

Social Venture Partners Capacity Building Model

Introduction

Social Venture Partners' mission is to develop philanthropy and volunteerism to achieve positive social change in the Puget Sound region. SVP engages philanthropists to contribute time, money, and business expertise to children's, K-12 education and environmental non-profits and schools in King County, Washington. SVP helps nonprofits to be as effective as possible in delivering their programs and services by helping to build the organizational capacity of the nonprofits we fund. We define Organizational Capacity Building as the development of core skills, management practices, strategies, and systems to enhance an organization's effectiveness, sustainability and ability to fulfill its mission. SVP supports capacity building for its Investees by providing cash grants, skilled volunteers, professional consultants, leadership development and management training opportunities. The purpose of this document is to provide an overview of SVP's capacity building model and describe the lifecycle of SVP's relationship with its Investees.

SVP is comprised of individuals with a wide range of expertise and experience. These individuals, or "Partners," join SVP by making an annual contribution of \$5500 or more. These funds are pooled and used to provide grants to non-profits and fund SVP's operations. Once a grant is made, SVP works in partnership *with* the non-profit to improve their ability to deliver effective programs. SVP recognizes that non-profit practitioners are the program experts. SVP complements this programmatic expertise by helping to strengthen the management, governance, and internal operations of nonprofit organizations.

SVP Resources

In response to Investees' organizational capacity building needs, SVP provides skilled volunteers, technical assistance via professional consultants, or training opportunities in the broad areas described below. Specific examples are listed in the appendix of this document.

- **Financial Management-** Accounting procedures and systems, budget development, financial reporting, and audit readiness.
- **Fund Development-** Fundraising plan development, fundraising software analysis, donor cultivation strategies, campaign planning, and special event planning.
- **Information Technology-** Technology needs assessment, technology planning, software and hardware analysis, systems networking, database development, and website development.
- **Marketing and Communications-** Communications and marketing plan development, collateral material design, media training, marketing campaign development, P/r and media outreach, and communications department planning.
- **Program Design and Evaluation-** Outcome-based program planning, development of evaluation framework and tools, data management and data analysis.
- **Human Resources-** Personnel policy development, Performance management strategies, hiring and recruitment procedures, job description development, staff planning, and succession planning.
- **Mission, Vision, Strategy and Planning-** Organizational assessment, business plan or strategic plan development, long-range planning, needs assessment, and retreat facilitation.
- **Legal Affairs-** Insurance review, employment law, real estate negotiation, contract review, 501c3 creation, and corporate by-laws development.
- **Leadership Development-** Executive and team coaching, peer mentoring, formal leadership training, and management skills training
- **Board Leadership-** board development planning and training, policies and procedures development, skills assessment, board evaluation, and fundraising training.

The Capacity Building Model in Action

1. New Grant Selection Process

To apply for a grant from SVP, prospective applicants must prepare a two-page Letter of Inquiry. Members of SVP's grant committee review the Letters of Inquiry and invite full proposals from a very limited number of organizations. As part of their written proposal, organizations define their organizational capacity building needs and propose areas for SVP assistance. SVP is interested in understanding a prospective Investee's capacity building goals to determine if SVP can add value to the organization. During the proposal review and site visit process, SVP encourages potential Investees to evaluate SVP to determine how to most effectively work with us.

2. Grant Terms

SVP makes single-year grants with the intent of forming multi-year relationships with Investees. This operating principle stems from our belief that effective grantmakers must be willing to support nonprofits over a multi-year period. It often takes several years for organizational capacity building efforts to be realized. Although SVP is committed to the principle of supporting Investees for a multi-year period, Investees are required to undergo an annual review process to ensure that grant dollars are being used appropriately, to measure progress on program and capacity building goals, to assess volunteer projects, and to determine the overall impact of SVP's resources. Assuming reasonable progress is made in these areas; SVP expects that funding relationships with most organizations will last for 3-5 years. Grant funds can be used for general operating support, program-specific needs, or capacity-building projects.

3. Kicking off a Relationship with SVP

Once a grant awarded to a new Investee, there are a few initial steps to begin our work together:

- a) Orientation session: New Investees are invited to SVP for a kick-off orientation session. During this session, the Investee will be introduced to their Lead Partner. The Lead Partner is an SVP member that serves as the primary liaison between an Investee and SVP.
- b) SVP Organizational Capacity Assessment Tool: New Investees are asked to complete a self-assessment process using the SVP Organizational Capacity Assessment tool. The tool assesses ten functional areas of non-profit capacity and is designed to help Investees evaluate their current capacity and establish goals for capacity building. The tool is also used as a baseline assessment of capacity so improvements can be measured over time. The tool should be completed by the Executive Director, with assistance of key staff or board members.
- c) Annual Workplan: Upon completing the Tool, Investees develop an Annual Workplan to define their goals for the grant period and indicate the areas in which SVP Volunteers or other resources will be requested. The Workplan has five components: 1) Use of grant funds; 2) Client or Program outcomes; 3) Program Goals and Objectives; 4) Organizational Capacity Building Goals and Objectives; and 5) Long-term vision.
- d) Volunteer Job Request Form: The Volunteer Job Request Form is used to define projects where assistance from SVP will be sought. To complete the form, Investees provide a title for the volunteer job, description of the time and skills required, start and end date, and expected outcomes for the position. A job may be a one-time project, short-term project, or an on-going role, depending on the nature of an Investee's needs. The form is used to help SVP staff link Partners to volunteer opportunities that best match their skills and availability. New requests can be generated throughout the year as new needs arise. Investees typically identify 3-6 projects over the course of their first year of funding.

Examples of volunteer projects are listed on page four. Also, current jobs for which SVP is seeking volunteers are provided on SVP's web site: www.svpseattle.org/volunteering/default.asp.

4. Getting to Work

Once an Investee has completed an organizational capacity assessment, Annual Workplan and defined Volunteer Jobs, the real partnership begins. SVP provides three layers of support:

a) **SVP Partners** are the primary resource to fill volunteer requests and meet the capacity building needs of Investees. SVP profiles all of its Partners to understand their skills, time availability, interests, and educational and professional background. SVP staff uses this information to match Partners with the Volunteer Job requests submitted by Investees.

Each Investee has a Lead Partner who serves as the primary liaison to SVP as well as the key contact for SVP volunteers. The Lead Partner works with Investees on an ongoing basis to assist in the definition and creation of volunteer job requests, to ensure that new volunteers are provided adequate orientation to carry out volunteer projects, and to assure that project goals are met. The Lead Partner also acts as an advocate for the Investee during key evaluation phases such as the midyear review and annual refunding review process.

b) **Professional Consultants** provide services or training to Investees when a volunteer job request cannot be filled by an SVP Partner or support can be better delivered through a paid professional. Each year, SVP sets aside approximately \$150,000 in the "Capacity Building Enhancement Fund" to underwrite paid consultants. Paid consultants have been used in wide range of projects including fundraising training, board development, program evaluation, and leadership development. If SVP determines that a consultant will be used, SVP staff will establish a budget for the project and suggest local consultants for the role. However, Investees are allowed to work with another qualified consultant of their own choosing.

c) **Extended Support** refers to the network of companies, individuals, technical assistance providers, universities, and other community organization that can provide services or resources to Investees. Extended support can also include friends or professional associates that Partners identify to contribute skills and pro bono services. SVP uses these connections to enrich the resources that we can offer to Investees.

5. The Portfolio Grant Committee

The Portfolio Grant Committee (PGC) is a standing committee of SVP Partners who oversee refunding decisions for Investees on an annual basis. The PGC conducts mid-year and end-of-year reviews for each Investee. The mid-year review is an informal meeting designed to give SVP staff and PGC representatives an opportunity for a status check with Investees and ensure that they are on track for meeting goals outlined in the Annual Workplan, including SVP volunteer projects. The end-of-year review, or refunding process, involves submission of a written proposal and in-person discussion with the PGC. As part of the refunding proposal, Investees complete an updated version of the Capacity Assessment tool, report on their progress on their Annual Workplan, provide a draft Workplan for the coming year, and include a request for grant funds. If a refunding grant is made, Investees have an opportunity to revise their proposed Workplan before receiving their grant check.

6. Long-term Vision

Because SVP strives to develop long-term, productive partnerships with its Investees, it's critical to establish a vision for the partnership and ensure that there is shared understanding of next stage of organizational development that SVP will help an Investee to reach. During the first year, SVP staff, the Lead Partner and the Investee will mutually develop a longer-term plan and vision that lays out overall goals for building capacity and will be used to jointly assess progress over time. The long-term vision is unique to each SVP-Investee relationship. As noted earlier, the Organizational Capacity Assessment Tool is intended to assist Investees in crafting a long-term vision.

Understanding SVP's Approach

SVP seeks to develop true *partnerships* with nonprofits. SVP's model is not appropriate or desirable for every non-profit. SVP's approach is unique and most non-profits are not accustomed to a funder being involved with the "guts" of an organization. For those non-profits that are willing to engage in this type of relationship, SVP offers a compelling opportunity for financial and organizational capacity building support. However, it takes appreciable time and effort from SVP and Investees to understand how to effectively engage SVP's resources, develop trust with SVP to jointly address organizational needs; and provide orientation and management of volunteers.

To optimize the relationship, an Investee must be willing to spend time and resources, especially up front, to accrue the benefits. For example, some Investees have estimated that they spend four hours per week in the first few months of work with SVP focused on initial organizational capacity assessment, workplan development, and volunteer project management.

Examples of projects completed by SVP Partners and paid consultants

Financial Management

- Creating a new financial reporting system merged from two separate accounting systems
- General review of accounting policies and procedures to prepare for an audit

Fund Development –

- Developing a plan to diversify revenue sources
- Conceptualizing and planning a fund-raising event

Information Technology –

- Building a new web site or database
- Setting up a network, email accounts and file servers to improve connectivity

Marketing and Public Relations

- Writing a marketing or Communications plan.
- Developing or re-writing existing marketing materials and brochures.

Program Design and Evaluation

- Assisting in the creation of a Logic Model and evaluation plan
- Providing training on program evaluation design, data analysis, and summary of program results

Human Resources

- Revision of personnel policies and procedures
- Assistance with job description creation, recruiting, and evaluating candidates for a new position.

Mission, Vision, Strategy, and Planning

- Development of an expansion plan to extend program offerings or significantly grow local sites
- Facilitation of a staff and board strategic planning retreat

Leadership Development

- Hiring an executive coach to work closely with an Executive Director
- Providing a scholarship to attend an intensive Leadership development program

Board Development

- Providing training on board roles and responsibilities, including fundraising
- Development of board policies and procedures.