Stronger Nonprofits, STRONGER COMMUNITIES

Roles and Opportunities for Business in Nonprofit Capacity Building

AN ACTION BRIEF

Based on the proceedings of the March 8, 2016 forum, “Strengthening Nonprofit Capacity and Cross-Sector Connectivity.”
A Call to Action

At JPMorgan Chase & Co., we believe robust nonprofit organizations are essential for strong communities, and we are committed to using our financial, intellectual and human capital to help strengthen this vital sector.

We are reaching out to partners—businesses, clients, governments, foundations and nonprofits—to explore collaborative solutions that bring visibility and innovation to support the growth of strong organizational effectiveness programs and strategies. But the first step in that journey is to listen and learn. As part of this effort, JPMorgan Chase joined with the Aspen Institute’s Program on Philanthropy and Social Innovation to convene a roundtable discussion in Washington, DC with experts from 29 support organizations focused entirely on helping nonprofits to do their work as effectively as possible.

In this Action Brief, we review highlights from the roundtable—identifying the kinds of support nonprofits need to thrive and exploring how businesses and their partners can help. But we want to do more than talk about the challenges. We call this publication an “Action Brief” because we propose a series of steps the business community can take immediately, yet tailor in ways that play to their strengths and align with their priorities.

We are looking for partners to join us in this work to support community-based organizations and ultimately create stronger, more vibrant communities. This Action Brief sets the stage for a November 15 JPMC/Aspen “Influencers Forum” in Washington, DC, where a broad array of business, nonprofit and government leaders will gather to galvanize support for the nonprofit sector. Strong organizations—whether they are mission-based or profit-seeking—require investment, talent and nurturing. Together, we can help to strengthen those organizations that broaden opportunity. The result will be a stronger economy that is good for everyone.

Naomi Gendler Camper
Office of Nonprofit Engagement
JPMorgan Chase & Co.
What Nonprofits Need

The nonprofit sector is a vital partner in building healthy, vibrant, stable communities where businesses and people can be successful. Across the nation, local nonprofit organizations are working every day to strengthen communities, provide critical services, and advance the causes of equality and opportunity for all.

In an era of growing need and shrinking government resources, nonprofits are being asked to do more with less. A key challenge for the social sector is building strong, resilient organizations with the staffing, systems and leadership to sustain today’s successful programs while growing their impact over time.

The challenges facing nonprofits across the country are well documented. In a 2015 survey by the Nonprofit Finance Fund, more than half (53 percent) of nonprofits reported having three months or less of cash on hand. The top challenges reported by these organizations included achieving long-term sustainability, being able to offer competitive pay and/or retain staff, and raising funding that covers full costs.

A 2015 survey commissioned by JPMorgan Chase and conducted by The Bridgespan Group set out to dig deeper into the specific areas where nonprofits believe they need the most support. Fundraising and communications/marketing topped the list. Organizations were also asked to assess their performance across a range of operational
Helping Nonprofits Tell a More Powerful Story About Their Work

In a survey conducted by The Bridgespan Group for JPMorgan Chase, nonprofit organizations conveyed the need for additional support in the areas of fundraising, communications and strategy planning. With the understanding that a large part of fundraising is storytelling, JPMorgan Chase is working with the communications experts at Spitfire Strategies to organize strategic communications and storytelling trainings coupled with individualized coaching for nearly 150 nonprofit leaders in targeted cities across the country.

The training and coaching are for JPMorgan Chase grantees and members of the company’s community advisory boards (CABs). The focus is providing local community leaders with tools and skills to develop compelling messages about their work and to communicate their stories effectively to funders, the media, the public and others.

Host cities for the Spitfire Strategies trainings are Tampa, New York, Seattle, Chicago, Washington, DC, Denver, Phoenix and Detroit.

We need to make sure we build capacity for these organizations to have a voice in important policy conversations, particularly at the state and local levels, so they can open doors to opportunity and protect themselves from potentially harmful legislation.”
— Kristen Merrifield, CEO, Alliance of Arizona Nonprofits

This workshop was a wonderful gift. I was able to spend a day and a half with my communication director clearly articulating our proposition so as to broaden our reach to all constituents: donors, youth served and advocates.”
— Participant (anonymous survey)
Strengthening the Sector: The Role of Capacity Building

“Capacity building.” The term may sound technical and uninspiring. But the truth is, it couldn’t be more important to the healthy functioning of nonprofit organizations, and also the strength of the communities they serve.
Grantmakers for Effective Organizations (GEO) defines capacity building as “funding and technical assistance to help nonprofits increase specific capacities to deliver stronger programs, take risks, build connections, innovate and iterate.” Or, as GEO President Kathleen Enright puts it, “It’s anything that helps a nonprofit perform at its peak.”

There are many varieties of capacity-building support for nonprofit organizations. They include:

- Consulting and technical assistance in planning, fundraising, communications, technology, evaluation and other areas;
- Leadership coaching for senior staff and board members;
- Training and professional development for executives, staff and board;
- Targeted funding for technology and other capacity needs;
- Pro bono and in-kind support for key operating activities—accounting, legal, printing, etc.; and
- Peer-to-peer programs that provide opportunities for nonprofit leaders and staff to network and engage in collective problem solving.

As the social sector has grown in recent decades, so has the number of consultants who provide capacity-building support to nonprofit organizations. In addition, many larger communities are home to management support organizations (MSOs) and other entities that provide a range of capacity-building services to local and regional nonprofits. Moreover, many businesses regularly provide opportunities for employees who have expertise in key functional areas to engage in short-term and long-term coaching and consulting engagements with nonprofits.

But even with significant numbers of consultants, MSOs and businesses engaged in capacity building in some way, the need for this critical support far outstrips the supply. Part of the problem is a lack of general operating support for nonprofits; foundations and businesses generally fund nonprofits’ programs instead of their operations. A related problem is
The question is how we support nonprofits to grow and invest so they are building the future of their organizations and becoming more sophisticated and growing their bench. The business world pays attention to all of these areas, but the nonprofit sector isn’t doing nearly enough.”

— Sonia Pérez, Chief Operating Officer, National Council of La Raza

The average S&P 500 firm spends about 34% of their budget on essential behind-the-scenes support, while nonprofit organizations are held to a 15% limit.¹

single-year and short-term grants and engagements that fail to provide nonprofits with lasting support to strengthen their core systems. Yet another problem, particularly in smaller and rural communities, is lack of qualified consultants and capacity builders to help nonprofits in areas from strategic planning and fundraising to communications, human capital management and more.

Last but not least, there is a lack of understanding in both the private sector and philanthropy about what works to strengthen nonprofits.

Investing in Training to Strengthen Nonprofit CEOs’ Revenue-Generation Skills

JPMorgan Chase is working with Georgetown University’s Global Social Enterprise Initiative at the McDonough School of Business to provide advanced education and training opportunities to nonprofit executives or senior organizational leaders. The university’s New Strategies program focuses exclusively on how to bolster and manage nonprofit revenue for growth and success.

Through the program, the nonprofit leaders participate in a four-day forum focused on topics from corporate fundraising and cause marketing to earned income and impact investing. Following the forum, participants receive 12 months of targeted technical assistance from New Strategies program faculty.

Nonprofit participants in the program represent grassroots organizations with revenue over $1 million in cities from Los Angeles to Detroit.

“The Georgetown U. New Strategies Forum was incredibly valuable and inspiring. I value the connections made with the New Strategies team, industry experts, as well as with fellow nonprofit executive directors and senior staff.”

— Roxanne Caldera, Director of Women’s Business Center–San Jose, AnewAmerica Community Corporation

¹ http://ssir.org/up_for_debate/article/pay_what_it_takes_philanthropy
What Works: Key Considerations for Business

The Strengthening Nonprofit Capacity and Cross-Sector Connectivity Roundtable served up a variety of perspectives on what business can and should be thinking about when it comes to strengthening nonprofit capacity.

Find Alignment

Nonprofit organizations are working on countless issues in communities across the country, from education and healthcare to the environment. For businesses interested in strengthening organizations, it’s important to align capacity-building investments with broader corporate values and priorities. Focusing on issues that resonate with leadership, employees and customers/clients can help ensure broad-based and sustainable support for the work across the business. Similarly, businesses should consider what unique expertise and capabilities they and their employees bring to the work of strengthening nonprofits.

Focus on What Nonprofits Truly Need

The business community brings a variety of assets to the table when it comes to creating stronger nonprofits. Businesses can provide financial support to grow...
the capacity of individual nonprofits or nonprofit networks. They can convene local organizations to identify common challenges and explore solutions. They can foster connections between nonprofit organizations and local civic and business leaders and ensure that the sector has a voice in community decisions. Employees can serve on nonprofit boards and provide leadership coaching or technical assistance in core functional areas. The key for every business is to provide the kind of support that nonprofits truly need to be successful. That means reaching out to these organizations, listening and keeping the conversation going as new challenges emerge.

If an organization is having problems with fundraising, it may be a presenting symptom of a deeper organizational issue like strategy. We need to look systemically and holistically at organizations and support them to address the full scope of needs that keep them from performing at their best.”
— Gretchen Van der Veer, Executive Director, Fair Chance

Remember the Power Dynamic

Nonprofit organizations often feel pressure to shift their mission and plans to align with the interests of funders and business supporters. According to a 2015 Independent Sector report based on outreach to hundreds of nonprofit and foundation leaders across the country, “Nonprofits report that the process of securing funds wastes staff (and volunteer) time, too often devalues the expertise of organizations, and requires grantees to acquiesce to foundation demands at the expense of being responsive to stakeholder experiences.” It is impossible to completely erase this power imbalance, but businesses and other funders can and should be intentional about building trust with nonprofits and encouraging them to be honest and candid about their needs, as well as what is working and what is not. Parachuting in with volunteer help can actually add to a nonprofit’s burdens if what the business is offering doesn’t match what the organization truly needs to be successful. Similarly, businesses should consider more flexible approaches to funding nonprofits, supporting their core operations instead of compelling them to spend contributed funds on specific programs.

We need to approach this work with the attitude that we aren’t here to fix these organizations. We are here to partner with them and we have something to gain from the relationship as well.”
— Sonya Malunda, Senior Associate Vice President, University of Chicago Office of Civic Engagement

Invest in Diverse Organizations

The vast majority of nonprofits are small, community-based organizations. While larger nonprofits often have paid professional staffs, connected boards and access to consultants, it is in these smaller groups where capacity building can reap the biggest rewards. Working with smaller organizations also can help ensure that capacity-building investments end up benefiting the diverse populations they serve. A key consideration in supporting smaller organizations is to be strategic about assessing their readiness and the amount of support they can absorb at once.

1 Threads: Insights from the Charitable Community, Independent Sector, 2015.
“There is real disparity in terms of the financial investment in African American and minority-led organizations. It’s important not to make assumptions about the level of capacity that all organizations have. The reality is that minority-led organizations have different challenges and needs in terms of capacity building, and funders need to understand that.” — Erika McConduit-Diggs, President and CEO, Urban League of Greater New Orleans

Consider the Larger System

In a 2016 briefing paper, Capacity Building 3.0, TCC Group emphasized the importance of investing in the capacity of the entire “social sector ecosystem,” including the nonprofits, funders, government entities and businesses that increasingly are working together on the urgent challenges facing American communities. The message for businesses: Don’t go it alone. All sectors can and should be working together to strengthen community capacity to solve problems. Whether this type of support exists in a community or not, businesses can explore a range of opportunities for collaborating with others to strengthen nonprofits and address community needs.

Conclusion

Communities thrive when nonprofit organizations are strong. JPMorgan Chase and the Aspen Institute Program on Philanthropy and Social Innovation extend our deep appreciation to everyone who participated in the roundtable convening on this urgent topic. We look forward to continuing the conversation about how best to strengthen the nonprofit sector—and how business, philanthropy, government and nonprofit organizations can work together to build a thriving future for American communities.