

# **Building Capacity Among Multi-Service Agencies**

**An Evaluation of  
The Multi-Service Agency Initiative of  
Hartford Foundation for Public Giving**

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## **Building Capacity Among Multi-Service Agencies**

The Multi-Service Agency Initiative (MSAI) was launched in 2001 as an effort by the Hartford Foundation for Public Giving to increase the organizational capacity of mid-size multi-service agencies in the Greater Hartford area. The Initiative ended in 2008. Multi-service organizations are, as their name implies, agencies that offer a number of different human service programs in multiple locations within a community. They constitute the core of the nonprofit human services delivery system in the Hartford region. Their effective functioning is essential to the well-being of those they serve. They are also key to the Foundation's meeting its mission to improve the quality of life for residents in the region.

As a result of discussions<sup>1</sup> held with executive directors the Foundation concluded that helping these agencies improve their performance was a funding priority. Fifteen agencies were invited to apply for participation in MSAI. To be eligible, agencies had to meet certain criteria and then participate in organizational assessments conducted by independent consultants. The assessments provided insight into the current capacity of each agency and helped identify a project that would make a substantial difference in the ability of the agency to meet its mission.

In 2002, the Foundation provided three-year grants to twelve of the fifteen agencies to implement the projects that grew out of their organizational assessments. Twelve agencies participated in "Phase I" of the MSAI and due to beginning MSAI at different times and progressing at different speeds through the initial portion of the Initiative, funding timelines for "Phase II" varied by agency. In addition, some agencies chose to continue with their Phase I project for an additional year so that they entered Phase II on different schedules. The table below shows participating agencies; two of these agencies did not continue in Phase II.

Participating agencies included: Boys and Girls Club of Hartford, The Bridge Family Center, Inc., Catholic Charities, Connecticut Valley Girl Scout Council, Hands on Hartford<sup>2</sup>, Hispanic Health Council, Jewish Family Services, Manchester Area Conference of Churches, Our Piece of the Pie<sup>3</sup>, The Salvation Army, Urban League of Greater Hartford, Inc., YWCA of the Hartford Region, Inc.

The chart below shows the areas for capacity building chosen by these agencies following their assessments in either Phase I or Phase II of the Initiative.

<b>Area of Capacity Building</b>	<b>Number of Agencies</b>
Marketing and Communications	9
Technology	7
Planning and Management Systems	6
Human Resources	4
Staff Development/Board Leadership	3
Financial Management	3

Throughout Phase I and Phase II of the MSAI, the Foundation provided:

- core support for participating agencies,
- funding for specialty consultants,
- peer learning opportunities, and
- evaluation.

<sup>1</sup> Beginning in 1998, the Hartford Foundation Nonprofit Management Program had executive directors of multi-services organizations participate in discussions about concerns and issues they face. In 1999, roundtable sessions were held.

<sup>2</sup> formerly Center City Churches, Inc.

<sup>3</sup> formerly Southend Community Services, Inc.

## Accomplishments

By any conceivable measure this Initiative was highly successful in building capacity among the agencies that were part of it. Only one of the two agencies that left the Initiative after Phase I had little to show for its participation. The other became involved in a major organizational redesign, in which resources from MSAI were helpful for the early stages.

Overall, basic capacity building produced, in turn, other consequences and benefits to participating agencies.

**Agency transformations** - Some of these agencies are completely transformed. Three have new names for either their organizations or their programs as a result of the self-examination required by the Initiative. Four have new quarters or property. Their missions have been reworked and their “look” is very different.

**Increases in revenue** - All but two of the MSAI agencies have now experienced increases in revenue as a secondary consequence of their capacity building efforts in other areas. Some leveraged their connection with the Hartford Foundation to obtain grants and contracts from other funders. Some developed new billing capabilities that opened new revenue streams or revamped their billing systems to enhance collections. Still others were able to redesign their board membership or otherwise energize their board members to become givers to the agency. Some agencies were able to so greatly expand their customer base that their revenues grew substantially. In fact, at least four agencies have expanded so substantially that they have required new quarters. One increased its budget by 170% over the course of the Initiative.

**Development of products** - All of these agencies have technology or other products they did not have before. They bought computers, telephones, security cameras, copiers, and other equipment. Over half have new marketing materials that include new mission statements, logos, taglines, and colors to brand the agency. Most have new websites and the capacity to update them at will.

**Creation of working documents** - All of the agencies involved in the MSAI created strategic, technology, or management plans. Most would say that the function of these plans, which some had before, has changed drastically. They are working, organic plans, designed and approved by staff and board alike.

**Adjustments to human resources** - At least four agencies have new human resource systems and personnel. One agency reports less lengthy staff vacancies as a result, while another has experienced fewer legal actions for termination of staff. All of the agencies that worked on human resource capacity have job descriptions and professional development plans for their staff members. Some of these agencies report that they are now hiring much more capable staff.

**Transformation of boards** - Board reorganization was completed by at least six of these agencies. Board members were retired, replaced, and redeployed. Some unwieldy boards were trimmed and committees were created. These boards began to have retreats to regularly review agency policies. They increased their giving to the agency.

**Increased community involvement** - As a result of staff reorganization at some agencies, executive directors are now able to be more involved in community. This in turn, has produced more revenue and more recognition for the agency, drawing new clients.

**Creation of new systems** - Three agencies have new billing or financial management systems, supported by new technology and software. They have reorganized their billing procedures, as noted above, resulting in increased revenue collection.

## Factors Affecting Success

The MSAI offered an invaluable opportunity to learn what factors help and hinder a capacity building process. These included the following:

**Consultant choice** - Selecting the right consultant for an assessment, for strategic planning, for designing a marketing plan or any other capacity building activity is extremely important. Consultants can be asked about their experience, their references can be consulted, and executive directors can make a preliminary judgment about personality. The working style of a consultant, however, is often perceived only later in the process. Timing of deliverables, how much emphasis is placed on process versus product, and other attributes of a consultant are difficult to know in advance. There were some consultant choices in this Initiative that slowed progress, irritated agency staff and their consultants, and sometimes even forced a process to be repeated. Conversely, consultants were critical to the success of a number of organizations by helping them plan, make strategic decisions, and facilitate processes whereby board and staff could work together more effectively.

**Vendor choice** - Several of the agencies in the MSAI built their technological capacity. Some did not fully realize how much internal planning would be necessary before searching for a software or hardware vendor. Questions such as what is the information to be collected, what outcomes are to be achieved, how these will be measured, and what is the new technological system supposed to do must be answered internally before either a hardware or software plan can hope to succeed. And, while many vendors sincerely attempt to help organizations meet their technological goals, some vendors appear to want to make their products sound suitable to every potential buyer.

**Staff turnover** - Two kinds of staff turnover seemed to affect the progress agencies made in building their capacity. The first was turnover from standing agency staff, some of which was desirable and a result of the Initiative and some of which was happenstance but nevertheless produced a need for replacement. When the departing staff person was an integral part of the MSAI, it slowed progress. A second kind of staff turnover occurred when a new hire, such as a marketing director or human resources director, chosen as part of the capacity building effort, was a poor choice. Staff, like consultants, must fit well with an agency and some of the initial choices for key positions had to be replaced. There were, however several instances where MSAI afforded agencies the opportunity to hire excellent key staff, who subsequently made a significant difference in an agency's ultimate success with it's Initiative project. Overall, succession planning appears to be important at the outset of a capacity building initiative.

**Organizational changes** - During the MSAI, two of the participating organizations experienced major changes in how they were expected to operate. Both were connected with national groups and were asked to operate regionally rather than locally. One of these organizations was able to guarantee that the Foundation's funds would still be applied to local work—a requirement to receive funding. The second organization left the Initiative after Phase I because it was unclear whether they could make a similar claim.

**Leveraging funds and opportunity** - Some of these MSAI organizations believed that the Foundation's investment in their agency enabled them to leverage money from other donors or gave them increased credibility in the funding marketplace. Because the Hartford Foundation had deemed these organizations to be important to the future well-being of the community, other funders invested. One agency created an entirely new funding stream as a result of their participation in MSAI. They can now bill for third party coverage of services. Yet another came to the attention of a large national foundation after they received MSAI funding and was given a very large, multi-year grant. Still another agency took this opportunity to change their business model and affiliated with a national organization. Overall, the leveraging power of these grants was enormous.

**Agency exposure** - At the beginning of the Initiative, Foundation staff worried that these agencies might feel threatened by exposing their organizational weaknesses to a Foundation that also provided program grants. Over the course of the Initiative, it became apparent that these were not worries shared by the agencies and in any case, did not materialize. The Foundation staff for the Initiative were trusted completely, largely because of their own working styles and personalities, and several agency directors insisted that the potential danger never occurred to them.

## **Lessons Learned**

Should a foundation want to establish such an initiative in the future, the following lessons should be observed:

### **Consider agency selection carefully**

Choose those willing and able to change, with few outside constraints

Choose those with strong leadership

Explain and require an agreement that there will be a substantial commitment of time required on the part of agency

leadership, staff and board

Choose agencies that already have some capacity, strength and stability

### **Include an assessment process**

This adds to and sometimes replaces self-diagnosis of what agencies need

Use a standard assessment procedure that can be repeated over time and use it at baseline and later for evaluation

### **Include group meetings if a multi-agency initiative is created**

This enhances networking in the community

Agencies learn from one another

Choose speakers carefully and get feedback on their performances so as not to repeat the inevitable choices of a few presenters who are disappointing

Insist on board participation only if this is truly necessary

### **Expect challenges to arise, including**

Errors in selecting consultants or vendors

Staff turnover in agencies, boards, and Foundation staff

Organizational changes not connected to the Initiative

### **Expect indirect benefits of capacity building, including**

Increased ability to leverage funds from others

Increased revenue because of better operating capacity

Improved staff quality and better use of planning, evaluation, and long-term thinking

### **Include an independent, outside evaluation to**

Establish baseline information at the start of the Initiative

Pull together findings and lessons across agencies

Provide agencies with a way to comment on a Foundation's role in the process

Provide a message to agencies that these grants are just as important as program grants

### **Adopt useful practices for Foundation assistance**

Create a trusting climate within which agencies can be candid about their weaknesses and needs

Respect the understandable concern among agencies that program funding might be affected if they expose such weaknesses and minimize that possibility

Be flexible in time schedules - there are too many things that can affect the pace of capacity building to allow for rigid deadlines

### **Adopt a realistic perspective on board involvement**

Board members must be involved in making crucial decisions and be well informed by their agency leaders about the entire process

Staff should take the lead on many of the internal organizational changes that are necessary

### **Plan for and promulgate expectations for sustainability**

Ask agencies to provide a sustainability plan in their initial proposals and keep asking them to update that plan

Insist (as far as is reasonable) that they sustain new positions, even if they are part-time

Count on the fact that they will become dependent on their new capacity and will want to sustain it, even if the funder does not insist

**Hartford Foundation for Public Giving** is the community foundation for the 29-town Greater Hartford region. For over 80 years, it has built successful partnerships with donors, nonprofits and community leaders to enhance the quality of life for people in this region.

For more information about the Foundation, visit [www.hfpg.org](http://www.hfpg.org) or call 860-548-1888.

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