



Capacity Benchmarking Tool

For Faith- and Community-Based Organizations

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Branch Associates, Inc.

Abt Associates, Inc.

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Prepared by:

Barbara Fink

Jeannie Engel

Branch Associates, Inc.

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Preface

Improving capacity – an organization’s ability to carry out its mission – has become a “hot topic” for many nonprofit leaders and funders. Increasingly, private and public funders are encouraging nonprofit leaders to: (1) assess their organizations’ capacity, (2) identify priorities for capacity improvement, and (3) design and implement capacity building strategies. Nonetheless, executive directors of small struggling community-based organizations may wonder whether they have time to think about capacity. In the short-run there are costs. For example, recruiting new Board members, holding a board retreat, and setting up a web site all require time that might otherwise be spent on service to clients. In the long-run, however, benefits such as new funding sources and more effective programs enhance organizations’ ability to survive and provide services.

Capacity has many inter-related facets, including an organization’s ability to:

- Recruit and train active and engaged board members who bring skills and devote time to the organization, and who understand board members’ roles and responsibilities;
- Set goals for program size, service quality, staffing, revenue, and revenue sources.
- Develop plans to achieve goals, measure whether goals have been met, and make improvements based on evaluation results; and
- Establish a positive reputation in the community so that (1) services are accessible, (2) community members advocate for the organization, (3) individuals support the organization with money and time, and (4) other organizations and businesses want to collaborate for better services.

The Compassion Capital Fund (CCF), administered by the U.S. Department of Health and Human Services, Administration for Children and Families (ACF), funds intermediary organizations’ capacity building assistance to faith- and community-based organizations. In support of these efforts, HHS commissioned Branch Associates, Inc., in partnership with Abt Associates, Inc., to conduct a study, *Examining the Services and Promising Practices of Intermediary Organizations and the Faith- and Community-Based Organizations They Serve*. This study allowed Branch Associates, Inc. to create this Capacity Benchmarking Tool by incorporating the knowledge and lessons it learned in the field, with the experiences of intermediaries and, most importantly, the insights of community-based nonprofit leaders – the intended audience for this tool.

This tool rests on two foundations – best practices and benchmarks. Best practices summarize the consensus among researchers, nonprofit leaders, and technical assistance providers about running effective and financially sound organizations¹. Benchmarks are the descriptive or measurable indicators of how well organizations carry out the best practices. As an organization achieves benchmarks, it becomes stronger, more effective, and more efficient.

¹Best practices as defined here may not necessarily represent proven, research-based findings.

Introduction

What type of organizations should use this tool? This tool is intended for newly established and emerging community-based nonprofit organizations – including faith-based groups – that want to work toward greater stability and effectiveness.

How does this tool help organizations? Staff and board leaders use this tool to establish priorities for strengthening the organization’s infrastructure (organizational capacity) and identify the most important next steps needed to build capacity. This tool can be re-used to track progress and focus the organization on achieving new capacities.

What capacities does this tool cover?

1. Board of Directors
2. Strategic Planning and Decision Making
3. Program Monitoring (monitoring effectiveness)
4. Community Linkages and Partnerships
5. Fundraising and Grant Writing
6. Technology
7. Managing Staff and Volunteers
8. Financial Management

Which capacity areas are most important? This tool recognizes that while some capacities may need urgent attention, others can be addressed at a different pace that makes sense given the organization’s other needs, abilities, challenges and opportunities. An appropriate combination of capacity building strategies for one organization may not be an effective combination for another organization. Your organization decides which and how many areas to focus on at a time. A variety of factors, such as funding, leadership, staffing, reputation, and public policies will influence which capacity building strategies are best at a given time.

What is a benchmark? The benchmarks in this tool are descriptive and measurable indicators of capacity. They are classified as “basic” or “enhancement.” *Basic benchmarks* are for nonprofits focused on stabilization. *Enhancement benchmarks* are generally for more established organizations ready to focus on increased effectiveness and efficiency.

A familiarity with enhancement benchmarks can help organizations working toward stabilization by providing a vision or framework for future operations and, in some instances, by helping to clarify stabilization priorities.

Please note that throughout this tool, the term “organization” includes organizations, programs, and informal groups.

Please also note that “executive director” is generally interchangeable with program director, Pastor, or other staff or volunteer position with authority for the activities addressed by the tool. For some faith-based organizations, oversight may be provided by a Church Council or Board of Elders rather than a Board of Directors.

How to Use the Tool

Step 1: Determine who will complete this tool. It is a good idea to have several people participate. In addition to the executive director, choose a board member, staff member or volunteer. Each person needs a copy.

Step 2: Determine whether participants will complete the entire tool or focus on only one area of capacity. The tool is divided into eight capacity areas.

Step 3: Participants complete the tool on their own. Each participant sets aside approximately 1 - 2 hours to complete the entire tool or about 15-30 minutes per capacity area. Read each benchmark and indicate the extent to which it needs attention. Set a date by which everyone will have completed the tool.

Step 4: All participants meet and discuss results. (If useful, one person could prepare an analysis of the responses ahead of time.) During the discussion:

- Review findings for each capacity area.
- Discuss perspectives that led to differences in responses.

Step 5: Use your responses to determine the highest priority benchmarks needing attention. Some ways to prioritize the capacity areas and benchmarks are to:

- Identify any benchmarks that should be addressed immediately. Are there benchmarks that need to be addressed in the next six months to ensure the organization's survival? Are there critical opportunities that will be missed if the organization does not address some benchmarks right away?
- Ask yourselves where the organization should be in two years. Identify the benchmarks that you believe will be the most critical for achieving these goals.

Step 6: Discuss potential strategies or actions to address each priority benchmark.

- Identify what needs to be done, by when, and who will be accountable or lead the effort.
- Decide whether the potential actions would benefit from review by others. If so, identify who will review and how final decisions about next steps will be made.

Step 7: The executive director, or coordinator, prepares an action plan that (1) describes the steps for improving the organization's capacity, (2) identifies the person(s) responsible for implementing the strategies, and (3) outlines a timeline.

Before you begin...please be aware that:

- This is not a test. There are no right or wrong answers.
- If a section does not apply to your organization, feel free to skip it (e.g., if you do not yet have a board of directors, skip those benchmarks if they have no relevance).

Example of how one (fictional) organization used this tool

The ABC Youth Services Organization had experienced modest growth in recent years. This year, however, one funder decided not to renew a grant and an intensively planned fundraising dinner did not meet its goals. The founder-executive director had been working full-time for ABC and was beginning to wonder whether her efforts were worthwhile. ABC used this tool to assess its capacity, develop plans to improve its financial situation, and address other areas needing attention.

The executive director, the board chair, and a volunteer tutor independently completed the tool. Although the volunteer could not assess some of the benchmarks, such as those related to the board of directors and finance, he completed significant portions of the tool. The three met and spent two hours just reviewing and explaining their responses. They identified areas in which the organization was on the right track. For example, the executive director was a great networker, the organization was well regarded in the community, and it had recently hired staff to help support its new partnerships.

In many cases, their views were similar. In others, they were surprised to learn they had quite different perspectives. Two areas stood out. First, while the executive director thought the organizational mission was fine, the volunteer admitted he was not clear about the mission, and the board chair observed that the mission statement mentioned "children's health," yet none of the current services addressed children's health. The second notable capacity area was the board of directors. Although the board members were all committed to the organization, the executive director and board chair realized that some board improvements could go a long way to increase the organization's effectiveness. They recognized that the board could take on much more meaningful and satisfying roles in fundraising.

The three agreed to meet again to prioritize needs and develop capacity building strategies. At first it seemed overwhelming because they had rated many benchmarks as “Needs a lot of work” or “Needs some work.” To make it manageable, they decided initially to tackle only three of the highest priority areas. Based on their previous discussion, they identified board membership and individual donors as two of the top areas to address. They picked technology as the third, knowing that future enhancements in financial management and fundraising would require new computers and software.

Within board membership, they focused on the specific benchmark related to diversity in skills and professional experience. It made sense to expand the board to include someone with fundraising experience and someone knowledgeable about financial planning. They decided to propose several strategies to the board. One was to create a board-staff-volunteer committee devoted to board recruitment. They

even discussed which board members would be particularly strong leaders for this committee. They also developed strategy proposals for the other two high priority areas, gaining new donors and enhancing technology.

After the meeting, the executive director prepared the following action plan, which she presented to the board. It was mostly well received. A few board members were not sure about the implied greater board involvement, but were willing to give it a try. The board agreed to regularly review action plan progress by putting it on its meeting agenda every other month.

Sample Action Plan:

Task	Responsible People	Completion Date
Board Membership		
1. Create board recruitment committee	Board chair & Executive Dir.	September 10
2. Get recommendations for new board members	Committee Chair	October 1
3. Call possible new members	Committee Chair assigns appropriate staff and board for each contact	November 15
4. Report back to committee	Staff and board members assigned for contacts	November 25
5. Report to board with nomination suggestions	Committee Chair	December 10
Individual Donors		
1. Create new brochure	Staff assistant with a board member	Draft to board by January 30
2. Each board member suggests new potential donors	Executive Director	October 1
3. Contact information collected	Executive Director (or development staff)	October 25
4. Contact strategy developed	Executive Director (or development staff)	November 10
5. Report back to full board	Executive Director	December 10
Technology		
1. Research potential in-kind donations of complete computer systems	Board member	October 20
2. Contact current funders to explore a technology grant	Executive Director (or development staff)	November 1
3. Report back to board	Executive Director	December 10

Organizational Profile

(*Complete this profile for your organization. This profile will be especially useful if results are shared with outside consultants or intermediary staff.)

Organization Name: _____

Name and Title of person(s) completing the tool: _____

Organization's purpose, geographic reach: _____

Staffing: (Number) _____ Paid program staff
_____ Paid administrative staff
_____ Program volunteers
_____ Administrative volunteers
_____ Consultants


This year's budget: \$ _____

Our organization is: Incorporated as an independent 501c(3); Year incorporated _____
 Incorporated by virtue of a host/parent institution's 501c(3)
 Unincorporated, but planning to incorporate
 Unincorporated, with no current plans to incorporate

Our organization has bylaws/governing regulations: Yes No

Our organization is overseen by:

Our own board of directors (focused solely on our organization) Number of board members _____
 Host/parent institution's board of directors (broader focus than our organization)
 A group or committee of the host/parent institution
 No formal oversight body



PART I: Board of Directors

What is a Board of Directors?

The Board of Directors is responsible for making sure the organization pursues its mission in an ethical, effective and financially sound manner. When an organization is certified as a corporation, the board of directors becomes legally responsible and the organization is no longer the sole responsibility of its founder(s).²

Why is a Board of Directors important?

The Board of Directors determines the organization's direction, ensures that the organization has the financial and human resources it needs to operate and run effective programs, sets policies, such as those for personnel and financial management, and advises staff and volunteers.

Board members support the organization in terms of:

- Fundraising (the executive director is not solely responsible for all fundraising efforts);
- Sharing expertise and making connections to others with needed expertise;
- Representing community members' perspectives;
- Building community support for the organization;
- Providing oversight to reassure the community that the organization is run responsibly; and
- Exploring and formalizing the big picture of where the organization is going and what it needs to get there.

What topics are covered in the Board of Directors section?

Board Membership

Board Operations and Structure

Board Role- Leadership

Additional information about the board's roles can be found in the sections about strategic planning, program monitoring, community linkages and partnerships, fundraising, and financial management.

² Adapted from Georgia Center for Nonprofits <http://www.nonprofitgeorgia.org/startup.html> I-1

Board Membership

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The board brings the affiliations and expertise needed to (1) represent the interests of the organization's constituents, and (2) ensure sound oversight for proper management of all aspects of the organization.

Basic Benchmarks

1. If the program has bylaws (official governing document required for incorporation), the number of board members meets bylaw requirements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Board members have diverse skills and professional expertise that match the organization's needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>If not sure... does your board have people such as: Accountants, lawyers, business professionals, experts in the field, and people skilled in human resources, media, public relations, community development, and group facilitation.</p>				
3. Board members have diverse perspectives that are represented by differences in gender, ethnicity, socioeconomic status, and life experiences.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Board members respect each other and appreciate the variety of perspectives brought by a diverse board membership.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The board develops recruitment strategies for achieving diversity goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Board members help recruit valuable new board members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The board discusses and decides: (1) how to approach potential board candidates, (2) what they will and will not be told, and (3) how to present nominees to the board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. If the executive director or other employees serve on the board, they are non-voting members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks

9. Board members include community leader(s) such as people active in other faith- or community-based organizations, religious leaders, leaders of well-respected businesses (both nonprofit and for-profit), politicians, and others with high positive name recognition.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Rotation policies (which state the number of consecutive terms board members are allowed to serve) make room for new leaders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The organization may establish a mandatory time off the board before a board member can be eligible for re-nomination.

Tips and strategies for increasing board diversity:

- ✓ Create a board committee devoted to recruitment. This committee meets throughout the year to identify potential members with needed skills and perspectives.
- ✓ Create a grid – with the desired skills, expertise and perspectives on one side and list the current board members on the other. Place checks where the board has the desired skills and perspectives. Identify the gaps.
- ✓ Schedule meetings with community leaders to share information about the organization and to explore their potential as effective board members.
- ✓ Revise bylaws if experience indicates that the mandatory board size is too small (or large). Develop or enforce existing policies for board members to rotate off the board.

Board Operations and Structure

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The board is informed, knowledgeable, and committed to fulfilling its roles and responsibilities.

Basic Benchmarks

1. If there are bylaws, the number of board meetings meets or exceeds bylaw requirements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The board engages in efficient discussions and reaches decisions in a timely manner.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Meetings are well attended.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signs of well attended board meetings include:

- The number of board members in attendance is at least the number needed to bring decisions to a vote (quorum).
- Board members arrive on time and meetings begin on time.
- Decisions are generally not challenged by absent board members.

4. Discussions about important decisions are informed and thoughtful with a balance of perspectives. Board members discuss potential downsides before making decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Board members speak up for decisions that are best for the clients and organization, even when voicing unpopular views.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Board leaders make sure that all board members have the information and materials they need. Agendas and relevant materials are received in advance of meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Meeting minutes reflect board decisions and actions. Minutes are distributed to all board members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. All board members have up-to-date information about the organization. Board manuals or binders help organize the information and documents.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Board communicates regularly and effectively with staff.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- Board decisions are communicated to staff on a timely basis.
- Board chair (or designated board member) and executive director are the primary communication links between staff and the board.

Tips and strategies for improving board meetings:

- ✓ Include items requiring full board consideration on board meeting agendas.
- ✓ Encourage participation by inviting board members to propose agenda topics.
- ✓ Prepare committee reports and other key background information and analysis before board meetings. Determine whether this information should be presented during the meeting or distributed ahead of time, giving board members an opportunity to prepare for the discussion.
- ✓ Ensure that board members speak freely. The board chair can encourage people to voice their perspectives.

Tips and strategies for creating useful board manuals:

- ✓ Delegate board manual assembly to a staff or board member who will produce it with the executive director.
- ✓ Useful information for a board manual or binder includes:
 - Mission statement, strategic plan, bylaws;
 - Board responsibilities and expectations (including specific expectations for financial contributions);
 - List of board members, officers, and committee assignments; board and staff contact information;
 - Board meeting schedule; recent board and committee meeting minutes;
 - Recent annual report, budgets, and audits;
 - Program descriptions;
 - Staff organization chart, staff titles and job descriptions, staff resumes, personnel policies;
 - Funding proposals, funder list; and
 - Newsletters, fact sheets, brochure, publications, press articles.

Board Operations and Structure (cont'd.)

	Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
10. The board delegates responsibilities among board members. Delegation is often handled by creating officer positions and board committees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Typical officer positions include:</p> <ul style="list-style-type: none"> • Chair – ensures the board’s effectiveness and communication with the executive director. • Vice Chair – prepares to take over as Chair and acts as the Chair when Chair is not present or able. • Treasurer – leads the board’s financial oversight functions, ensuring that the full board has the information it needs to know that funds are spent appropriately. • Secretary – keeps records and minutes of board meetings. 				
11. New board members receive an informal orientation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enhancement Benchmarks				
12. The board acts promptly to resolve important and controversial issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Policies and procedures allow board action on urgent matters between regularly scheduled board meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Training is provided as needed for the board to fulfill its roles and responsibilities. The budget allocates funds for board education and development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Common board training topics include: fundraising, finance, strategies for influencing public policy, personnel policies, program planning and evaluation, board development, and mission-relevant concerns.</p>				
15. Board members support a division of labor by participating on board committees. There are clear expectations about the purpose and goals of each committee. (See summary of board roles at the end of the Board of Directors section.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Orientation for new board members is formal and comprehensive.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for orienting new board members:

- ✓ Set aside a few hours for presentation and discussion. This is a good opportunity for new board members to get to know the executive director, board chair, and each other.
- ✓ Schedule a time for a site visit. Show new board members around, explain how the program(s) works and answer questions.
- ✓ Orientations should cover the organization’s:
 - Mission and target population;
 - Programs;
 - Board member roles and responsibilities;
 - History, traditions and relevant contextual circumstances (e.g., big challenges, opportunities, upcoming events, image);
 - Bylaws.

Board Role – Leadership

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The board promotes the organization's leadership and management.

Basic Benchmarks

1. The board sets the organization's future priorities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Board roles and authority are defined and distinct from those of staff. The board delegates the organization's operations to the executive director, and does not engage in staff decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The board selects the executive director and sets her/his compensation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The board is informed about the executive director's priorities and upcoming decisions. <ul style="list-style-type: none"> • The executive director shares relevant information with a board leader (usually board chair.) • The board leader regularly asks questions and is available to the executive director. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The board gives guidance (when needed) to help the executive director make decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The board assures compliance with all relevant laws and regulations (e.g., labor laws, health codes, building codes, staff and client privacy rights).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The board has explicit goals for itself, distinct from goals set for the organization as a whole.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Examples of board goals:

- Host a special event
- Raise a specified amount of money
- Establish a new board committee
- Lead strategic planning
- Achieve [x] % attendance at board meetings
- Ensure all members can understand and question financial reports

8. If the board reports to an oversight body, it understands which decisions are within its authority and which need higher approval.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Tips and strategies for working with an oversight body (for example, a church program may be guided by an advisory group of parishioners and perhaps others, while the church's board of directors may be legally accountable and, therefore, the oversight body for the program):

- ✓ The advisory group and oversight body agree to clear and distinct decision-making authority.
- ✓ The advisory group checks with the oversight body before undertaking major investments or taking the organization in a new direction.
- ✓ The advisory group and the oversight body share information to ensure sound decisions and accountability.

Board Role – Leadership (cont'd.)

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
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Enhancement Benchmarks

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 9. The board sets annual performance goals for the executive director and reviews his/her performance. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Board members evaluate the board's performance and implement strategies to improve the board's performance. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Congratulations! You have completed your assessment of the Board of Directors capacity area. Use your responses to determine the most important capacity building priorities. Please review the “How to Use This Tool” section on page 4.

Also, please review the summary of Board roles and responsibilities on the next page (I-7).

Summary Of Board Roles and Responsibilities

Expectations for individual board members

1. Attend all board meetings (and committee meetings)
2. Participate in discussions
3. Provide advice after careful deliberation
4. Seek financial (and in-kind) donations from others
5. Make a financial contribution

Board Responsibilities (committees may be used to delegate among board members)

Board development (Promote board quality through recruitment and training)

- Ensure effective board member recruitment and orientation processes
- Evaluate overall board performance and recommend strategies and training to improve board performance
- Determine members' interest in re-nomination to the board
- Recommend slate of officers for full board consideration

Fundraising (Promote fundraising success for strategies led by staff or board)

- Work with staff on long-range strategies and annual fundraising plans
- Monitor fundraising progress
- Work with staff to determine the need for changes in strategies
- Identify and introduce potential new donors
- Ensure legal, ethical, efficient, and polite fundraising practices

Finance (Oversees financial policies, procedures and major decisions)

- Review annual budget
- Propose budget revisions to avoid unnecessary financial risk
- Help staff design accurate and informative financial reports
- Conduct a search, recommend, and meet annually with an auditor

Personnel (Develop personnel policies, and address staffing and salary structures)

- Develop personnel policies
- Review Chief Executive Officer's (CEO) performance and compensation

Program (Review program plans and align with organization's goals and priorities)

- Ensure programs and resource allocation address organization's goals and priorities
- Arrange for program evaluation

Public Policy (Develop public policy goals and advocacy strategies)

- Keep informed about community activities
- Assess relevant public policies and advise board and staff about implications for clients, service delivery, and internal operations
- Develop policy advocacy priorities and strategies



PART II: Strategic Planning

What is a Strategic Plan?

Strategic planning is “a disciplined effort to... shape and guide what an organization is, what it does, and why it does it.”³ For faith-based groups, strategic planning provides an opportunity to formally connect faith-based values with program design. Strategic plans take into account the organization’s strengths and weaknesses, as well as circumstances in the organization’s external environment.

Why is a Strategic Plan important?

Strategic planning is important because this process:

- Sets the organization’s goals and priorities and helps get the board, staff, and other stakeholders “on the same page;”
- Identifies the programs, services, and organizational capacities and resources needed to achieve goals; and
- Outlines the strategies, board and staff roles, and expected timelines for achieving goals.

What topics are covered in the Strategic Planning section?

Organizational Mission

Information Gathering

Setting Goals

Monitoring and Updating Strategic Plans

³ John M. Bryson, Strategic Planning for Public and Nonprofit Organizations.

Organizational Mission

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
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Best Practice:

The organization has a clear purpose that guides decisions.

Basic Benchmarks

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. The organization has a written mission statement that reflects the organization's overall purpose and relevance to the needs of the organization's clients/customers. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|

The mission statement should specify the organization's:

- Ultimate goals and intended clients and program recipients;
- Strategies for meeting the goals (e.g., types of services);
- Geographical reach and other service limits or restrictions (e.g., income, language); and
- Core principles, values, or philosophies.

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 2. All <u>board</u> members understand and can explain the mission. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. All <u>staff</u> members understand and can explain the mission. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. The board reviews the mission statement regularly and modifies it when needed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Board and staff members explicitly connect decisions to the mission. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Achievement of basic benchmarks is sufficient for this area; no enhancement benchmarks provided.

Information Gathering

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
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Best Practice:

Strategic plans are based on relevant internal and external information and circumstances.

Basic Benchmarks

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. Plans and strategic decisions are informed by internal information such as the organization's history, past performance, internal culture and work style, and strengths and weaknesses. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|

In thinking about strengths and weaknesses, consider: staffing (paid and volunteer), location and accessibility, image, physical facility, financial stability, leadership, management practices, programs and services, connections to government officials and other community leaders, and use of technology.

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 2. Plans and strategic decisions are informed by the people and institutions potentially affected by the organization's decisions. Gather perspectives using surveys, interviews and/or focus groups with: <ul style="list-style-type: none"> • Clients/customers • Volunteers, paid staff, and board members • Funders, donors, and congregation members • Partner organizations and other organizations serving the same or similar clients | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 3. Client needs are understood through demographic and other data, as well as relevant articles and books. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 4. Plans and strategic decisions are informed by current and expected social, political, economic, technological, and legal conditions. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 5. Plans and strategic decisions are informed by anticipated funding. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|

Achievement of basic benchmarks is sufficient for this area; no enhancement benchmarks provided.

Setting Goals

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The organization develops comprehensive annual and long-range goals designed to achieve its mission.

Basic Benchmarks

1. There is a written strategic plan approved by the board. (The executive director may be the primary author.)

2. The strategic plan includes annual and long-range goals.

Goals address: making a difference for clients/customers, designing an effective service mix, establishing the right staff structure and size, fundraising and income sources, creating effective leadership and changing external factors to reduce need for the services.

3. The goals reflect realistic expectations of available resources.

4. Each goal is supported by strategies and measurable objectives that will help indicate the organization's progress toward the goal.

5. The board, staff and volunteers review and make suggestions about the goals, strategies, and objectives.

6. There is a written workplan for implementing the annual and long-range goals and objectives. The work plan includes: (1) a description of the desired outcome; (2) strategies for achieving the outcome; (3) timelines; (4) resources needed; and (5) staff, board, and committee responsible for implementing each strategy.

Enhancement Benchmarks

7. The board, with staff input, develops a 3 to 5 year vision for: (1) The organization's impact on the people and conditions addressed in the mission; and (2) Institutional capacity – the staff, volunteers, funding, technology, and other resources needed for the organization to have the desired impact on the community.

Tips and strategies for setting goals:

- ✓ Prepare or update your strategic plan every 2 – 5 years.
- ✓ Distribute and/or present the draft plan to staff and board members for feedback.
- ✓ Set **measurable** objectives by asking how you will know that your plans are having the intended impact. Decide what “evidence” you will consider.
- ✓ Develop a vision for the organization by completing statements like:
 - “By the year 20__, we will see ____ and the __ (elimination, creation, reduction, increase) of __.”
 - “In the year 20__, we will be looked to for __, and provide excellent service in the following areas: __.”
- ✓ Annual plans are a strategic year-by-year break down of the long-range strategic plan. Modify annual plans based on new information about progress achieved, challenges, and potential opportunities.

Monitoring and Updating Strategic Plans

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
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Best Practice:

Strategic plan implementation is monitored; goals and strategies are modified when appropriate.

Basic Benchmarks

1. The executive director (with input from senior staff) determines whether goals and objectives are being met.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2. The executive director (with input from senior staff) determines modifications such as:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------	--------------------------	--------------------------

- Which strategies need new timeframes;
- Which strategies need to be modified; and
- Which staff and board roles/responsibilities need clarification or reassignment.

3. The board gets periodic progress reports to help determine whether objectives and goals are being met.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------	--------------------------	--------------------------	--------------------------


The board determines modifications for *major* goals and strategies (i.e., those goals or strategies that would significantly impact the organization's identity, broad strategies, or available resources).

Achievement of basic benchmarks is sufficient for this area; no enhancement benchmarks provided.

Congratulations! You have completed your assessment of the Strategic Planning capacity area. Use your responses to determine the most important capacity building priorities. Please review the "How to Use This Tool" section on page 4.

Tips and strategies for monitoring the strategic plan:

- ✓ The executive director should report to the board about the strategic plan at least on a quarterly basis.
- ✓ A one-page action plan or workplan summarizing the goals, strategies, person(s) responsible and timeline(s) can serve as a resource for the executive director and the board in terms of monitoring the strategic plan.



PART III: Program Monitoring

What is Program Monitoring?

Program monitoring is a process to determine whether an organization's programs and services: 1) reach the target population; 2) operate well and as envisioned; and 3) achieve the desired effect(s).

Why is Program Monitoring important?

Program monitoring improves program effectiveness and organizational sustainability by:

- Motivating staff;
- Supporting efforts to secure funding; and
- Uncovering unanticipated problems and suggesting solutions or next steps.

What topics are covered in the Program Monitoring section?

[Process Evaluation](#)

[Outcome Measurement](#)

[Program Design](#)

Process Evaluation

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The organization has a system to measure whether activities are implemented as planned.

Basic Benchmarks

1. For each program, the organization tracks the number of clients served, the frequency of service to each client, and the number of clients completing the program or no longer in need of the services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Basic information is collected about each client: <ul style="list-style-type: none"> • General information (e.g., age, marital status, gender, ethnicity, and contact information). • Program-related information (e.g., level of education, employment history, income, medical history). 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The organization obtains consent from clients before collecting personal data.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Information about clients is kept confidential and secure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The organization obtains client feedback about the program(s).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Program staff reflect on their efforts and results to assess whether activities and services were delivered according to plans. Staff suggest service modifications.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks

7. The organization uses a computerized system to track: <ul style="list-style-type: none"> • Types and amounts of program services provided; • Numbers of clients served by the program and the frequency of service to each client; and • Demographic information about each client. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. The organization assigns staff to monitor and track client information, client satisfaction, and staff assessments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for obtaining client feedback:

- ✓ Client feedback can be obtained from:
 - Satisfaction questionnaires or surveys; and
 - Interviews (with individuals or groups).
- ✓ Client feedback includes:
 - client ratings about how long they had to wait for services;
 - staff accessibility;
 - courtesy, and attitude;
 - overall satisfaction with services; and
 - whether they would recommend the organization to others (and the reasons why they would or would not), and suggestions for improvements.

Outcome Measurement

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The organization has a system to measure the results of its programs and services.

Basic Benchmarks

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. Board and staff determine key outcomes (changes that are expected to occur as a result of the program). Outcomes measure the important results of each program. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Outcomes are demonstrated with numbers, data, and stories about how the program made a difference. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Enhancement Benchmarks

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 3. Outcomes are collected on an ongoing basis from a variety of sources such as the organization's records, client or customer surveys, focus groups or individual interviews. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Outcomes are tracked using a computerized system. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

For example, a computerized database or Excel spreadsheet tracks the percentage of clients who complete each stage of a program, participants' scores on pre- and post- assessments, or data on longer-term changes (e.g., the percentage that complete high school or have jobs.)

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 5. The organization has a data collection plan that includes: tools and strategies for collecting data, the people responsible for data collection, collection frequency, and data storage procedures. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Long-term outcomes are tracked on a systematic basis. Comparative pre- and post-program information is tracked. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Outcome data are analyzed and presented to board, staff, and funders in written evaluation report(s). Reports are clear and easy to understand. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Evaluation results help make the case for continued and additional support. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Tips and strategies for measuring outcomes:

- ✓ If funds are available, outside evaluators can assist with outcome measurement plans and analysis.
- ✓ Local graduate students may provide relatively inexpensive outcome measurement assistance.

Program Design

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
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Best Practice:

Programs are designed to further the mission and address clearly defined needs. Process and outcome data and analyses inform program modifications.

Basic Benchmarks

1. Staff and board members understand how each program relates to the organization's mission.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Program staff understand each program's specific goals and objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Program goals clearly relate to client needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. When possible, program strategies are based on research of successful programs with similar goals and circumstances.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Program design changes are informed by data about how programs were delivered, the amount of services requested and delivered and program results.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Program design changes are informed by staff observations and suggestions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Program design changes are informed by client feedback.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Analyses suggesting the need for major changes are presented to the board. The board sets major new strategies and directions if needed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Achievement of basic benchmarks is sufficient for this area; no enhancement benchmarks provided.

Congratulations! You have completed your assessment of the Program Monitoring capacity area. Use your responses to determine the most important capacity building priorities. Please review the "How to Use This Tool" section on page 4.



PART IV:

Community Linkages and Partnerships

What are Community Linkages and Partnerships?

The extent of an organization's impact and its image depend on good relationships with community members and institutions. Community linkages provide connections that help develop an understanding of the environment in which the organization operates and build the community's understanding of the organization. Partnerships may be formal or informal collaborations between two or more organizations to fulfill common goals.

Why are Community Linkages and Partnerships important?

The organization's relationships within the community often determine its success in a number of key areas, such as:

- Marketing services so that people know about and can access them;
- Working efficiently with others to provide a continuum of services;
- Ensuring a high level of integration with, acceptance by, and support from the community;
- Attracting funding and other resources; and
- Influencing public policy to improve circumstances related to the organization's mission.

What topics are covered in the Community Linkages and Partnerships section?

[Community Linkages](#)

[Community Partnerships](#)

Community Linkages

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The organization, its purpose, and its leaders are known and welcome in the community.

Basic Benchmarks

1. The executive director, or delegated staff, arranges meetings, site visits, and information sharing with community members and organizations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. A board representative joins the executive director in hosting sessions for community members to learn about the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Board members help identify key individuals in the community for staff to meet. Sometimes the board members make the introductions and other times staff reach out on their own.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. In coordination with the executive director, board members promote and speak on behalf of the organization. They speak to government officials, business leaders, leaders of other nonprofit and public agencies, funders, constituents, and the community at-large.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Some staff and board members attend neighborhood and community meetings to: (1) support the community, (2) stay informed about community needs and priorities, and (3) invite community approval and support for the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks

6. Some staff and board members serve as board members to other community organizations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The board develops annual and long-range public relations plans. The plan includes: <ul style="list-style-type: none"> • Lists of people to educate about the organization (e.g., private citizens, neighborhood groups, government officials, business leaders, potential clients, leaders of other social service agencies, and potential funders); • Marketing goals and strategies that promote the organization, its services, and a positive image; and • A description of the resources needed to implement the strategies. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for establishing community linkages:

- ✓ Establish a community advisory group to inform, and be informed by, people in the community. Community advisory groups help build a sense of ownership for the organization among community residents, organizations, local government, and businesses.
- ✓ Produce information about the organization in the languages spoken by the community. Consider audio or video materials for people more comfortable with these formats.
- ✓ Host a breakfast for people who have or might have an interest in the organization. Briefly talk about the organization's mission, opportunities, and challenges. Allow plenty of time for casual conversation and questions.

Community Linkages (cont'd.)

	Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
8. Board members and staff stay informed about perceptions, conditions, and policy issues that may affect the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. The executive director and board members educate the community about the organization's concerns and opportunities. Some ways to educate the community include:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Writing letters and notices for local newspapers, newsletters, and email recipients; and • Arranging for television, radio, cable, and billboard public service announcements. 				

Community Partnerships

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The organization has established collaborative relationships with key community members and institutions.

Basic Benchmarks

1. The organization is familiar with the other programs working with the same population and providing similar or related services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The organization consults community leaders, residents, funders and potential funders about which needs are already being addressed and which require additional or new investments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Program design takes into account what is already being done by other organizations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks

4. Formal referral arrangements with organizations providing related services are explored.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Partnerships and other alliances that improve the quality, increase the amount, or expand the range of services are explored.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The organization considers potential partner organizations when assessing grant opportunities that call for a broader scope of programs or greater volume of service than currently provided or anticipated.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Congratulations! You have completed your assessment of the Community Linkages and Partnerships capacity area. Use your responses to determine the most important capacity building priorities. Please review the “How to Use This Tool” section on page 4.

Tips and strategies for establishing community partnerships:

- ✓ Develop a network of organizations with which service delivery collaborations are possible.
- ✓ The executive director and board chair periodically meet with other community organizations to understand each organization’s capacity and ensure collaborative or at least cooperative relationships between the organizations.
- ✓ Develop or connect with an existing referral system of community-based resources.
- ✓ Manage partnership relationships with a clear understanding of: each party’s roles; an agreement about how, what and when to communicate; how each party will do the expected work; and regularly scheduled evaluations of the partnership. These concepts may be written up in a contract or Memorandum of Understanding.
- ✓ If resources are available, the partners may engage a neutral third party to facilitate communications.



PART V:
Fundraising

What is Fundraising?

Organizations need financial resources to fulfill their missions. Community- and faith-based organizations seek financial support from a range of sources such as: a sponsor organization or religious institution; congregational or organizational members; other churches or church groups; board members; foundations; corporations; government grants or contracts; the United Way and/or other federations and community-based funds; special events; income from services and sales; and individual donations.

Why is Fundraising important?

Fundraising that establishes a diversified funding base (meaning that the organization has multiple funding sources) helps increase financial stability by:

- Reducing the hardship of losing a primary funding source (e.g., government priorities and grant programs may change with different administrations; individual, foundation, and corporate giving may fluctuate depending on the economic climate and other competing concerns); and
- Supporting infrastructure and administrative systems that generally cannot depend on restricted funding (restricted funding can only be used for specific programs or activities).

What topics are covered in the Fundraising section?

[Fundraising Plans](#)

[Individual Donors](#)

[Grant Writing](#)

[Board Strength in Fundraising](#)

Fundraising Plans

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

Fundraising plans are designed to increase the number and types of funding sources.

Basic Benchmarks

1. At least one staff member or volunteer coordinates fundraising efforts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Staff and board members actively seek potential donors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Board and staff help develop fundraising goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The organization has two or more funding sources.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks:

5. The organization is not dependent on only a few funders and has a mix of funding sources, such as: individual donations; sponsor/parent organization; foundation, government, and corporate grants; local religious congregations; special events; and earned income.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Staff research possible public and private funding sources on an ongoing basis.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Written long-term (3-5 years) and one-year fund development plans are aligned with long-term and annual work plans and budget projections.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. The organization has a computerized tracking system that monitors contributions and progress toward fundraising goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for fundraising plans:

- ✓ **Annual** fundraising plans should include:
 - The budget goal for the year;
 - The amount the organization plans to raise from each funding source;
 - Strategies to close the gap between the expected funding and the budget size;
 - Specific staff and board responsibilities needed to secure funding; and
 - Materials, equipment, and software required.
- ✓ **Long-term** fundraising plans should include:
 - Strategies for addressing fundraising obstacles and goals;
 - Roles and expectations for executive director, staff, and fundraising staff; and
 - Specific assistance needed from the board.
- ✓ **Long-term** fundraising plans should also identify broad development goals, such as those for:
 - Overall budget size and the percentage of the budget to be obtained from each type of funding source;
 - Number of months of reserve revenue; and
 - Percentage of unrestricted funds (funds that can be used for general operating expenses that cover needs such as staff training, new financial management systems, proposal writing, and technology upgrades) versus restricted (project/program specific) funding.

Individual Donors

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

Funds are solicited on a regular basis, not only during crises.

Basic Benchmarks

1. Board members give staff the names of their own contacts and other people who can be asked to become donors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Board and staff members make presentations to individuals, community organizations, churches and other religious congregations. These presentations describe the organization, its services, and donation request.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Donors are thanked promptly with a written letter/receipt acknowledging the date and amount of the donation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Donor information is kept on file. This information includes: donor's name and address; amount and date of the donation. This information is not shared without permission.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks:

5. The organization has a written "Case for Support." This document articulates the need, strategies for addressing the need, the total dollar amount required, and the level of support (e.g., specific dollar amount) being requested from the potential donor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Donor information is recorded in a database.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Donors are acknowledged in communications materials (such as newsletters).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for getting more individual donors:

- ✓ Hand out organizational brochures when making presentations or meeting new contacts.
- ✓ Solicit funds from all prior donors and new contacts on an annual basis (an annual appeal).
- ✓ Invite current or past clients to presentations and have them talk about the importance of the services they received.

Grant Writing

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

Grant funding contributes to a diversified funding base.

Basic Benchmarks

1. The organization knows how to research government, foundation and corporate grant opportunities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The organization sets up meetings with potential funders to explore possible funding opportunities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The organization pursues grants that fit with the organization's mission and strategies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The grant amount is sufficient to fund a program (or the organization has other resources to fund the shortfall).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Grants are written according to an organized outline that clearly addresses the topics and information requested by the potential funder.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Grant applications are carefully reviewed and edited before being sent.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Staff and board members can articulate how the organization's role and strategies are clearly distinct from other programs potentially competing for funds.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. The organization has an effective system to monitor grant income and grant expenditures. Required reports are accurate and generated on time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks:

9. Research about potential foundation, government, and corporate funding is kept current.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Past accomplishments can be described in terms of outcomes. "Success" is clearly defined, measured, and described.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for grant writing:

- ✓ Check for institutions that provide information about government and foundation grant opportunities, such as state or local associations of nonprofits, grantmaker associations, and intermediaries (organizations that may be funded by the government or foundations to grant funds to local organizations).
- ✓ Find out which web sites and newspapers publish RFP (Request for Proposals) notices and search those sources on a regular basis.
- ✓ Solicit valued opinions about how to describe success.
- ✓ Ask others to review proposal drafts and provide feedback.
- ✓ Check to see if the foundations in your area use a "common grant application" that allows you to prepare one grant request for review by more than one foundation.

Board Strength in Fundraising

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
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Best Practice:

The board raises funds for the organization.

Basic Benchmarks

1. The board helps formulate fundraising strategies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The board participates in fundraising campaigns and events.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Board member recruitment takes fundraising needs into account.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Board members donate funds to the organization. While striving for donations from 100% of board members, respect is given to members' own sense of giving ability.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The board monitors fundraising results and, when necessary, evaluates and authorizes fundraising policy changes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For example, if the fundraising plan and processes are not working as effectively as expected or new opportunities arise, the board may want to shift the focus among types of funding sources.

Enhancement Benchmarks:

6. The board fundraising committee works closely with appropriate staff to create short- and long-term development (fundraising) plans for full board review.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The board fundraising committee works closely with appropriate staff to implement board fundraising responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. At least one board member has fundraising expertise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. A few board members have connections to funding sources, such as philanthropic people and institutions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for improving the board's fundraising effectiveness:

- ✓ Explain fundraising expectations to board members who might not be clear about how to participate.
- ✓ Solicit strategy ideas from individuals and schedule group strategy sessions.
- ✓ Arrange confidential conversations with each board member about his/her preferred giving level.

Congratulations! You have completed your assessment of the Fundraising capacity area. Use your responses to determine the most important capacity building priorities. Please review the "How to Use This Tool" section on page 4.



PART VI:
Technology

What is Technology?

Technology includes the organization's use of phone, faxes, computers, and the Internet.

Why is Technology important?

Technology enables internal and external communication and facilitates documentation. For instance:

- Email has become a standard form of communication;
- Automated bookkeeping and financial management operations improves the accuracy and timeliness of invoicing and bill paying;
- Databases that track client and program data help monitor and improve programs, as well as produce reports for grant applications;
- Research about funding opportunities, creative programs, and community news increasingly relies on web research;
- Web sites are a prime tool for informing others about the organization; and
- Computer software facilitates marketing the organization (e.g., through the production of newsletters.)

What topics are covered in the Technology section?

Technology – Communications

Technology – Hardware and Software

Technology – Skills

Technology - Communications

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
-------------------------	---------------------	-------------------------	-------------------------

Best Practice:

Technology supports internal and external communications.

Basic Benchmarks

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. Staff have reliable access to the following: <ul style="list-style-type: none"> • Telephone and fax machine; • Voice mail; • Copy machine; and • Internet. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Staff have individual email accounts. Staff use email for internal and external communications. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. The organization maintains a web site. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Enhancement Benchmarks:

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 4. The organization has individual voice mail boxes for staff. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. The organization has high speed Internet access. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. The organization's web site is regularly updated. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Voice mail can be retrieved remotely. Staff members who spend lots of time off-site have cell phones or pagers. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Technology - Hardware and Software

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

Technology helps staff handle administrative and program tasks in an accurate and timely manner.

Basic Benchmarks

1. The organization has an adequate number of working computers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The organization has a working printer that can handle the volume.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The organization has software that is compatible with the organization's computers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Typically, organizations need the following software:

- Word processing (e.g., Word);
- Spreadsheet (e.g., Excel); and
- Accounting (e.g., QuickBooks).

4. Computers and networks are backed-up regularly using a <u>separate</u> data storage system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Computers and all servers are protected with regularly updated virus protection software.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Annual plans and budgets address technology needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Software, manuals, and licensing information are stored together in an accessible location.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks:

8. Computers are connected to a network.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. The organization engages a technology consultant to inform the technology plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for obtaining needed hardware and software:

- ✓ Seek donations, grants, and discounts from local vendors.
- ✓ Be aware of potential compatibility problems with equipment and software donated by multiple sources.

Technology - Skills

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

Staff know how to use and understand technologies' capabilities.

Basic Benchmarks

1. Staff have word processing skills as needed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Staff can create and use spreadsheets as needed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Staff can use accounting software as needed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Adequate technology support is available.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Staff have the technical self-sufficiency to troubleshoot minor technical issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks:

6. The organization experiences quick response time for technology support.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Staff members (or volunteers) can create, maintain and update databases as needed. Staff can produce necessary reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For example, databases track participation/attendance, outcomes, funder contacts, donors, etc.

Tips and strategies for improving technology skills:

- ✓ Explore low-cost training for word processing (e.g., Word) and spreadsheet (e.g., Excel) software programs.
- ✓ Offer learning incentives, such as job promotions, with certain skill mastery.
- ✓ Technology support may come from staff, volunteers, consultants, books, and instruction manuals.
- ✓ Perhaps a board member or other volunteer has the skills to help set up and manage a web site or create a database.
- ✓ Check references before committing to technology service contracts.

Congratulations! You have completed your assessment of the Technology capacity area. Use your responses to determine the most important capacity building priorities. Please review the “How to Use This Tool” section on page 4.



PART VII:
Managing Staff and Volunteers

What is Managing Staff and Volunteers?

In addition to financial resources, people (e.g., paid staff, volunteers, independent contractors) are central to an organization's ability to fulfill its mission. Managing staff and volunteers ("human resources management") includes a broad range of functions such as: identifying staff positions; hiring, training, guiding, supervising, and motivating employees and volunteers; developing compensation systems; shaping personnel policies to govern how staff and volunteers work in the organization; and conforming to legal regulations.

Why is Managing Staff and Volunteers important?

Effective staff and volunteer management systems:

- Provide communication channels to help enhance service quality and efficiency;
- Enhance morale and encourage people to perform at their highest level (this can be particularly important for jobs with relatively low pay, potentially limited career ladders, and high stress); and
- Reduce staff turnover and costs associated with recruiting and training replacement staff.

What topics are covered in the Managing Staff and Volunteers section?

Performance Goals and Review

Staff Management

Hiring

Volunteer Management

Performance Goals and Review

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
-------------------------	---------------------	-------------------------	-------------------------

Best Practice:

Staff know what to do and how well they are meeting expectations.

Basic Benchmarks

1. Staff receive informal feedback about their job performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. There are accurate and clearly written job descriptions for all staff positions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks

3. The organization has a formal performance review process to assess employees' work quality. At a minimum, the formal review process occurs on an annual basis.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Performance reviews establish measurable goals and strategies to support employees' development. Employees are encouraged to help develop their performance goals for the coming year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Performance reviews help determine the conditions of continued employment, especially for those who have not met expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Job descriptions are updated as job duties change.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for developing job descriptions:

- ✓ Job descriptions include requirements related to:
 - Program outcome goals;
 - Education;
 - Technical skills;
 - Program skills;
 - Language(s), spoken, written;
 - Communication skills (oral and written);
 - Administrative and management skills;
 - Previous experience;
 - Interpersonal skills; and
 - Ability to organize multiple demands.
- ✓ In addition to specific job roles and responsibilities, the job description often includes expectations about:
 - Travel;
 - Stress load;
 - Overtime (and comp time); and
 - Salary.

Staff Management

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
-------------------------	---------------------	-------------------------	-------------------------

Best Practice:

Staff members have the support and guidance they need to fulfill their job responsibilities.

Basic Benchmarks

1. Personnel policies are clear, fair, and consistently applied.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Formal staff meetings are structured to: <ul style="list-style-type: none"> • Keep staff informed and motivated; • Invite creative input and discussion; • Explain major internal and external events relevant to the organization; • Deepen staff members' understanding of the organization's broad goals; and • Build a sense of team and staff appreciation. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The organization has a culture of everyone working hard and pitching-in.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks

4. Management roles, responsibilities, and lines of reporting are clear.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Responsibility is delegated to promote an effective division of labor, job satisfaction, and leadership opportunities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. There is a written personnel manual. The board approves personnel policies, policy changes, and the personnel manual.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for improving staff management:

- ✓ Discussing plans, challenges, experiences, and strategies through informal conversations and group staff meetings helps to keep staff informed and motivated.
- ✓ Touch base with staff members periodically (especially after the completion of significant projects) to let them know how you think they are doing, as well as to receive staff members' feedback.
- ✓ Executive directors who show enthusiasm for and pride in their employees' work often increase staff members' inspiration.
- ✓ Often staff thrive when given whole areas of responsibility rather than lists of individual tasks.
- ✓ Nearby law schools may provide pro-bono review of personnel policies.

Hiring

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

Hiring practices result in staff members who fulfill their job duties in ways that best support the organization's mission.

Basic Benchmarks

- | | Needs a lot of work (1) | Needs some work (2) | Needs a little work (3) | Meets Current Needs (4) |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. The executive director hires people highly motivated by the mission. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Job candidates' employment references are checked. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Enhancement Benchmarks

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 3. Long-range and annual plans help inform new job positions and the required staff qualities. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. The hiring process is efficient and effective in identifying the best candidates for the job. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Tips and strategies for developing efficient hiring processes:

- ✓ Plan interview questions ahead of time.
- ✓ Involve staff members with responsibilities related to the vacant position in the interview process.

(For example, the direct supervisor and at least one direct report, if there are any, might provide a first round of interviews before the executive director meets the candidate.)

Volunteer Management

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The organization provides satisfying volunteer experiences that add value to the organization.

Basic Benchmarks

1. Volunteers are recruited through staff members', board members', congregants', and other volunteers' contacts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Staff learn about each volunteer's skills and interests and determine how these might help the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The organization designs attractive volunteer roles and assignments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The organization provides the guidance and supervision needed for volunteers to perform well and derive satisfaction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The organization recognizes volunteers formally and informally.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks

6. The organization has a volunteer recruitment plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Volunteer recruitment recognizes that volunteers are valuable capacity building resources and, therefore, focuses on getting the best volunteers for each position.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Congratulations! You have completed your assessment of the Managing Staff and Volunteers capacity area. Use your responses to determine the most important capacity building priorities. Please review the "How to Use This Tool" section on page 4.

Tips and strategies for recruiting, selecting, and showing appreciation for volunteers:

- ✓ Consider the following strategies for **recruiting** volunteers:
 - Posting volunteer job descriptions;
 - Speaking engagements;
 - Media advertising;
 - Volunteer centers; and
 - Printed and electronic advertising.
- ✓ Consider the following strategies for **selecting** volunteers:
 - One-to-one meetings (staff member, board member, or volunteer can meet with a potential volunteer);
 - Volunteer interests surveys;
 - Information sessions; and
 - Site visit invitation.
- ✓ Consider the following strategies for **showing appreciation** for volunteers:
 - Telling them directly;
 - Sending thank you notes;
 - Spreading the word about volunteer efforts via email and newsletters; and
 - Hosting events in honor of the volunteers.



PART VIII: Financial Management

What is Financial Management?

Sound financial management involves budgeting, creating effective tracking systems for all financial transactions – including revenues (money coming in) and expenses (money spent), and reporting the organization’s financial activity and status. When carried out effectively, financial management enables organizations to plan and monitor financial activities, and show that all financial resources are responsibly applied to the organization’s charitable mission.

Why is Financial Management important?

Effective financial management tools and systems inform the board and staff about the organization’s financial status and enable them to:

- Operate within their resources and avoid cash flow issues (and bankruptcy);
- Make sound decisions about spending funds wisely (i.e., serving more clients, serving them more effectively, and operating without service interruptions); and
- Demonstrate fiscal responsibility (an ability to account for how funds were spent) to 1) ensure compliance with regulatory requirements, and 2) give funders confidence to respond favorably to future funding requests. Funders have an interest, with respect to their own mission and image, in the organization’s sound fiscal management. This is true for internal funders, such as faith-based institutions allocating their own funds to provide services, and external funders, such as private foundations and public entities.

What topics are covered in the Financial Management section?

Budgeting

Financial Recordkeeping

Financial Reports

Financial Accountability

Budgeting

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The budget clearly and accurately conveys the organization's planned financial status in terms of anticipated expenditures and revenues.

Basic Benchmarks

1. An organization-wide budget is prepared annually.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The board analyzes, discusses, modifies if necessary, and approves the organization's annual operating budget.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The budget includes expenditures for all salaries, services, space, and supplies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The budget includes revenues from all income categories.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Enhancement Benchmarks

5. Budgets inform fundraising plans and fundraising progress reports, in turn, inform budget reviews.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Budgets for each program and/or site are prepared and adjusted annually to comply with the organization's overall budget.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Tips and strategies for creating budget categories:

- ✓ Some examples of **expenditures** (money spent):
 - Salaries, hourly fees, stipends, consulting fees, health and life insurance, payroll taxes, unemployment insurance, workers compensation, Social Security, and staff development;
 - Rent, utilities, telephone, janitorial services, equipment (purchased and rented), equipment maintenance, supplies, postage, service agreements, printing, copying, petty cash, and bank fees; and
 - Publications, conferences/meetings, travel, advertising, insurance, and fees.
- ✓ Some examples of **revenues** (money coming in):
 - Fees paid for organization's services;
 - Income from the sale of products/publications;
 - Third party reimbursements (such as insurance and sub-contracts);
 - Contributions from individuals or corporations;
 - Membership fees;
 - Grants; and
 - Earnings on endowment investments.

Financial Recordkeeping

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
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Best Practice:

Guidelines and procedures for responsible handling of finances are written and followed.

Basic Benchmarks

1. All financial transactions are recorded in a systematic way. These transactions include: receipts, expenses, deductions, and credits.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The organization separately tracks fundraising, program, and general/management expenses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Supporting documentation of all financial transactions are systematically filed and retained as required by law.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Cash balances are reconciled monthly.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Person(s) maintaining financial records is (are) knowledgeable and skilled in the area.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Financial data is backed up on a regular basis with a copy of electronic data maintained off-site.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The organization has a computerized bookkeeping system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Achievement of basic benchmarks is sufficient for this area; no enhancement benchmarks provided.

Financial Reports

Needs a lot of work (1) Needs some work (2) Needs a little work (3) Meets Current Needs (4)

Best Practice:

The organization's leaders analyze revenue and expense activity to manage the organization's finances.

Basic Benchmarks

1. The organization has an established fiscal year for which it tracks and reports income and expenses.

2. The organization uses either a cash or accrual accounting method to report its income and expenses.

Cash-basis accounting – records revenue when money is actually received and records expenses when bills are paid.

Accrual-basis accounting – records revenue when earned and expenses when incurred.

Modified cash/accrual accounting – records revenue and expenses on a cash basis because of its ease, while reporting revenue and expenses on an accrual basis because 1) it gives a more complete picture of the organization's finances, and 2) is required for auditing purposes.

3. The executive director and board members understand the organization's financial position because they regularly review financial statements and reports comparing budgets and actual expenditures.

4. Financial reports are concise, easy to understand, and produced in a timely manner.

Tips and strategies for financial reporting:

- ✓ Financial reports include:
 - Documentation and explanation of important trends and transactions;
 - A comparison of actual revenues and expenses to budgeted revenues and expenses; and
 - Initial questions for the board to address.
- ✓ Reports are based on an analysis of the following:
 - Budgets divided by quarters or months;
 - A Balance Sheet (summary of assets, liabilities, and fund balance of the organization as of a specified date);
 - A Statement of Activity that shows the support (grants, donations, in-kind donations), revenue (payments from services, product sales), capital (building, equipment), and program activity expenses of the organization over a specified period of time; and
 - A Statement of Change in the Fund Balance (summary of financial resources that became available during a period and the purposes for which they were used).

Financial Reports (cont'd.)

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
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Enhancement Benchmarks

5. The board reviews financial reports, including budget projections, on a quarterly basis to prevent under- or over- utilization of funds.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • The executive director prepares the budget and budget explanation (comparison of revenues and expenses) for board review. • The board treasurer often delivers the budget report to the board. 				
6. All board members understand the financial reports. Board members ask clarifying questions during the review process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The board authorizes an annual audit and chooses the auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Financial Accountability

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
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Best Practice:

The organization assures financial accountability for the funds it receives. Internal financial management processes are monitored to prevent errors and/or misuse of funds.

Basic Benchmarks

1. The board reviews and authorizes major financial commitments.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Examples of major commitments: space rental, building purchase, new services, adding health insurance or retirement plan.

2. The budget is reviewed prior to authorizing expenditures.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3. The board assures submission of required state, federal, and other reporting necessary to maintain the tax-exempt status. For example, the organization files an IRS Form 990 annually.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4. Federal, state, and local payroll tax obligations are met.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------	--------------------------

5. The board assures the organization has appropriate insurance, including:

- General liability insurance;
- Directors and Officers (D & O) insurance;
- Commercial Property insurance;
- Professional liability insurance; and
- Liability related to clients (e.g., malpractice).

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------	--------------------------

6. Processes for handling finances and money (“internal controls”) are written and followed.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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7. The use of restricted funds is monitored.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------	--------------------------

Tips and strategies for internal controls:

✓ Examples of internal controls:

- The person depositing funds is not the person recording money received. This includes petty cash disbursements.
- Only certain individuals are authorized to write agency checks or process on-line banking transactions.
- More than one authorized signature is required when spending in excess of pre-set dollar amounts.
- Employee timesheets are compared to payroll check register prior to release of paychecks.

Financial Accountability (cont'd.)

Needs a lot of work (1)	Needs some work (2)	Needs a little work (3)	Meets Current Needs (4)
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Enhancement Benchmarks

8. The financial statements are reviewed in an independent audit conducted by a Certified Public Accountant (CPA).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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9. The board decides how to manage the organization's funds (e.g., which banks and types of accounts).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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If the organization has investments, the board establishes investment goals, decides who is responsible for investing assets, evaluates investment policy annually, and reviews and authorizes any proposed investment policy changes.

Congratulations! You have completed your assessment of the Financial Management capacity area. Use your responses to determine the most important capacity building priorities. Please review the "How to Use This Tool" section on page 4.

USEFUL WEB SITES (Last updated: 8-10-06)

Neither Branch Associates, its sub-contractor Abt Associates, nor the Administration for Children and Families, the funder, can attest to the accuracy of information provided by any links provided below or any other linked site. Providing such links does not constitute an endorsement by the contractors or ACF or any of their employees of the sponsors of the site or the information or products presented on the site. Also, users should be aware that privacy protection provided on the contractor or ACF domains may not be available at the external link.

General resources about many facets of running a nonprofit:

The Nonprofit FAQ: <http://www.nonprofits.org/>

Nonprofit Good Practice Guide: <http://www.npgoodpractice.org/>

Free Management Library for For-Profit and Nonprofit Organizations:
<http://www.managementhelp.org/>

Part I: Board of Directors

BoardSource: <http://www.ncnb.org> (Works to strengthen nonprofit boards of directors.)

The Foundation Center: <http://fdncenter.org/getstarted/faqs/html/samplebylaws.html> (resources for sample bylaws)

New York Attorney General's Office: http://www.oag.state.ny.us/charities/not_for_profit_booklet.pdf (Describes board members' responsibilities and duties.)

Governance Matters: <http://www.governancematters.org> (Encourages and promotes good governance in the nonprofit sector.)

Board Café: www.boardcafe.org (Board Café is an electronic newsletter for members of nonprofit boards of directors.)

The Nonprofit FAQ: <http://www.nonprofits.org/npofaq/03/02.html> (Information about creating job descriptions for board members.)

Part II: Strategic Planning and Decision Making

Free Management Library: http://www.managementhelp.org/plan_dec/str_plan/str_plan.htm (Information about strategic planning.)

Part III: Program Monitoring

Innovation Network: <http://www.innonet.org/> (Online tools for planning and evaluation.)

The Urban Institute: Series on Outcome Management for Nonprofit Organizations. http://www.urban.org/UploadedPDF/310776_KeySteps.pdf (Separate guidebooks are available on the following topics: Key Steps in Outcome Management; Surveying Clients; Following Up with Former Clients; Using Outcome Information; Analyzing and Interpreting Outcome Data; Developing Community-Wide Indicators)

Part IV: Community Linkages and Partnerships

<http://www.niac.org/NIAC2/ResourceCenter/DownloadableFiles/CollRisksBook.pdf> (Article titled, Managing Collaboration Risks: Partnering with Confidence and Success, by the Nonprofits' Insurance Alliance of California and Alliance of Nonprofits for Insurance, Risk Retention Group.)

Part V: Fundraising and Grant Writing

Grassroots Fundraising Journal- Kim Klein - <http://www.grassrootsfundraising.org/howto/> (Links to lots of articles and advice about fundraising.)

The Foundation Center: <http://fdncenter.org/> (Provides information about foundations in the country, including an on-line directory; much of the information is free – some is for paying subscribers.)

GrantStation: <http://www.grantstation.com/> (Access – requiring paid membership – to a searchable database of grantmakers accepting proposals from a variety of organizations, federal grant deadlines updated daily, and links to funding agencies.)

Part VI: Technology

TechSoup: <http://www.techsoup.org/> (on-line resource for all issues related to nonprofit technology; they offer discounts on software for nonprofits.)

Community Technology Centers' Network: <http://www.ctcnet.org/> (Membership organization that provides technical assistance and partnership opportunities on technology issues.)

Foundation Center: <http://fdncenter.org/getstarted/topical/software.html> (Resource list with links covering accounting and fundraising software.)

Part VII: Managing Staff and Volunteers

Alliance for Nonprofit Management: <http://www.allianceonline.org/> (A professional association of individuals and organizations whose mission is to improve the management and governance of nonprofit organizations.)

ServiceLeader.org: <http://www.serviceleader.org/new/> (Provides information covering every aspect of volunteer management.)

Free Management Library: <http://www.mapnp.org/library/policies/policies.htm> (Resources for developing employee handbook.)

The Nonprofit FAQ: <http://www.nonprofits.org/npofaq/19/85.html> (Summary of employment taxes.)

Part VIII: Financial Management

Nonprofit Coordinating Committee of New York: http://www.npcny.org/Form_990/990.htm (Article titled, "How to Read the 990 and Find out What It Means", 2003 version)

The Internal Revenue Service: www.irs.gov (Postings of all forms and instructions to assist nonprofit organizations with annual financial filings with the IRS.)

See IRS pub. 4221, "Compliance Guide for 501(c)3 Tax-Exempt organizations": <http://www.irs.gov/pub/irs-pdf/p4221.pdf>

Nonprofit Risk Management Center: <http://nonprofitrisk.org/> (This organization produces a newsletter distributed three times a year, with each issue covering a wide spectrum of issues, including risk management from a nonprofit perspective.)

Nonprofits' Insurance Alliance of California: <http://www.niac.org/FAQs/FAQDisplay.cfm?OptionSetID=7> (Frequently Asked Questions about insurance)

New York Attorney General's Office: http://www.oag.state.ny.us/charities/internal_controls.pdf (Booklet on internal controls and accountability.)

James D. DeWitt: <http://www.iciclesoftware.com/VLH7/index.html> (Online handbook providing an introduction to legal issues for nonprofit organizations.)