



SOCIAL POLICY RESEARCH
ASSOCIATES

Building Together: A Final Report of the Community Leadership Project Regranting Strategy

Final Evaluation Report
Executive Summary

June 23, 2014

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Executive Summary

The Community Leadership Project (CLP) is a collaborative effort between the David and Lucile Packard Foundation, the James Irvine Foundation, and the William and Flora Hewlett Foundation to build the capacity of small, community-based organizations serving low-income people and communities of color in three regions of California: the San Francisco Bay Area, the Central Coast, and the San Joaquin Valley. The first phase of CLP (CLP 1.0)—a \$10 million, three-year effort launched in 2009—was focused on experimenting with a range of capacity-building models in the interest of learning and refining the CLP approach to strengthening organizations and leaders. The CLP 1.0 regranting strategy—representing the greatest area of CLP investment—awarded resources to 12 regranting intermediaries (regrantors) to provide core financial support and organizational development assistance and coaching to 100 organizations (“community grantees”) in the three targeted regions.

Social Policy Research Associates’ (SPR) evaluation of CLP 1.0 focuses not only on understanding the impact of CLP on community grantees and other stakeholders, but also on distilling key lessons on effective capacity-building approaches for leaders and organizations serving low-income communities and communities of color. This report, which serves as SPR’s final evaluation report for CLP 1.0’s regranting strategy,¹ is concerned with understanding: (1) regrantors’ capacity-building approaches and lessons over time; (2) changes in capacity and outcomes at the community grantee level; (3) outcomes at the funder and intermediary levels; and (4) lessons and implications of CLP 1.0 design and implementation for the larger philanthropic field.

Capacity-Building Approaches and Lessons Over Time

Lessons on regrantors’ capacity-building approaches reflected the need to respect not just the culture of the communities being served by the community grantees, but also the culture of small grassroots organizations. These lessons fell in several key categories, most notably in: outreach and readiness, and effective relationships and accessible resources.

¹ For final outcomes and learning on the other CLP 1.0 strategies, please see: *Learning Together: A Final Evaluation Report for the Community Leadership Project’s Technical Assistance Strategy*, (July 8, 2012), Social Policy Research Associates and *Leading Organizations to Benefit Low-Income People and Communities of Color: Color: Findings from the CLP Leadership Strategy*, (December 17, 2013) Leadership Learning Community & Social Policy Research Associates.

Outreach and Readiness

- **Local networks were a key element of funders' and regrantors' outreach strategies as well as an indicator of community grantees' readiness for capacity-building work.** CLP funders and regrantors alike relied on partners and local networks to effectively reach potential community grantees. The extent to which a community grantee had access to a local network of peer organizations was also cited as an indicator of readiness to engage in capacity-building work.

Effective Capacity-Building Approaches



Tapping into local networks as an outreach strategy



Involving a deep bench of organizational representatives as a sign of readiness



Using regrantors as a critical “gateway” for resources and building social capital



Creating peer networks to facilitate future support and resource sharing

- **Early “deep bench” involvement was a sign of community grantees' readiness for capacity building.** Community grantees that involved a deep bench of organizational representatives early on—particularly during an assessment phase—indicated a critical level of readiness and were more likely to fully engage in the organizational change process. Deep-bench involvement also facilitated regrantors' comprehensive understanding of organizational needs and plans.

Effective Relationships and Accessible Resources

- **Regrantors served as a critical “gateway” for resources beyond CLP for community grantees.** Community grantees began to see regrantors as larger resources and as “gateways” to other forms of support beyond the CLP grant. Regrantors serving in this larger capacity meant not only providing advice, feedback, and mentorship, but also proactively informing community grantees of potential opportunities and serving as a working partner who was genuinely invested in community grantees' goals. Besides access to outside resources (such as trainings) and additional funding opportunities, regrantors have also facilitated increased visibility and exposure through various means such as the media and introductions to influential individuals. The larger resource role that regrantors played was particularly suited to small intermediaries and was especially critical for small community organizations located in relatively isolated areas.
- **Creating peer networks was extremely beneficial for community grantees and helped inform regrantors' approaches as well.** Creating space for community grantees to interact and support one another led to multiple benefits and was an increasingly emphasized strategy for some regrantors. Peer networks were used to engage community

grantees, foster relationships, share stresses and advice, and facilitate resource sharing. Peer networks also allowed regrants to acquire a better understanding of organizations and their contexts to inform capacity-building approaches.

Overall, we found that the promising practices highlighted in the Mid-Point CLP Regranting Strategy Evaluation Report² continued to resonate over time. These included: (1) a mix of broad and customized support; (2) flexibility and adaptability to “meet grantees where they are”; (3) movement away from outcome-driven expectations and comfort with a non-linear process; (4) balance between grantee self-determination and realistic levels of direction; (5) asset-based orientation and attention to assumptions about who holds expertise; and (6) intentional focus on building organizational social capital. By the close of CLP, we saw an increased emphasis on aspects of regranting practices that extended beyond the grant itself—such as facilitating access to tools, resources, and networks that could be leveraged to further organizational goals and sustain capacity-building investments.

CLP 1.0 Community Grantee Outcomes

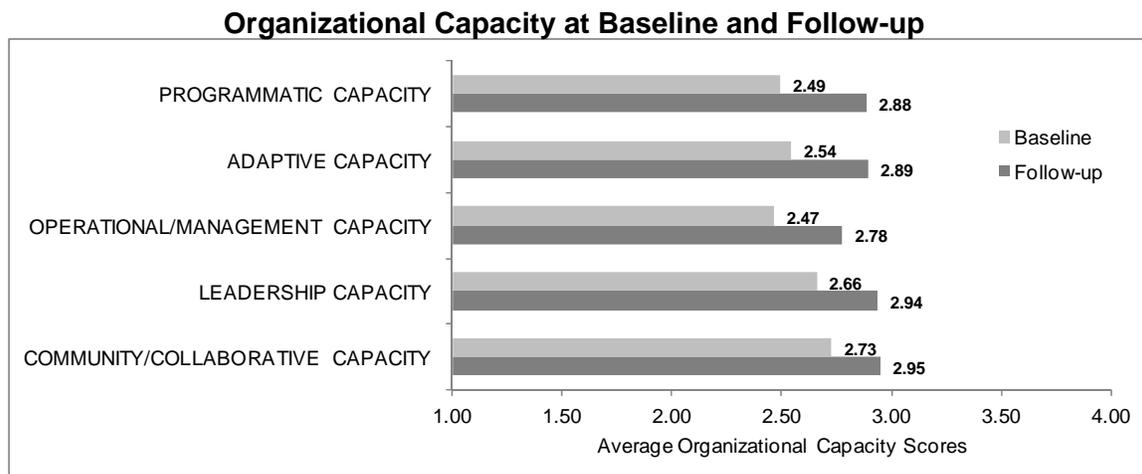
The 100 community grantees supported through the CLP 1.0 regranting strategy—while diverse in terms of annual budget, focus, and population served—were united by the critical role that they play within their respective low-income communities and communities of color. How did the CLP 1.0 investment strengthen these organizations’ capacity to carry out their critical missions?

To address this question, SPR assessed the organizational capacity of community grantees at two points in their grant cycle: in spring 2011 (as a proxy baseline when the CLP 1.0 evaluation was launched) and at the close of their grants in 2012 to 2013. Organizational capacity was measured in five core capacity areas made up of 22 sub-measures theorized to be critical elements for stability and growth, including: leadership capacity; operational/management capacity; adaptive capacity; programmatic capacity; and community/collaborative capacity. Changes in capacity were primarily assessed using the My Healthy Organization© (MHO) assessment, which asks respondents to rate their organization along a four-level continuum of organizational development.

Ultimately, as shown below, grantees exhibited growth in all capacity areas, with *programmatic* capacity representing the strongest area of change, and *community/collaborative* capacity representing the lowest. Although cohort-wide averages increased in all five capacity areas, on

² *Building Capacity Through a Regranting Strategy: Promising Approaches and Emerging Outcomes* (June 19, 2012), Social Policy Research Associates.

average, scores remain just below Level 3, which is generally defined as “organizations with moderate levels of capacity and structure in place.”



An analysis of change by organizational characteristics revealed that community grantees with medium-sized budgets (\$100,00-\$500,000) showed increases in all capacity areas and sub-measures, suggesting that they might have been better positioned to maximize CLP funding and supports to increase their organizational capacity. Community grantees serving the Bay Area similarly exhibited positive growth for all capacity areas and sub-measures, suggesting that regional differences (such as geographic dispersal of organizations, availability of capacity-building resources beyond CLP, and/or the infrastructure of regional non-profit support) may influence an organization’s ability to effectively leverage capacity-building support.

Descriptions of growth within the five capacity areas are provided below.

- **Programmatic Capacity.** As one of the lowest capacity areas at baseline, programmatic capacity showed the greatest increase over time, particularly in the sub-measures of program delivery and program staff management. Examples of how community grantees developed and expanded their programmatic capacity included: grantees *engaging in program planning for both new and existing programs*, and *implementing new programming*.
- **Adaptive Capacity.** The area where CLP 1.0 community grantees showed the second greatest increase was adaptive capacity. Examples of how community grantees developed and expanded their adaptive capacity included: *navigating organizational change* as part of their funded work, *engaging in strategic planning* to ensure the long-term sustainability of their respective organizations, and—most frequently, by *developing new and innovative fund development strategies* to respond to a challenging economic environment.
- **Operational/Management Capacity.** Although operational/management capacity remained the lowest area at follow-up, community grantees showed meaningful growth for several sub-measures. In particular, grantees were stronger in developing their staff and ensuring a team-based management structure.

Approaches to staff development included both *internal strategies for training and retaining staff* and *efforts to engage and recruit new staff*. Community grantees also investing in strengthening organizational infrastructure, particularly in the areas of *facilities* and *technology*. Although financial sustainability and diversified funding remained an elusive goal for many community grantees at the close of CLP 1.0, most regrants described *increased capacity in fundraising and fiscal management* within their portfolios.

- **Leadership Capacity.** This capacity was one of the areas where community grantees demonstrated relative strength at baseline. Given the higher initial scores, we did not see as marked growth in this capacity area as in others. The most often cited change centered on *more educated and engaged boards* as a result of board development efforts supported through CLP 1.0.
- **Community/Collaborative Capacity.** Given that this is where community grantees also naturally demonstrated strength coming into CLP 1.0, this is where community grantees reported the smallest amount of growth. Examples of growth in community/collaborative capacity included community grantees: *engaging their community in an advisory capacity*, *strengthening community outreach capacity*, and *connecting with other organizations* both within and outside the CLP network.

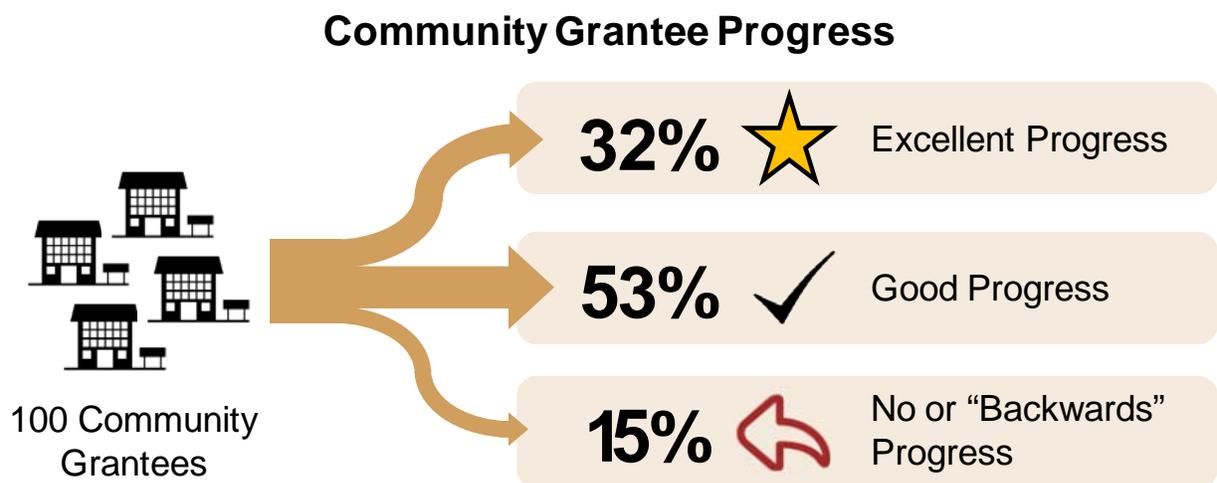
While the different capacity areas are neatly separated in the quantitative data, the qualitative data suggest greater complexity as key areas—such as fundraising and board development—were interrelated in considering how organizations benefited from the CLP investment.

Organizational Social Capital. While the outcomes described above are evidence of how the CLP investment has led to changes in organizational capacity, we observed another level of impact not originally anticipated. By virtue of receiving capacity-building support, organizations reported gaining a level of “organizational social capital,” defined as established, trust-based networks among organizations or communities that an organization can use to further its goals and sustain its capacity-building investment. Examples of such capital were greater exposure to other funders, new relationships with capacity-building consultants, and improved relationships with other organizations serving similar communities.

Characteristics of Success

Regrants were asked to categorize their community grantees into three groups. A majority (53 percent) of community grantees were described as leveraging capacity-building investments to make “good progress” over the course of CLP 1.0. A much smaller slice (15 percent) was comprised of those community grantees that either made no progress or “backwards progress” despite CLP capacity-building investments. Included were organizations that closed their doors, struggled to keep up with IRS requirements (and ultimately lost their nonprofit status), or who could not recover from the loss of organizational leaders or major funding sources. Finally,

regrantors identified real “success stories” within their portfolios—representing just over 32 percent of the overall CLP 1.0 portfolio.



Across these success stories, a common theme centered on community organizations that were not only able to build some aspect of their capacity through CLP, but were also able to also leverage this heightened capacity into additional funding. Regrantors also stepped back to reflect on the characteristics of organizations that seemed best positioned to benefit from capacity-building investments. Common themes included: (1) committed organizations with a vision for capacity building; (2) organizational leaders prepared to serve as stewards of organizational change; (3) organizations with shared leadership models in place; and (4) organizations with strong community buy-in that could be leveraged to ensure organizational sustainability. These characteristics appeared to make some community grantees more poised to succeed than others. While these organizations may have very well survived without CLP, they may not have thrived in the way that they did with access to CLP resources and tools.

Initiative-Level Outcomes

While the ultimate beneficiaries of CLP were community grantees, the evaluation has also captured a number of powerful outcomes beyond those originally anticipated. Regrantors reported the following changes to organizational attitudes and practices:

- Increased attention to regrantors’ own organizational development practices;
- Application and sharing of CLP tools and lessons to other areas of work;
- More intentional grantmaking practices to help grantees begin new work with a capacity-building lens;
- Deeper relationships with communities of color;
- Taking nonprofit support to a greater scale.

The CLP funders similarly described outcomes of their participation, including the engagement of colleagues on key CLP lessons and application of CLP lessons to other grantmaking initiatives targeting underserved communities—with both having implications for sustaining the work of the initiative.

Initiative-Level Lessons from CLP 1.0

As a tremendously complex initiative, CLP 1.0 provided some important initiative-level lessons, many of which have already been integrated into the design and implementation of the second phase of CLP:

Lessons on CLP 1.0 Design

- Using a geographic or regional approach as a design parameter can be less controversial than targeting specific issue areas or racial/ethnic groups, but also challenging from an equity point of view.
- Large-scale, complex initiatives such as CLP require upfront infrastructure to support coordination across regions.
- Although funding strategies may be conceptually separate in an initiative's design, on-the-ground implementation requires attention to integration.
- Evaluation is a critical element to include from the very beginning.

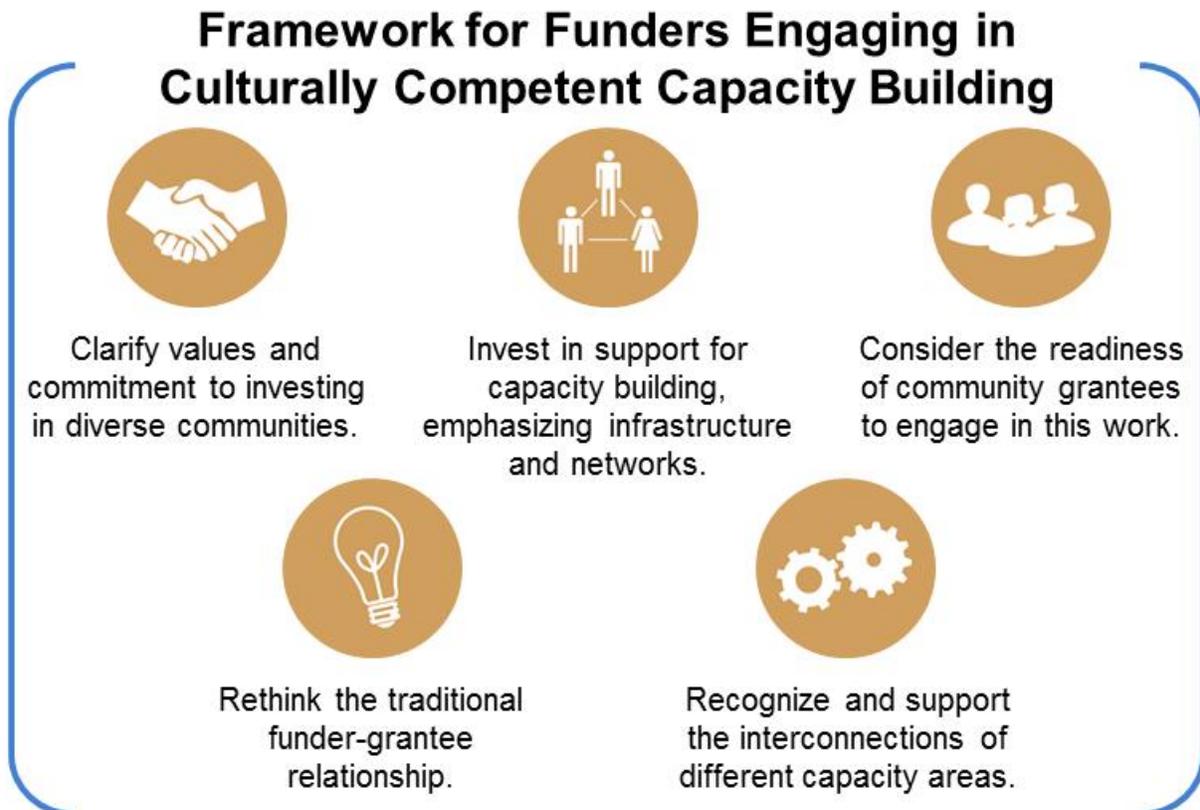
Lessons on CLP 1.0 Implementation

- Transformative work with communities begins with funders' willingness to experiment, learn, and foster direct communication.
- Attention should be paid to the guidance needed by different types of regrantee intermediaries.
- Ongoing and intentional sharing of promising practices may lead to replication and adoption in other regions.
- The intersection of race, ethnicity, culture, and class in communities of color can be challenging to address head on in capacity-building work.

Finally, the implementation of CLP 1.0 also offered lessons related to effective funder collaboration. Characterized by preexisting relationships, mutual trust, and openness to risk-taking, the three foundations enjoyed a great deal of success in collaborating on CLP 1.0. Among others, key facilitators to this success included the engagement of foundation presidents, the empowerment of senior program staff to execute the work with sufficient resources, and the ability to establish common grant management processes. Challenges to inter-foundation collaboration included insufficient time and staff to manage the complexity of the initiative, and the need for the funders to be more nimble in responding to what regrantees were learning about modifications needed to their work.

Summary of Implications

Synthesizing implications across chapters, we can see some clearly defined points in an emerging framework for culturally competent capacity building. This framework should be useful not just for the CLP initiative, but also for a larger philanthropic audience interested in working with small organizations serving low-income communities and communities of color.



First, foundations need to be clear about their **commitment to and values behind investing in diverse communities**. Respondents affirmed the need for funders to clarify the values and reasons for engaging in an initiative focused on low-income communities and communities of color, and the extent to which this work is different from other capacity-building efforts. At the same time, funders need to be comfortable taking risks and letting go of pre-defined indicators of success.

Funders must also be prepared to **invest in support for capacity building, emphasizing infrastructure and networks** from the onset. This covers the infrastructure of the initiative itself—such as evaluation processes and an online platform for collaboration and communication—but also the infrastructure that should be in place post-initiative. Respondents repeatedly stressed the need to address the supply side of capacity building by leaving in place a network of capacity-building resources and consultants, as well as peer networks of support that community grantees can continue to draw on after the initiative is over. The building of such

peer networks is greatly facilitated by a concentration in geography and issue area, as well as by the mission of community foundations to convene local and like-minded organizations.

The **readiness of community grantees to engage in this work** is also a critical point on the framework. Both regrantor interviews and organizational assessment data indicate that there may be some baseline level of community grantee readiness related to organizational size and possibly associated conditions. More specifically, medium-sized organizations with budgets between \$100,000 to \$500,000 realized the greatest gains in capacity and were perhaps best positioned to do so given a threshold of organizational stability paired with greater flexibility than their larger-sized counterparts. Regrantors also cited other indicators of community grantee readiness, such as deep-bench staff involvement early on, a shared leadership model, a clear vision for the organizational change process, and pre-existing peer networks.

Regrantors played a critical role in facilitating community grantees' success. A key theme to emerge in this final report was that community grantees began to see their regrantors as a larger, gateway resource beyond just the strict role of CLP funder. This development can be seen as part of a larger theme of CLP and the capacity-building needs of small grassroots organizations—that is, the need to **rethink the traditional funder-grantee relationship**. A successful regrantor must be willing to play a more intensive, collaborative role that requires a high degree of physical presence, as well as highly customized and flexible assistance. They must also be able to take risks and move away from outcome-driven expectations. Comfort with non-linear processes and allowing self-determination of community grantees in setting their capacity-building goals were also key to effective regrantor approaches.

The ultimate changes in capacity described in this report show that community grantees have, indeed, made important strides in strengthening their organizations—particularly in programmatic capacity. An important and recurring finding was the **interrelatedness of different capacity areas**—such as the overlap of leadership and adaptive capacity with regard to fund development. Supporting and analyzing these capacities in a more integrated fashion is therefore critical.

Finally, in thinking through the ultimate success of the CLP initiative, we must be mindful not just of community grantee outcomes and capacity changes, but also of the way in which community stakeholders have been meaningfully engaged as partners with regrantors and funders in the design and execution of their work, and the ultimate benefits and lessons for low-income communities and communities of color specifically.