

## Guidance for Capacity-Building Projects

Capacity-building proposals are requests for resources to help a nonprofit better fulfill its mission. Goals often are to adjust the organization's efficiency, size or effectiveness. Methods vary but a good nonprofit seeks to develop and sustain a quality workforce, stable finances and effective oversight. Some experts describe the equation as this:

$$\text{Leadership} + \text{Adaptability} + \text{Program Capacity} = \text{Sustainability}$$

OCF recognizes that program expansion is not always appropriate. A nonprofit may be the right size already or it may have an eye toward growth but must prepare for that future. In either case, the nonprofit's greatest need may be to strengthen or stabilize its existing operations.

### Examples of Eligible Activities

- Collaborating with other organizations to improve services or eliminate duplication
- Strengthening governance, leadership or staff expertise
- Restructuring business models<sup>2</sup> and accounting practices to improve financial stability
- Building and diversifying revenue streams<sup>3</sup>
- Developing and implementing long-term strategic plans
- Refining communications, marketing and outreach
- Improving volunteer recruitment, training and engagement
- Acquiring or improving impact measurement tools and program evaluation capacity
- Pursuing opportunities to share space, equipment or other administrative costs
- Enhancing technology (excluding routine upgrades)

### Specifics Related to Capacity-Building Projects

Capacity-building grant proposals should reflect board-level commitment to the proposed activities. OCF recognizes that a nonprofit's needs are impacted by many factors – the population being served, the programs offered, and the nonprofit's location, age and sophistication. Projects may encompass a variety of activities but applicants should be clear about the expected outcome of each.

Our capacity-building support is not meant to simply sustain day-to-day activity – it is meant to help an organization reach a new level of operating effectiveness. The anticipated outcome is greater nonprofit adaptability and durability.

Lower priority is given to:

- nonprofits with no track record of community impact
- nonprofits with multi-million-dollar annual operating budgets

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<sup>2</sup> By business model, we mean how a nonprofit delivers services and supports its activities through a cost structure and a revenue strategy that combine earned and contributed income.

<sup>3</sup> Requests to build earned income streams or contributions from individuals and businesses are more competitive than requests to build grant writing capacity.