

## Writing Proposals for Capacity Building

**Funders want to improve organizations—not rescue them. Make sure you're starting from a position of strength.**

*By Susan Chandler*

Capacity building grants are a growing trend among both private and government grantmakers. Writing proposals for capacity building can be difficult, especially if the organization is unfamiliar with the functions and language of these efforts. Organizations may be aware that there are grants available to support capacity building, but they're often confused as to just what qualifies—and what doesn't. For example, capacity building does not include program development or expansion; and it does not include capital projects, such as a new facility. And even when organizations do understand capacity building, they often write proposals for these grants in a way that undermines—rather than bolsters—their case.

How do grantmakers themselves define capacity building? And what do their own proposal guidelines emphasize? There is remarkable consistency in the way grantmakers define these efforts. Here are some examples:

**David and Lucile Packard Foundation:** Like many large foundations, Packard reserves capacity-building grants for organizations with which it has an established relationship. Packard's Organizational Effectiveness grants—a special category of funding available to nonprofits that have already received Packard funds—support "well-defined projects to develop or refine skills, strategies, organizational systems and structures." The intent is to promote "capable leaders, sound management, and strong governance" and to help grantees "clarify strategic and organizational challenges and define new management and governance strategies and structures." Eligible projects include:

- Organizational assessment, evaluation of overall effectiveness, and strategic planning
- Board and/or staff development related to defined objectives for improvement in overall management and governance
- Fund development planning
- Succession planning
- External communications strategies
- Mergers and other restructuring efforts.

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**Wilburforce Foundation:** A regional foundation that assists nonprofits in the Northwest, Wilburforce lists capacity building among its funding priorities. The foundation's guidelines describe capacity-building grants as "strategic investments in your organization that increase its sustainability and effectiveness, including, but not limited to: strategic planning and evaluation; resource development, such as revenue diversification and major donor campaigns; membership development, such as recruitment and retention; technology improvements, such as computer and software upgrades, Internet advocacy, or new equipment; and board and staff development, such as training, workshops, or conferences." The maximum grant award is \$15,000. The foundation's application form asks questions such as "How would this grant help strengthen your organization?" and "One year from now, how will your organization have improved as a result of this grant?"

**Blue Cross Blue Shield of Massachusetts Foundation:** The foundation's Catalyst Fund provides mini-grants (up to \$2,500) to defray one-time expenses—not recurring operating costs—associated with activities that will "strengthen the organization's ability to fulfill its mission." The grants are reserved for community-based organizations in Massachusetts that serve the health care needs of low-income and uninsured residents. Eligible projects include community outreach, leadership development, strategic planning, board development, and staff training.

**Environmental Support Center:** ESC works with local, state and regional nonprofits involved with environmental justice issues. ESC has conducted an extensive study of capacity building, and defines it as "any intentional work of an organization that increases its ability to achieve its mission and build long-term organizational sustainability. This work involves improving an organization's operations, administration, and management." ESC's own Training and Organizational Assistance Program provides small grants for grassroots environmental groups to hire consultants, attend capacity-building training events, or receive technical assistance. Topics that are covered include board development, communications, computer skills, diversity issues, financial management, fundraising, human resources, leadership development, legal issues, marketing, media relations, membership development, organizing, strategic planning, technology issues, and volunteer management.

In short, capacity building is about strengthening management systems and governance in organizations. However, capacity building should not be confused with capacity repair. The purpose of these grants is to help

organizations make good operations better, not to rescue organizations from bad planning or rehabilitate bad management. If your agency is careening out of control because your board and management have been asleep at the switch, don't expect these grantmakers to rescue you.

Capacity building grants are a recognition that organizations need to build management systems as well as programs. By helping you to improve your organization's systems and operations, they are strengthening your ability to serve your clients, which is, after all, what most funders are primarily interested in. Keep in mind that most such grants are given to proven organizations, no matter the size or sophistication.

Some funders have specific application guidelines or forms for capacity-building grants. If not, your proposal would logically follow the same format that The Grantsmanship Center has laid out for most grant proposals, though certain aspects require special attention. Let's look at what they are:

## **Introduction**

The proposal Introduction, in which you establish your organization's credibility, is critically important. Remember—capacity building is ultimately about improving your agency's ability to fulfill its mission and deliver services. Proving your track record in that regard is a crucial first step.

This doesn't mean that you must paint a panoramic picture of all your past accomplishments. Be selective. If you already have relationships with funders—which is often a prerequisite to getting such grants—remind them why they funded your programs previously. Discuss the target community and the populations your organizations serve. Emphasize the past accomplishments of your organization and its benefits to the community.

This section must really set the stage for the request. Discuss changes and improvements in management and governance that are already in place. Demonstrate that the organizations board and executive staff take organizational improvement seriously.

## **Needs Statement**

Unlike the typical grant proposal, which presents a plan for addressing community needs or solving some societal problem, capacity-building

proposals present a plan for addressing internal needs of the organization itself. That's a particular challenge. You must be careful to avoid what The Grantsmanship Center calls the "self-indicting proposal"—one that inadvertently raises questions about how your organization came to have these needs.

If you're used to thinking of proposals as plans for solving problems, be especially careful. Describing your agency's situation as if it is a problem can cause you to highlight organizational weaknesses and seriously undermine your credibility. Why do you need to computerize your accounting system or train your board or recruit more volunteers? Framed as a problem statement, you might be inclined to answer the question by focusing on lapses in planning or on management failures or on an auditor's report that compels you to take corrective action.

That's not what funders like to see.

Describing your situation in terms of the organization's current situation, on the other hand, gives you much more room to accentuate the positive. Perhaps your fiscal system needs updating because you have been awarded new government grants that require more rigorous accounting procedures; or your board needs training because you have broadened representation and are now including more client members; or you need to recruit more volunteers because the demand for your services has greatly increased.

Capacity-building grants are generally targeted at organizations that find themselves at a point of critical growth or change. The fact that you have reached that point probably reflects well on the progress you are making institutionally. If so, let the funder know how you got there, and how the requested funding will help you sustain the benefits of this progress.

The strongest capacity-building proposals are based on an organizational assessment by board and key staff. Many community foundations and local United Ways will be able to point you in the direction of good organizational assessment tools. Organizations that undergo regular certification reviews—such as hospitals, educational institutions and community rehabilitation organizations—may already have good assessment information contained in those reviews. Keep in mind that the governing body and executive staff should be conducting the assessment and developing the improvement plan that will be outlined in a proposal. After all, they are the ones who will have to change their practices as a result.

Having conscientiously conducted an organizational assessment, you'll be able to pinpoint your organization's strengths and the specific needs you intend to address. You will be able to show the funder that your board understands where the organization needs strengthening and that it supports the proposed project.

To summarize, a good Needs Statement might:

- Describe any significant growth that your organization has experienced in the last few years and how that growth has impacted the organization's ability to meet demands for services.
- Describe how you identified the need—what kind of organizational assessment has been done and by whom.
- Report the results of the assessment and say how you used these results to define the organizational need.
- Explain why this effort is important at this time.
- Demonstrate that the board is involved in and committed to the effort.

## Objectives

In general, the Objectives for capacity-building grants won't be direct client outcomes, as they would be in most grant proposals. More likely, they will be "products," such as a strategic plan to guide the organization for the next five years; a new fund development plan; new accounting systems; a marketing plan; or a volunteer program complete with job descriptions, recruitment procedures, etc.

Still, you should try to relate these "products" to the benefits that they will stimulate—including, if possible, client outcomes. In the case of a new volunteer program, for example, you might be able to provide adult literacy tutoring for 100 more clients each year. If your new fund development plan broadens the organization's funding base, indicate the specific programs or services you'll be able to offer as a result.

## Methods

The Methods section of a grant proposal tells how you plan to achieve the intended results. For capacity building proposals, you might describe how a new system will be created and maintained. Be sure to describe any new staff or consultants you'll need to hire, and demonstrate that they are capable of

accomplishing the desired outcomes/products. To whom will they report? If new management systems are being added, how will they be integrated into or replace existing systems, and how will staff be trained in their use?

If you are adding or updating technology, describe how it will be implemented and how it will fit with your current technology operations.

If some of the work you propose will be performed by outside consultants, establish their qualifications as well. Don't assume that everyone who hangs out a shingle as an "IT professional" or a "facilitator" is an expert. Prospective funders want to know why you're hiring this person and whether he or she is up to the task.

### **Evaluation**

How will you determine if the improvements to your systems or infrastructure actually resulted in a stronger organization? And how will you measure the impact on client services?

Your annual audit is as an obvious tool for evaluating fiscal improvements. Other sorts of products may be harder to evaluate, but it's no less important to have a plan for assessing their ultimate value. Pay attention to evaluation methods that will tell you if the new systems are effective.

### **Future Funding**

If you are hiring new staff, how will you continue to pay their salaries and related expenses? If you are purchasing new technology or equipment, how will you pay for its ongoing operation and maintenance? Some foundations may ask for a business plan covering several years to demonstrate sustainability, especially if costs are high, such as hiring new staff for functions such as fund raising, accounting or volunteer management. Even if they don't require something that elaborate, it's a good idea to show that you've given due consideration to any attendant or future costs of the project you're proposing, and that the governing body of the organization is committed to maintaining and continuing to improve new management systems.