear.

It must be noted that given the intensity of DIP, the partnership itself can be seen as an organizational intervention. Beyond whatever activities were chosen by a particular organization to advance their capacity-building goals, simply by being selected as a DIP partner, organizations had access to leadership coaching with Deaconess program officers, Executive Director meetings which were used as an avenue for peer learning, and often ongoing evaluation products such as reports, phone calls with evaluators, or customized capacity-building reports from the Core Capacity Assessment Tool (CCAT).
As a final note, it is important to elaborate some of the differences in approach between the three cohorts. Each of these has potential implications for how the organizations experienced DIP. Areas of difference include:

- Cohort 1 went through the DIP during the heart of the recession in 2008 and 2009. At this time, nonprofits across the country were hit hard and generally went into more of a survival mode. Both the psychology of the recession as well as the practical effects of the recession likely impacted how cohort 1 experienced DIP. In addition, the recession may have had an effect on cohort 2 by either right-sizing them or otherwise priming them for capacity emergence after the impact of the recession.
- The rigor of the selection process became more intense over time. Data indicate that cohort 1 was largely selected by Deaconess staff, with little discernable examination of readiness characteristics. Cohorts 2 and 3 appeared to go through more rigorous selection processes.
- Cohort 1 did capacity-building plans on a yearly basis, while cohorts 2 and 3 were required to do them on a quarterly basis.
- All cohorts were allowed to use funds for staffing purposes. However, cohort 1 had few restrictions on that funding, while cohorts 2 and 3 had to build in sustainability funding for the positions over time.
III. Types of Capacity Organizations Sought to Build

Every organization had the opportunity to develop their own capacity-building plan, leading to variations in what organizations targeted for capacity improvement. On average, DIPs worked on 18 capacity-improvement areas during their grant engagement. The average number of focus areas increased with each subsequent cohort. Cohort 1 worked on the fewest amount of sub-capacities, targeting, on average, 14 areas for improvement. Cohort 2 averaged 18 activities, and cohort 3 averaged 22 activities. The total number of sub-capacities targeted for change, along with the high and low number of activities by cohort can be seen in Table 2. Below, Table 3 shows the number of organizations that worked on each sub-capacity, along with how intensely the organizations focused on that sub-capacity (the scoring intensity), and the average resulting point change from pre-to-post CCAT data for groups that were working on any given sub-capacity.

Table 2: Number of Capacity Areas Targeted By Cohort

<table>
<thead>
<tr>
<th></th>
<th>Cohort 1</th>
<th>Cohort 2</th>
<th>Cohort 3</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average # of sub-capacities targeted</td>
<td>14</td>
<td>18</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>Lowest # of sub-capacities targeted</td>
<td>7</td>
<td>13</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td>Highest # of sub-capacities targeted</td>
<td>23</td>
<td>24</td>
<td>26</td>
<td>26</td>
</tr>
</tbody>
</table>

Five sub-capacities were focused on by all DIPs and two were not directly targeted by any organization⁴. The sub-capacities that were focused on by all the organizations were: marketing skills, fundraising skills, technology, staff development and board leadership. Other areas where large numbers of organizations focused include decision-making tools (such as strategic plans) (19 organizations), program evaluation skills (17 organizations), and technology skills (17 organizations). Conversely, no organizations focused on leader influence or problem solving.

Marketing skills, fundraising skills, and technology were the sub-capacities most intensively worked on by DIPs. Each capacity-building plan was coded for intensity of effort by sub-capacity area, with nonprofits able to earn a score of zero (no effort for a certain sub-capacity over) to three (intensive effort) each year for all four years. These scores were summed for the four years of DIP resulting in an ultimate scale of zero to twelve. A score of six would indicate that an organization worked fairly intensively on a certain area. For example, they may have an intensive effort on this area for two years (3x2 = 6) or had intensive effort one year and worked to sustain that growth for the other three (3+1+1+1=6).

⁴ A list and definitions of all sub-capacities can be seen in Appendix C.
<table>
<thead>
<tr>
<th>Sub-Capacity</th>
<th># of Orgs Focused Here</th>
<th>Average Intensity</th>
<th>Average Change Among Orgs That Targeted This(^5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adaptive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decision Making</td>
<td>19</td>
<td>6</td>
<td>-7</td>
</tr>
<tr>
<td>Environmental Learning</td>
<td>2</td>
<td>3</td>
<td>24</td>
</tr>
<tr>
<td>Organizational Learning</td>
<td>10</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Organizational Adaptability</td>
<td>6</td>
<td>5</td>
<td>-9</td>
</tr>
<tr>
<td>Program Adaptability</td>
<td>2</td>
<td>1</td>
<td>N/A(^6)</td>
</tr>
<tr>
<td>Program Learning</td>
<td>14</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Leadership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Leadership</td>
<td>22</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Internal Leader</td>
<td>13</td>
<td>2</td>
<td>-3</td>
</tr>
<tr>
<td>Leader Influence</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leader Vision</td>
<td>14</td>
<td>2</td>
<td>-9</td>
</tr>
<tr>
<td>Leader Sustainability</td>
<td>13</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assess Staff Performance</td>
<td>13</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>Unique Value of Staff</td>
<td>1</td>
<td>1</td>
<td>-35</td>
</tr>
<tr>
<td>Financial Management</td>
<td>7</td>
<td>4</td>
<td>-3</td>
</tr>
<tr>
<td>Managing Staff Communications</td>
<td>1</td>
<td>1</td>
<td>-1</td>
</tr>
<tr>
<td>Performance Expectations</td>
<td>8</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Program Staffing</td>
<td>13</td>
<td>2</td>
<td>-3</td>
</tr>
<tr>
<td>Problem Solving</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing Program Staff</td>
<td>14</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Staff Development</td>
<td>22</td>
<td>5</td>
<td>-1</td>
</tr>
<tr>
<td>Staff Resource Needs</td>
<td>12</td>
<td>2</td>
<td>51</td>
</tr>
<tr>
<td>Volunteer Management</td>
<td>12</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Culture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowering</td>
<td>7</td>
<td>2</td>
<td>-12</td>
</tr>
<tr>
<td>Reenergizing</td>
<td>7</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td>Unifying</td>
<td>8</td>
<td>3</td>
<td>-18</td>
</tr>
<tr>
<td>Technical</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities</td>
<td>12</td>
<td>3</td>
<td>44</td>
</tr>
<tr>
<td>Facility Management Skills</td>
<td>11</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Financial Management Skills</td>
<td>12</td>
<td>5</td>
<td>34</td>
</tr>
<tr>
<td>Fundraising Skills</td>
<td>22</td>
<td>8</td>
<td>34</td>
</tr>
<tr>
<td>Legal Skill</td>
<td>5</td>
<td>3</td>
<td>44</td>
</tr>
<tr>
<td>Marketing Skills</td>
<td>22</td>
<td>7</td>
<td>34</td>
</tr>
<tr>
<td>Outreach Skills</td>
<td>9</td>
<td>4</td>
<td>44</td>
</tr>
<tr>
<td>Program Evaluation Skills</td>
<td>17</td>
<td>5</td>
<td>30</td>
</tr>
<tr>
<td>Service Delivery Skills</td>
<td>4</td>
<td>3</td>
<td>31</td>
</tr>
<tr>
<td>Technology</td>
<td>22</td>
<td>8</td>
<td>38</td>
</tr>
<tr>
<td>Technology Skills</td>
<td>17</td>
<td>4</td>
<td>31</td>
</tr>
</tbody>
</table>

\(^5\) Scores that improved (green) or declined (red) by more than 15 points are highlighted.

\(^6\) This sub-capacity could not be measured due to lack of post-data for the organizations that focused on it.
IV. Findings

To allow for consistent analysis of DIP data across cohorts, TCC Group standardized the assessment of DIPs. Each cohort had five years of consistent data, including a pre- and post-assessment. The pre-assessment coincides with either the first year of effort to affect change for the cohort or one year prior. The post-assessment occurred either during the last year of funded capacity building efforts or year following. While we initially intended to also measure further out post-score (e.g. 2017) to see to what extent capacity changes had been sustained, we had limited data to say anything meaningful and have flagged this as an area for future research.

Overall, the findings reveal a picture of small to modest organizational improvement, with large variations based on individual organizations. Table 3, above, shows the average change by organizations focused on specific capacities. As depicted in that chart, technical capacities saw the greatest uniform gains. Other areas that showed improvements when specifically targeted include environmental learning (24 point gain), assessing staff performance (23 point gain), staff resource needs (51 point gain), and improving re-energizing in culture (17 point gain). There were a number of other areas that either saw no change or even significant drops in capacity even when targeted. However, for both gains and declines, changes were not necessarily statistically significant, something explored in the more detailed findings.7

Below is a more detailed examination of findings. There are 9 sections as follows:

A. Overall Change in Capacity
B. Leadership Capacity
C. Adaptive Capacity
D. Management Capacity
E. Technical Capacity
F. Organizational Culture
G. Organizational Lifecycle
H. Organizational Budget
I. Predicting Shutdowns/Mergers

A. Overall Changes in Capacity during DIP

On average, groups had limited improvement in overall capacity from year one to one-year post-DIP. TCC Group condensed the scores for all five core capacities (leadership, adaptive, management, technical, and culture) to understand if there was overall improvement one year post-DIP. This would allow us to see if organizational capacity improved overall, even if some areas saw declines.

Data shows that there is limited improvement in overall capacity. Chart 1 shows the trend for each cohort. Only one cohort, cohort two, saw an increase above our standard measurement threshold of 15

7 Ultimately, the data found very few areas where intentions correlated with actual improvement and in fact zero areas where we were able to find a statistically significant improvement in sub-scale capacity.
points. Cohort 1 saw a decline of 11 points, which is likely due to higher starting capacity and encountering the recession in 2008. And cohort 3 found an insignificant improvement of 3 points.

Chart 1: Changes in Overall Capacity by Cohort

When looking at trends among organizations, the story is slightly different. As chart 2 shows, nine organizations improved their capacity scores overall, while five declined overall. For the organizations that improved, the average point increase was 126, with the increases ranging from 58 to 235. For those five organizations that declined, the average decline was 92 points, ranging from 29 to 201 points of decline.

It is important to note that cohort 1 experienced the DIP during the height of the recession in 2008-2009. Their loss in capacity across the duration of their capacity-building funding may be due to issues related to the recession. Analysis of the available data indicates that all organizations, on average, saw a decline in capacity during that time. While not definitive, our analysis did not seem to indicate that cohort 1 organizations experienced the recession differently from other organizations from a capacity perspective (positively or negatively).
When looking at overall capacity changes by core capacity, one can see that organizations were most likely to improve their technical capacity.

When looking across the DIPs, technical management was area most likely to be improved, with 72 percent of organizations improved in their technical capacity compared to 16 percent declining in this area. After technical, the next areas of greatest improvement were adaptive (with 53 percent improving), culture (with 42 percent improving), leadership (with 39 percent improving) and then management, where only 32 percent improved. Looking at these data from the other direction, organizations were also less likely to see a reduction in scores in technical and adaptive capacities, while about a third (32 percent) of organizations saw declines in leadership or management or organizational culture during their DIP engagement. These data indicate that technical capacity, perhaps because of its overt emphasis on concrete skills, was most easily improved. Changes in other capacity areas often emphasize improvement in structures or processes, and are more difficult to make progress in.

B. Leadership Capacity

Leadership capacity had little variation from pre to post for all three cohorts. As reported above, 37 percent of the organizations showed a positive change in leadership capacity during the course of their DIP involvement. Cohort 1 saw a decline in their leadership capacity, while cohort 2 showed some improvement and cohort 3 remained about the same (see Chart 3). Leader influence had the highest number of organizations showing improvement, though all leadership sub-capacities showed relatively consistent amounts of change.
Coding data show that, on average, organizations worked on leadership capacity with a relatively low-level of intensity. Board leadership was the exception, with all organizations working on this issue and having a relatively high average intensity score of five. Board leadership capacity was also the area to show the greatest improvement, averaging a seven point improvement among the organizations targeting this area for change. Leader vision on the other hand saw the greatest decline in scores (an average decline of 9 points, despite not having a different level of intensity from DIPs). See Chart 4 for all leadership changes.

**Chart 3: Leadership Capacity over Time by Cohort**
C. Adaptive Capacity

Adaptive capacity had some improvement for cohorts 2 and 3. When looking at the trend across cohorts, cohort 1 started DIP with a higher adaptive core capacity score, with organizations on average in this cohort having strong adaptive capacity. By year five, cohort 1 saw a slight decline, cohort 2 saw a nearly 20 point on average increase, and cohort 3 slightly increased and then maintained that capacity.

Chart 6 shows that program resource adaptability was by far the sub-capacity most likely to improve, with 63 percent of organizations improving in this area. The next areas of greatest improvement were a bit lower, with 38 percent of DIPs improving in organizational learning and environmental learning. And the fewest DIPs improved on organizational resource sustainability and decision-making tools. The juxtaposition between program resource adaptability being most improved and organizational resource sustainability being one of the least improved sub-capacities is interesting. While program resource adaptability indicates that a nonprofit is able to adapt its programs as necessary to respond to changes in resources, organizational resource sustainability reflects an organization’s ability to adapt the organization in light of resource changes. The effect here might indicate that while DIPs improved their ability to do this at the program level, this is not a capacity that can be quickly translated to the organizational level. Change data was not correlated with either the number of organizations working on an issue or the average intensity of effort DIPs put into improvement in a certain sub-capacity area.
Chart 5: Adaptive Capacity over Time by Cohort

TCC Group
DIP Retrospective Evaluation Report
March 2017
D. Management Capacity

Management capacity saw some improvement for cohort 2.

Looking across cohorts, one can see that while cohort 1 saw a slight reduction in overall management capacity, and cohort 3 stayed relatively even, cohort 2 saw an 18-point improvement on average. Overall, six organizations improved their capacity in this area while six also declined in their scores in this area. Supporting staff resources needs was the sub-capacity most likely to improve, with 64 percent of organizations seeing an improvement here. This was the only sub-capacity to show a statistically significant correlation between intensity and achievement. This is perhaps not that surprising as this scale is relatively concrete and specifies that staff have the technical resources, tools, systems, and skills needed to carry out their work. Thus, improvements in other capacity areas may cause this scale to be boosted upward. Manager-to-staff communications was least likely to improve with only two organizations (14 percent) seeing an improvement in this sub-scale.
Targeted efforts show that all DIPs emphasized staff development, indicating they saw an opportunity to improve the skills of organizational staff. However, this sub-capacity saw very little change when averaged across all DIPs (showing a decline of one point). Zero DIPs chose to directly focus on problem solving, while only one organization chose to focus on conveying unique value of staff or manager to staff communication. These sub-capacities showed no consistent trend, with manager-to-staff communications showing nearly no change, while there was a 35-point decline in scores for conveying unique value of staff for the organization that was targeting it.

Chart 7: Management Capacity over Time by Cohort
Chart 8: Change in Management Sub-Capacities

- Overall Management: 5 Decline, 7 No Change, 2 Improvement
- Assessing Staff Performance: 6 Decline, 5 No Change, 3 Improvement
- Conveying Unique Value to Staff: 3 Decline, 3 No Change, 5 Improvement
- Financial Management: 5 Decline, 8 No Change, 2 Improvement
- Manager to Staff Communication: 8 Decline, 3 No Change, 3 Improvement
- Managing Performance Expectations: 4 Decline, 7 No Change, 5 Improvement
- Managing Program Staff: 3 Decline, 3 No Change, 6 Improvement
- Problem Solving: 2 Decline, 7 No Change, 6 Improvement
- Program Staffing: 7 Decline, 4 No Change, 3 Improvement
- Staff Development: 3 Decline, 9 No Change, 2 Improvement
- Staff Resources: 9 Decline, 3 No Change, 2 Improvement
- Volunteer Management: 5 Decline, 6 No Change, 2 Improvement

Legend:
- Orange: Decline
- Gray: No Change
- Blue: Improvement
E. Technical Capacity

Technical capacity improved significantly for both cohorts 2 and 3.

Data show cohorts 2 and 3 saw a large improvement in their technical capacity, with cohort 2 seeing a 47 point improvement (indicating a shift from a challenge area to a strength area), and cohort 3 seeing 35 point improvement (indicating a shift from a challenge area to a satisfactory area). Overall, 13 organizations saw an improvement in this area with only two organizations showing an overall decline. When examining sub-capacities, fundraising and legal skills were the most likely to improve (doing so in 79 percent of organizations). This may be because these skills are relatively easy to bring into an organization, either through hiring staff or through hiring consultants. The least amount of positive change was seen in the facilities scale, with only 36 percent of organizations indicating an improvement here. However, we do posit it is unlikely to see an improvement in the facilities scale if an organization does not physically move or expand during the DIP intervention.

Three technical sub-capacities were targeted for improvement by all DIPs. These were: fundraising skills, marketing skills, and technology, and while these areas did see a large improvement (averaging a 35-point change); many areas that were less intensely targeted also saw a similar improvement.

There were also three technical sub-capacity scales that showed links between intension and growth that approached significance – meaning that there may be a link between capacity-building intention and actual growth. These areas are:

- Outreach skills
- Program evaluation skills
- Facility management skills

The improvement in these skills-based capacities is in line with findings from other evaluations that indicate that improving relatively concrete skills is easier than improving broader areas of capacity that have less defined parameters.
Chart 9: Technical Capacity over Time by Cohort
Chart 10: Change in Technical Sub-Capacities

The chart illustrates the change in technical sub-capacities across various domains for different types of organizations (Decline, No Change, Improvement). Here are the details:

- **Overall Technical**: 10 organizations declined, 5 no change, 9 improved.
- **Facilities**: 3 declined, 5 no change, 1 improved.
- **Facility Management**: 1 declined, 5 no change, 1 improved.
- **Financial Management Skills**: 1 declined, 3 no change, 1 improved.
- **Fundraising Skills**: 1 declined, 1 no change, 2 improved.
- **Legal Skills**: 2 declined, 1 no change, 2 improved.
- **Marketing Skills**: 2 declined, 2 no change, 3 improved.
- **Outreach Skills**: 2 declined, 2 no change, 3 improved.
- **Program Evaluation Skills**: 2 declined, 2 no change, 3 improved.
- **Service Delivery Skills**: 2 declined, 4 no change, 3 improved.
- **Technology**: 1 declined, 1 no change, 1 improved.
- **Technology Skills**: 1 declined, 1 no change, 1 improved.

The chart provides a visual representation of the changes in sub-capacities across different organizational domains.
F. Organizational Culture

Culture capacity had little variation from pre- to post- for all three cohorts. While each cohort had a different starting place in organizational culture, each also tended to finish DIP about where they started. And, at some point, each cohort saw a dip in its culture capacity scores before it improved again to emerge back near baseline. This may indicate that culture tends to drop during intensive capacity-building efforts and then re-bound as results are being seen (as, indeed this corresponds with our experience evaluating DIP along with evaluations of other capacity-building initiatives). Overall, eight organizations saw an improvement in culture (42 percent) while six organizations (representing 32 percent) experiences a decline.

Re-energizing and empowering culture were most likely to see improvements with five to six organizations (26-32 percent) seeing improvements in these two scales. Unifying culture saw much less improvement, with only two organizations (11 percent) improving on this dimension. This may indicate some of the challenges of improving unifying capacity. Our previous DIP evaluation experience has shown that for organizations that have split staff (e.g. management staff, and program staff that have very distinct roles), find it very hard to improve on this dimension because staff have relatively little interaction.

Relatively the same number of organizations – seven or eight – targeted each culture sub-capacity for change. However, average results do not show any pattern, with two scores declining and one improving for the groups working on these issues.

Chart 11: Culture Capacity over Time by Cohort
There are some additional findings related to organizational culture that are worth noting.

**Positive change in organizational culture is correlated with positive changes in organizational operations in leadership, adaptive, and management areas.**

Organizational culture is assessed with three different sub-scales. These are:

1. **Empowering**: Promoting proactivity, learning, and a belief in the value and ability of staff and clients
2. **Re-energizing**: Supporting time for staff to reflect on their work, socialize, and reconnect with why they are doing the work; and
3. **Unifying**: Engendering open and honest communication across all levels in the organization, leading to a sense of a cohesive “group identity.”

TCC analyzed the link between a positive growth on these culture scales and improvement on leadership, adaptive, management, and technical scales. A positive correlation would indicate organizations that improved along culture dimensions tended to also improve along operational capacity assessments.

Data analysis showed this to mostly be the case. Positive growth in any of the three cultural areas was positively correlated with increases in leadership, adaptive, and management core capacity areas. And for re-energizing culture, a positive increase was additionally correlated with growth in technical capacity. Worth noting is that TCC’s experience in capacity-building evaluation has led us to believe that organizational culture is driven by leadership. Table 6 shows the relationship among culture and other core capacity areas.
Table 6: Positive Correlations among Culture Sub-scales and Core Capacities

<table>
<thead>
<tr>
<th>Culture Dimension</th>
<th>Leadership</th>
<th>Adaptive</th>
<th>Management</th>
<th>Technical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empowering</td>
<td>.784*</td>
<td>.730*</td>
<td>.832*</td>
<td>.323</td>
</tr>
<tr>
<td>Re-energizing</td>
<td>.772*</td>
<td>.760*</td>
<td>.807*</td>
<td>.711*</td>
</tr>
<tr>
<td>Unifying</td>
<td>.834*</td>
<td>.764*</td>
<td>.835*</td>
<td>.416</td>
</tr>
</tbody>
</table>

*indicates correlations that are statistically significant

The data cannot tell us the direction of this correlation – for example, does organizational culture improve first and lead to an improvement in the core capacity areas, or does an improvement in the other core capacities improve first and lead to an improvement in organizational culture? However, TCC’s work evaluating other capacity-building interventions has shown us that organizations that focus on increasing organizational culture often have broader gains in other capacity areas. For example, an organization that is engaged in strategic planning in a way that is collaborative and inclusive of staff at all levels will often see an improvement in culture and an improvement and sustenance in leadership and adaptive capacity. This may indicate that rather than one change leading to the other, organizations that focus on both culture and core capacity growth see greater improvement in both dimensions.

G. Organizational Lifecycle

The majority of DIPs did not see an increase in lifecycle during their participation; however by the end of DIP, no nonprofit was still in core program development. Part of CCAT measures the current lifecycle stage of a nonprofit. Organizations can score into three areas:

- **Core program development**: Organizations in core program development need to clearly articulate mission and vision, and align these to program development. Established organizations want to ensure a strong connection between programs and mission/vision.

- **Infrastructure development**: Organizations in infrastructure development need to build additional capacity to implement programming, and strengthen organizational processes prior to expanding impact beyond their core program delivery.

- **Impact expansion**: Organizations in impact expansion should address how best to achieve impact beyond core program delivery. This may involve strategic alliances, policy/advocacy partnerships, and/or further outreach in the community.

While one lifecycle stage isn’t necessarily better than another, we theorize that impact expansion places nonprofits in a place where they are most likely to maximize their impact by moving beyond direct programmatic work.
When looking at change from the first year to the last year of DIP, the majority of organizations saw no change in their lifecycle stage. Of those that did see change, 29 percent saw an improvement (e.g. a shift from core program development to infrastructure development or impact expansion, or a shift from infrastructure development to impact expansion). Eighteen percent of organizations saw a decline in their lifecycle stage.

Chart 13: Change in Lifecycle Stage

When looking at the number of organizations scoring into each lifecycle stage, one notes that while three organizations were in core program development before DIP, no organization was in core program development after DIP. This indicates that the intervention of capacity-building itself might move organizations from thinking about their core programming to thinking about their infrastructure, which also corresponds to what foci organizations tended to have during DIP.

Table 4: Lifecycle Stages

<table>
<thead>
<tr>
<th></th>
<th>Core Development</th>
<th>Infrastructure Development</th>
<th>Impact Expansion</th>
<th>Effective Impact Expansion$^8$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-DIP</td>
<td>3</td>
<td>7</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Post-DIP</td>
<td>0</td>
<td>12</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

$^8$ Effective impact expansion is a score provided to nonprofits that are scoring extremely well on items related to impact expansion.
H. Organizational Budget
For many foundations working on building capacity, there is an ultimate question of, ‘To what end?’ Are the improvements in capacity leading to greater achievement of program outcomes or greater organizational effectiveness? While we do not have organizational data at the level that would help us answer those questions, we were able to use change in budget as a rough proxy indicator.

Looking within cohorts, each cohort tended to increase budget size though only cohort 1 sustained this increase. Chart 14 condenses organizational budgets by cohort; that is, it takes the sum of the budget for each organization participating in each cohort to represent the cohort score. These data over time show that generally, each cohort saw an improvement in terms of overall budget size, with cohort 1 improving and sustaining that improvement, while cohort 2 improved but had a harder time sustaining that improvement. Cohort 3 saw more modest improvement over time, and no data on sustainability can be gathered as they only recently completed their DIP engagement. Worth noting is that the 2008 recession started while the cohort 1 grant partners were ending their fellowship, and while cohort 2 was about to begin, perhaps causing a lower starting budget for cohort 2 than we would have seen otherwise.

Chart 14: Change in Mean Budget by Cohort

When looking at average percent change in organizational budget by cohort, no clear pattern emerges beyond a decline in growth in 2008.

Chart 15 displays organizational growth looking at year-over-year percent change in budget, by cohort. For this analysis, we took the year-over-year percent change in budget for each organization, and averaged these together by cohort. Data indicate that while all three cohorts saw a decline in 2008, most likely due to the economic recession, there were no standard patterns across cohorts regarding
post-2008 data. For cohort 1, the patterns seemed to be a slow but steady incline, which took off in 2017. For cohort 2, the pattern reflected a more jagged cycle of increases followed by decreases. And cohort 3 saw a rapid period of growth post-recession, followed by a decline beginning in 2014. However, overall, the budget data is messy and does not lend itself to clear conclusions.

Chart 15: Percent Change in Organizational Budget by Cohort

Growth in organizational budget was not correlated with any changes in organizational capacity or lifecycle.

TCC analyzed changes in core capacities, sub-capacities, and lifecycle stage against changes in organizational budget. Data showed no conclusive link between change in organizational capacity or lifecycle and changes in organizational budget, indicating that budgets grew independently of changes to organizational capacity. Some sub-capacities displayed more of a relationship with budget growth than others, though still not a statistically significant one. These links are displayed in Table 5.

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9 Background data was collected starting in 2003 – thus showing the first year-on-year budget comparison data point in 2004. The chart also merges data for the DIPs that merged together, showing those two organizations as one organization starting in 2003 for greater consistency.
Table 5: Correlations among Sub-Capacity Growth and Budget Growth

<table>
<thead>
<tr>
<th>Sub-capacity</th>
<th>Correlation with Budget Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Leadership</td>
<td>.516</td>
</tr>
<tr>
<td>Leader Vision</td>
<td>.620</td>
</tr>
<tr>
<td>Programmatic Learning</td>
<td>.575</td>
</tr>
<tr>
<td>Volunteer management</td>
<td>.507</td>
</tr>
</tbody>
</table>

I. Predicting Shutdowns/Mergers

Organizational shut-downs or mergers were not predicted by any other changes.

Four organizations either closed or merged after their participation in DIP. When we analyzed changes in the core capacities, sub-capacities, and lifecycle stages, to see if there were leading capacity indicators that predicted or correlated with these organizations merging or shutting down, we were unable to find any patterns. This may indicate there is no pattern to be found, or may be a function of having a very small number of groups that closed or merged, making it hard to see a statistically significant pattern. Further, reasons for shutdown may differ substantially from reasons for merger.
V. What Has Deaconess Learned?

TCC Group was able to interview seven individuals from Deaconess Foundation to ask them about their learnings with DIP. These learnings are shared below.

There is a baseline level of infrastructure, leadership, and enthusiasm necessary for a DIP. These were the elements that came up most often when those interviewed asked how one could know if a nonprofit was ready for a capacity-building intervention like DIP. Infrastructure was seen as important so an organization already had a layer of staffing and structure if could build upon to improve, rather than starting from scratch. Leadership was seen as important because the Executive Director was seen as driving all of the work – and if that person were not fully bought in – slow progress could be expected. But, enthusiasm was expected to be seen across the team, indicating that the entire organization was ready to do the work necessary and had a shared vision for the future.

Staffing was the area where the return on investment was least clear. As DIP funds were able to be used for hiring staff and creating new positions, several organizations chose to hire staff. However, those interviewed had the most concerns about to what extent new staff led to sustained capacity. One reason is that new staff were sometimes transitioned out and then a new person was hired for the same position, because the DIP was not clear on what they wanted from the new position.

Sustainability should be in mind the whole time. Another reason staffing was cited as potentially not impactful is because it was hard to sustain staffing levels if the increases were mostly funded by Deaconess. Though Deaconess reduced the percent of funds it would contribute to staffing each year, there were still some organizations that did not come up with a sustainability plan to fund the new positions in an ongoing manner. This led to one interviewee saying they were unsure if any staff positions hired during cohort 2 were still in existence.

The program officer plays an important role. The role of the program officer with a grant this size was seen as helpful for success, though certainly not the only factor. One individual interviewed felt the program officer should have such an intimate role with the DIPs that it should feel like an outsourced staff position. And, indeed, the way Deaconess funded staffing for the program where one to two people were responsible for the six-eight organizations reflects an assumption that a high-touch staffing model works well. The candid relationship between officer and grant partner was also seen as important and necessary so program officers are aware of any obstacles early on.
VI. Conclusion

The current study answered some critical questions around capacity-building, such as, “Where do organizations tend to focus their capacity-building efforts?” “What areas of capacity are most likely to see improvement?” and “To what extent are improvements in capacity correlated with where organizations are exerting effort?” As we answered these questions with the data in hand, other questions emerged. Areas that may be interesting to explore in the future include:

- **Sustainability research.** To what extent were organizations that saw improvement in their CCAT scores during DIP able to sustain these improvements after DIP? With enough post-DIP data, analysis could be conducted that would better understand how, and to what extent, improvements are able to be sustained and also if there are specific sub-capacities where improvement is more likely to be sustained than other areas.

- **Executive Director influence.** Several interviewees felt DIP success was driven by the Executive Director’s vision and passion. Interviews with staff at DIP organizations could help understand to what extent the Executive Director was seen as driving the capacity-building process forward.

- **Patterns outside of the recession.** Do these patterns hold up outside of the impact of a recession? As noted earlier, the 2008 recession struck in such a way that cohorts 1 and 2 were directly impacted. It’s not clear if organizations would have seen the same trends in growth as measured by capacity or budget, if the recession had not taken place.
Appendix A: Deaconess Impact Partnership Logic Model

Impact Partnership: Initiative-Wide Logic Model

**Assumptions:**
- The Deaconess Foundation, based on several years of responsive grantmaking, decided that it could maximize its impact through focusing on a specific issue (improving child health outcomes) and by making intensive investments in the capacity of a small number of organizations focused on helping low-income children.
- Recognizing that the foundation’s mission will only be achieved if its grantees are successful in realizing their own, Deaconess decided to invest resources in organizational effectiveness.
- Strong organizations have built capacity in the following areas: operations, leadership, advancement, treasury, and program.
- Strengthening existing organizations will help sustain them in times of scarcity.
- “Action-oriented advocacy” is an increasingly important approach as public funds decrease and competition for them increases.

**Inputs:**
- Four year funding
- DF board
- Knowledge, skills, and experience of grantee organizations
- DF staff
- Knowledge, skills, and experience of capacity builders
- Lessons learned from ongoing evaluation

**Partners:**
- Cultivation of a pool of consultants
- Evaluation of the initiative
- Assessment of capacity building experience
- Assessment of the grantmaking process
- Disseminate lessons learned with other local nonprofits

**Deaconess Foundation:**
- DF staff
- Colleague engaged in organizational development and capacity building
- Consultants

**Year One:**
- Capacity assessment and Year 1 capacity building plan

**Short Term Outcomes:**
- Individual organizations: increased knowledge about organizational challenges
- Increased interest and motivation to enhance organizational effectiveness
- Improved skill in adaptive, leadership, technical, management, and programmatic capacity areas

**Interim Outcomes:**
- Increased effectiveness in core organizational capacities:
  - Adaptive
  - Leadership
  - Technical
  - Management
  - Programmatic
- Lifecycle advancement, sustainability, and growth (using KPIs as metrics)

**Long Term Outcomes:**
- Organizations are more effective and increase growth
- Organizations have increased their sustainability
- Improved program quality and cost effectiveness
- Organizations demonstrate the effectiveness of their work
- Orgs have a sustained capacity building focused culture

**Impact:**
- Improved health status of children in urban core neighborhoods in St. Louis, St. Louis County, and St. Clair County

**Improved health of the children served, as defined by grantee organizations**
- Orgs are engaged in policy advocacy and discussion on children’s issues
- Orgs are engaged at the community level without neglecting programs

**Increased leadership in capacity building among funders**
- More effective philanthropy in area of capacity building
- More capacity building resources for nonprofit organizations

**Strengthened local nonprofit community**
Appendix B: Methodology

Overview of Collected Data
The Deaconess Impact Partnership was administered in three cohorts. Though noted previously, the years and number of nonprofits included in each cohort are detailed in table 1 below.

Table 7: DIP Cohorts by Year

<table>
<thead>
<tr>
<th>Cohort</th>
<th>Years</th>
<th># of Nonprofits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2005-2008</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>2009-2012</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>2013-2016</td>
<td>6</td>
</tr>
</tbody>
</table>

For each participating nonprofit, there was theoretically a variety of data that could be accessed. This included:

- Capacity-building plans for each year of their participation
- Core Capacity Assessment tool (CCAT)\textsuperscript{10} data for each year of their participation and for the year before the intervention started

Table 8 shows the anticipated, and actual, sources of data received.

In addition, TCC asked for some additional information from DIPs.

1) A re-administration of the CCAT for all cohort 1 and 2 grantees. This CCAT re-administration provided us with data to understand the extent to which capacity changes during the intervention had been sustained. For cohort 1, the 2017 data showed sustainment over nine years while for cohort 2, the 2017 data show sustainment over five years. Cohort 3 was not asked to re-take the CCAT given that they had finished DIP in 2016.

2) A background survey that provided data from 2002-2016 on:
   a. The number of full-time staff
   b. The size of organizational budget
   c. The number of board members.

This data allowed us to see trends in organizational growth before, during, and post-DIP for cohorts 1 and 2.

Where grant partners did not complete the background survey, TCC Group also pulled any relevant 990s, which allowed us to collect some additional organizational budget and staffing data.

Finally, staff at the Deaconess Foundation were also interested in exploring how the DIP has evolved over time and what they had learned through administered the partnership. To this end, TCC Group

\textsuperscript{10} The CCAT is a standardized nonprofit capacity assessment tool. This tool measures 36 sub-capacities organized by five core areas: leadership, adaptive, management, technical, and culture.
conducted confidential interviews with seven people who have had intimate involvement with DIP, ranging from previous and current staff, to board members, to external consultants.

Therefore, our desired data spreadsheet would have looked like Table 8.

**Table 8: Anticipated and Actual Data Sources by Cohort**

<table>
<thead>
<tr>
<th>Data Source</th>
<th>cohort 1</th>
<th>cohort 2</th>
<th>cohort 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCAT data during DIP</td>
<td>6/8</td>
<td>7/8</td>
<td>6/6</td>
</tr>
<tr>
<td>CCAT data post-DIP&lt;sup&gt;11&lt;/sup&gt;</td>
<td>4/7</td>
<td>5/5</td>
<td>n/a</td>
</tr>
<tr>
<td>Capacity-building intentions during DIP</td>
<td>8/8</td>
<td>8/8</td>
<td>6/6</td>
</tr>
<tr>
<td>Background data during DIP</td>
<td>8/8</td>
<td>4/8</td>
<td>5/6</td>
</tr>
<tr>
<td>Background data post-DIP&lt;sup&gt;12&lt;/sup&gt;</td>
<td>4/7</td>
<td>4/5</td>
<td>n/a</td>
</tr>
<tr>
<td>Qualitative data</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

**Data Analysis**

Qualitative data was analyzed thematically to understand the most salient themes. Where relevant, we also pulled out information that was stated by a small number of individuals, but indicating a unique viewpoint.

Quantitative data was analyzed using a variety of statistical techniques including tests of significance and trends over time. Changes in organizational capacity were initially assessed through a series of charts, tracking changes over the duration of the DIP. Comparisons in changes in the individual core capacities and sub-capacities were conducted using the Mann-Whitney U variation of the Chi-Square analysis due to the small number of cases available.

Capacity-building plans were coded by TCC Group for their capacity intentions. TCC coded each capacity-building plan using the CCAT as our coding framework. The CCAT uses a core capacity framework focusing on five dimensions of organizational capacity: leadership, adaptive, management, technical, and culture. Each of these core capacities is then broken down into a series of sub-scales. All capacity-building plans were coded onto these sub-scales using a two-tiered intention model. If an organization’s activities in a given year were considered intensive, and very likely to increase their score in a certain sub-scale, they were rated a three. If the results were less intensive, and less likely to increase their score in a certain sub-scale, they were rated a one. If no efforts at all were seen linked to that sub-scale, they were rated a zero. Staff involved in coding participated in inter-rater reliability tests to ensure

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<sup>11</sup> One organization from Cohort 1 dissolved in 2010, while three organizations from Cohort 2 either merged or shutdown.

<sup>12</sup> No post-data were collected for Cohort 3, as they completed DIP in 2016.
coding was consistent and accurate. Correlational analyses were conducted between these intensity scores and the changes experienced in the core and sub-capacities.

**Limitations**
The methodology presented here has several limitations. These include:

- **Limited data from participating organizations.** TCC was not able to access all capacity-building plans or all years of CCAT data. This led to some gaps in our data set which resulted in a smaller data pool that desired when conducting analysis.

- **Limited post-DIP data.** Only two of the three cohorts were eligible for post-DIP data collection and we did not receive a 100 percent response rate from these cohorts with regard to re-taking the CCAT or filling out the background survey. This means there are some organizations for which we do not have reliable post-DIP data, thus limiting our sample size.

- **A small data set.** Even if we had 100 percent completion rates for data collection, the Ns involved in the analysis are still small – 22 organizations went through the DIP, but only 17 organizations existed independently in 2017.

- **Limited qualitative data.** While we were able to conduct some interviews with Deaconess staff, board, and consultants, this study was not designed to include qualitative data collection with DIP organizations. This means that certain nuances or additional interpretation of the quantitative data was not available and, thus, paints only a partial picture of DIP.

- **The outside effect of the 2008 recession.** As readers are likely aware, the nonprofit sector was hit hard by a recession beginning in 2008. This happened towards the tail-end of cohort 1’s participation in DIP, but effects lingered for several years. Therefore, we cannot with full confidence disassociate the impact we are seeing from DIP from the context of an economic recession.
Appendix C: List of CCAT Core & Sub-capacity Definitions

Core Capacity Definitions

- **Adaptive Capacity** is the organization’s ability to: Monitor, assess, respond to, and create internal and external changes.
- **Leadership Capacity** is the ability of all organizational leaders to: Create and sustain the vision; inspire, model, prioritize, make decisions, provide direction and innovate – all in an effort to achieve the organizational mission.
- **Management Capacity** is the organization’s ability to: Ensure the effective and efficient use of organizational resources.
- **Technical Capacity** is the organization’s ability to: Implement all of the key organizational and programmatic functions.
- **Culture** is the values, assumptions and behavioral norms that guide how a nonprofit carries out its work.

Sub-Capacity Definitions

Each Core Capacity is broken into multiple sub-categories to provide the most accurate depiction possible. Due to the assessing nature of the CCAT, the tool measures how well your organization fulfills the various Sub-Capacities, as defined below.

**Adaptive:**
- **Decision-Making tools:** Using important tools, resources and inputs to make decisions (i.e., outside technical assistance, in-house data, staff input, client input, a written strategic plan)
- **Environmental Learning:** Using collaboration and networking with community leaders and funders to learn about what’s going on in the community, and stay current with what is going on in the field
- **Organizational Learning:** Self-assessing, using assessment data/findings to conduct strategic planning, and following through on strategic plans
- **Organizational Resource Sustainability:** Maintaining financial stability in order to adapt to changing environments
- **Program Resource Adaptability:** Easily adapting to changes in program resources, including funding and staff
- **Programmatic Learning:** Assessing the needs of clients and using program evaluation as a learning tool

**Leadership:**
- **Board Leadership:** Board functioning with respect to:
  - Empowering through connecting people with the mission and vision of the organization
  - Holding organizational leaders accountable for progress toward achieving the organization
  - Conducting community outreach to educate and garner resources mission and vision
  - Meeting regularly and providing fiscal oversight
Internal Leadership: Organizational leaders apply a mission-centered, focused, and inclusive approach to making decisions, as well as inspiring and motivating people to act upon them.

Leader Influence: Ability of organizational leaders to persuade their board, staff and community leaders/decision-makers to take action

Leader Vision: Organizational leaders formulate and motivate others to pursue a clear vision.

Leadership Sustainability: Cultivating organizational leaders, avoiding an over-reliance on one leader and planning for leadership transition (including having a succession plan).

Management

Assessing Staff performance: Detailing clear roles and responsibilities and assessing staff performance against those roles and responsibilities

Conveying Unique Value of Staff: Providing positive feedback, rewards, and time for reflection

Financial Management: Managing organizational finances, including staff compensation

Manager-to-Staff Communication: Open channels of communication between managers and staff, including how open managers are to constructive feedback

Managing performance expectations: Facilitating clear and realistic expectations among staff.

Managing program Staff: Managing to ensure that program staff have the knowledge, skills, and cultural sensitivity to effectively deliver services

Problem Solving: Organizational managers effectively, judiciously and consistently resolve human resource problems and interpersonal conflicts, including how well they engage staff in the problem-solving process

Program Staffing: Staffing changes as needed to increase and/or improve programs and service delivery. Please note that this sub-capacity score may report as zero if no recent staff changes have occurred. A score of zero does not affect any other capacity or sub-capacity scores.

Staff Development: Coaching, mentoring, training, and empowering staff to improve their skills and innovate.

Supporting Staff Resource needs: Providing the technical resources, tools, systems, and skills and innovate people needed to carry out the work

Volunteer Management: Recruiting, retaining, providing role clarity and direction, developing, valuing and rewarding volunteers

Technical

Facilities: The proper facilities (space, equipment, amenities, etc.) to run efficient operations

Facility Management Skills: Ability to operate an efficient facility

Financial Management Skills: Ability to ensure efficient financial operations

Fundraising Skills: Ability to develop necessary resources for efficient operations, including management of donor relations

Legal Skills: Ability to engage proper legal engagement and coverage

Marketing Skills: Ability to communicate effectively with stakeholders, internal and external

Outreach Skills: Ability to do outreach, organizing and advocacy

Program Evaluation Skills: Ability to design and implement an effective evaluation

Service Delivery Skills: Ability to ensure efficient and quality services

Technology: Resources (equipment, systems, software, etc.) to run efficient operations

Technology Skills: Ability to run efficient operations
**Organizational Culture**

- **Empowering:** Promoting proactivity, learning, and a belief in the value and ability of staff and clients
- **Re-energizing:** Supporting time for staff to reflect on their work, socialize, and reconnect with why they are doing the work
- **Unifying:** Engendering open and honest communication across all levels in the organization, leading to a sense of a cohesive “group identity”
Appendix D: Select Literature Review on Capacity Building

The question of, ‘Does capacity-building work?’ is a question with which the nonprofit and philanthropic fields are still grappling with. Intuitively and extensive anecdotal evidence indicates yes. However, despite years of effort by both types of organizations, there has, to date, been limited rigorous study outlining the link between capacity building, change in organizational capacity, and change in organizational impact. In fact, Thomas Backer in an Urban Institute publication written over 15 years ago, argued for a meta-analysis of evaluations of capacity building to better understand what evaluations were finding across programs but to our knowledge no such analyses have yet been completed. And in 2004, Paul Light and Elizabeth Hubbard noted that “what is needed...are more comparable and comprehensive findings about the outcomes of capacity-building...without this kind of information, there is little guidance available to funders who are trying to determine whether and how to invest in capacity building.”

This evaluation is taking a step closer to answering that question, by matching capacity-building intentions to a standardized capacity assessment (the core capacity assessment tool, or CCAT), and assessing to what extent changes in capacity are linked to changes in organizational budget (with growth being used as a proxy for impact).

A review of the existing literature is particularly difficult because most of what is written about capacity building focuses on assessing small, unique interventions, and there are limited examples of directly comparing interventions that span multiple cohorts or groups of organizations over time that can be used to draw conclusions about the value of specific capacity-building strategies.

Another challenge with assessing capacity building has been the variations in definition for effectiveness. Exponent Philanthropy, for example, chooses to define organizational effectiveness not as reaching a specific outcome but as fulfilling certain organizational principles (such as having “strong practices, procedures, and policies” a “clear mission and purpose” and “the ability to perform key functions”). Using this definition, increasing capacity in and of itself should improve organizational impact, as capacity building tends to focus improvement on these stated principals (for example, improving the ability of a nonprofit to perform key functions). Others take it a step further. National Human Services Assembly, a nonprofit membership organization representing dozens of nonprofits,

argues that organizational effectiveness is a “social construct”\textsuperscript{17} given the diversity in types and foci of nonprofits.

There are a few studies that have found links between capacity-building interventions broadly and overall organizational impact. However, there are certain studies that focus on particular capacity-building interventions to try to tease out the immediate and sustained impact. In 2013, O’Donovan and Flower argued that the traditional strategic plan was ‘dead’ and instead organizations should devote resources to more iterative and immediate strategy processes\textsuperscript{18}. But many organizations with capacity-building funding, including several DIP grantees, choose to use those funds to focus on strategic planning, which without capacity-building specific support often needs to be financed through scarce discretionary funds. In a 2004 article published by the Foundation Center, strategic planning was the most common capacity-building activity to be funded by philanthropies\textsuperscript{19}. One study tried to link the level of strategy in nonprofit organizations (ranging from low-levels of goal setting to engaging in formal strategic planning processes) and found that groups with more emphasis on strategy are likely to have a better definition of goals, higher levels of communications with their stakeholders, a written vision statement that is communicated to all employees, higher action priorities, a strategy for future planning, an a greater ability to innovate,\textsuperscript{20} indicating that strategic planning at least may pay some dividends in terms of overall organizational effectiveness.

For this research project, TCC Group used the existing Core Capacity Assessment Tool (CCAT) data as a standardized set of reported organizational capacity that was available for before, during, and after DIP engagement. This addresses several of the issues mentioned above such as the lack of standardized assessments especially pre to post.


