

Four Keys to Capacity:

Excerpts from a Presentation by Stan Fitterman and Lisa Hoffmeyer



Lisa Hoffmeyer

Building and strengthening the capacity of an organization is fundamental to its success and sustainability, a major topic among nonprofit organizations and their funders. The four keys to capacity are found in the mechanics of the organization: operations, staffing, financial oversight, and ethics.



Stan Fitterman

Operations

The operation of the organization is prescribed by its policies and procedures. The written and current P&P are critical to the effectiveness and efficiency of the nonprofit. Policies are the rules that broadly govern the organization's programs and operations. Procedures are

step-by-step guides for operating those programs. In addition to program matters, policies and procedures cover board governance, strategic planning, development and fundraising, personnel matters, disaster preparedness and recovery, security, IT, ethics, and fiscal management. Policies and procedures must be available and accessible to every staff person and board member in the organization.

Staffing

Paid professional staff is just as important for a nonprofit agency as it is in a for profit business. Although some nonprofits open their doors with a worthwhile mission and few hearty volunteers, one of the first orders of business must be to fund and fill the Executive Director position. And one of the most important jobs for the new ED is to develop a sustainable source of funding for growth, including an excellent staff.

Hiring good staff means paying a competitive wage. This may be an area where the board needs a bit of education: it is unrealistic to expect to staff to forgo monetary compensation in exchange for the importance of the organization's mission. To secure the best, brightest, and most qualified staff, a competitive wage and benefit package is important. Look to your local United Way, monster.com, careerbuilder.com, or charitynavigator.org for information on appropriate compensation.

Funders are beginning to recognize the need to provide operational support as well as direct project related investment; and they look for organizations that are sustainable and professional.

Whether you are writing a grant or evaluating a proposal for feasibility, remember to include staff time, fringe benefits, and overhead as part of the cost of the project or development. Failing to do so will only deplete your resources and may jeopardize future funding opportunities.

Good policies and procedures will speak to staff related issues such as the hierarchy of authority and responsibility in the organization usually shown by an organizational chart, job description, evaluations, and corrective actions.

Financial Oversight

Hard lessons were learned by nonprofits from the recent dramatic downturn in the economy. Organizations, no matter how valuable to their communities, which looked to one funding source were forced to go under or to change course to say afloat itself, closed their doors. Failure to diversify funding sources and to maintain a reserve to allow time to adapt to a changing market and changing funding sources caused these losses as funding for operating expenses dried up.

Ethics

Traditionally, nonprofits enjoyed strong ethical cultures and alignment of the personal values of staff with the missions and values of their organizations. But, unfortunately, this is not always the case. A strong ethical culture can virtually eliminate pressure to compromise ethics standards. A commitment to ethics that engages all staff members and incorporates ethical considerations into operational decisions is critical to and protecting the good will of the public toward nonprofit organizations. See the Ethics Resource Center Code of Conduct and Conflict of Interest policies at www.ethics.org.

Building, Assessing, and Strengthening Capacity

Building and strengthening capacity for nonprofits is a major component of the training and technical assistance offered by the Florida Housing Coalition. More detailed information on capacity building will be featured in the Capacity Corner section of upcoming journals. We have found that the best way to evaluate the capacity of your organization is through an assessment tool. We have developed a Capacity Evaluation Tool that will be rolled out in upcoming Capacity Building Workshops. The dates will be posted on our website and Facebook and announced in our Member Updates and via Twitter. [HNN](#)