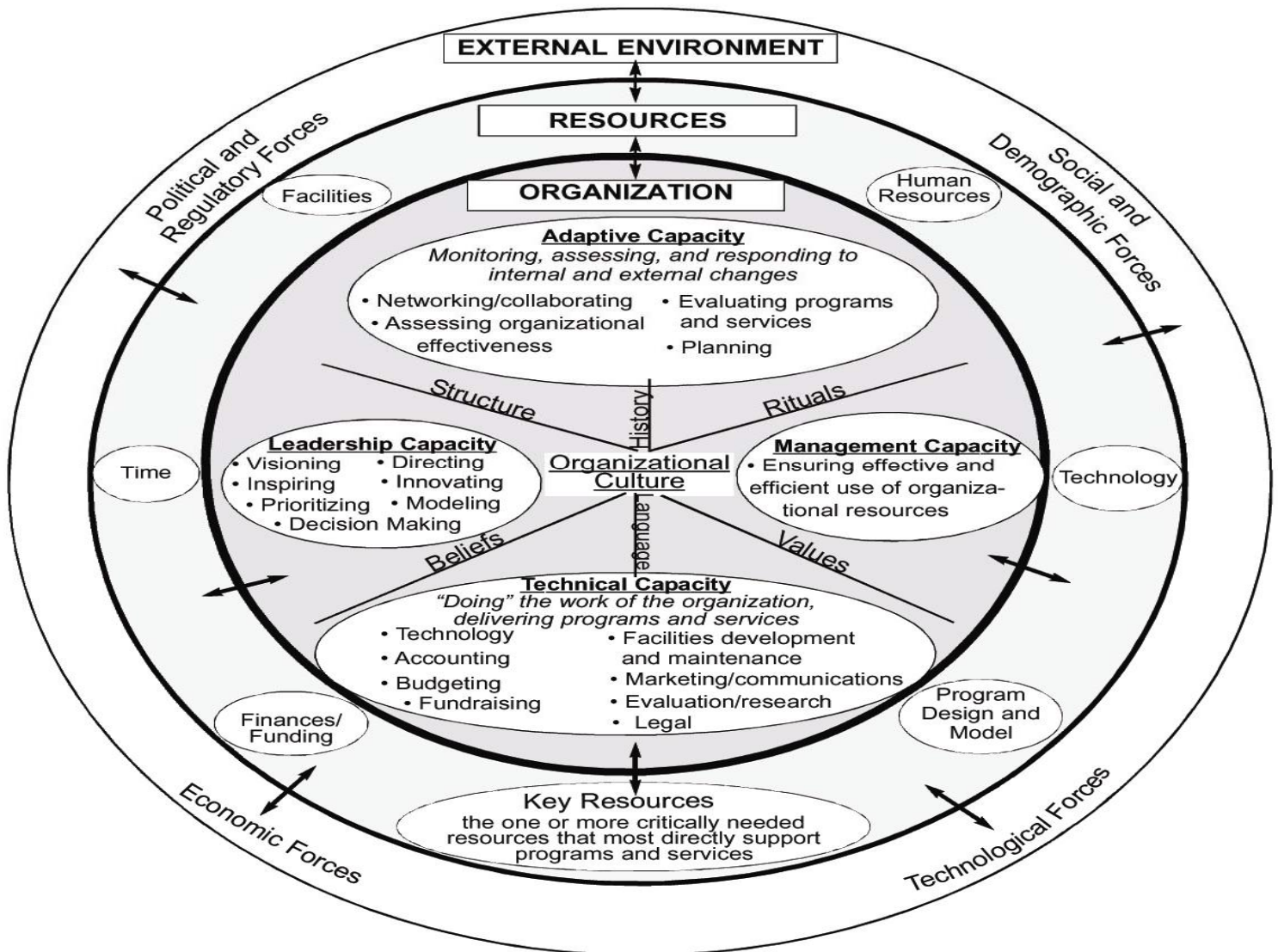


## CONTEXT FOR THE CORE CAPACITY ASSESSMENT TOOL TCC GROUP

### ORGANIZATIONAL ASSESSMENT: CORE FACTORS

TCC designed the Core Capacity Assessment Tool (CCAT) based both on research from the field of organizational effectiveness and on TCC's experience with organizational development and success. The CCAT assesses an organization based on five organizational capacities: adaptive, management, technical, leadership, and organizational culture (see the diagram below).



Four organizational capacities are critical to overall organizational effectiveness:

- A) Leadership Capacity: the ability of all organizational leaders to create and sustain the vision, inspire, model, prioritize, make decisions, provide direction and innovate, all in an effort to achieve the organizational mission.
- B) Adaptive Capacity: the ability of a nonprofit organization to monitor, assess and respond to internal and external changes.<sup>i</sup>
- C) Management Capacity: the ability of a nonprofit organization to ensure the effective and efficient use of organizational resources.
- D) Technical Capacity: the ability of a nonprofit organization to implement all of the key organizational and programmatic functions.

TCC also includes organizational culture as a component of the assessment since it has a significant impact on each of the above core capacities. Each organization has a unique history, language, organizational structure, and set of values and beliefs. These cultural elements all serve as the context through which organizations define, assess and improve their effectiveness.

Questions around the measures/indicators of all five capacity areas were compiled randomly into a survey that is completed by, at minimum, each organization's top three organizational leaders.

#### **ORGANIZATIONAL ASSESSMENT: OTHER FACTORS**

Ideal leadership, adaptive capacity, management and technical capacity as well as organizational culture depend heavily on additional factors surrounding the organization. These are broadly represented by the outer circles on the previous graphic. A few of these are described below.

- Organizational lifecycle: An organization's phase of its lifecycle will affect its core capacities. Nonprofit organizations, like people, experience a lifecycle of progressive stages and developmental milestones. TCC labels the growth stages according to the following organizational development elements:
  - **Core Program Development** - development of a set of programs that are central to mission success and have begun achieving a consistent level of desired results for those being served
  - **Infrastructure Development** - development of an organizational infrastructure necessary for supporting core programs and increasing the number of clients or service recipients
  - **Mission impact** - achieving mission impact through activities bringing together an organization's programs and leadership with other community resources. This often involves engaging in activities like collaboration, strategic alliances, partnerships, and joint policy and advocacy efforts, in order to create a greater change

The core organizational capacities look different during each of the lifecycle stages, which are additive. Each successive stage requires more growth from the prior stages. This means more sophisticated core program development is required in each of the later stages and more sophisticated infrastructure development is required during Mission Impact.

- External environment: There are many factors in the external environment that affect how nonprofits function, among them: 1) the economy including changes in the private sector; 2)

constituent needs and demands; 3) available funding including competition for funds; 4) policy changes related to government and nonprofit; 5) the available pool of highly qualified nonprofit professionals; 6) the availability of non-monetary resources; and 7) the strengths and challenges of the nonprofit sector as a whole. Each of these factors has a potential affect on each of the core capacities for any given nonprofit. Therefore, when one attempts to discern whether an organization is effective, he or she needs to take the relevant environmental influences into consideration.

- Key organizational resources: There are certain critically needed resources that *most directly* support and affect the quality of the delivery of programs and services. Without these resources, the organization could not function. Key organizational resources most often include the skills, knowledge, and experience of those delivering the services, as well as the resources provided directly to clients (e.g., financial assistance (loans, housing, etc.), in-kind resources, equipment, etc.).
- Supporting organizational resources: Each nonprofit organization has a unique set of supporting resources (or assets) at its disposal that all serve to support the key resource(s). These resources include: human resources (i.e., the knowledge, experience and skills of board members, the executive director, managers, support staff and volunteers); technology; program support materials; finances/funding; facilities; time; and other resources like equipment, vehicles, and supplies. An organization's level of resources at a given point in time will greatly affect how leadership, adaptive capacity, management, and technical capacity will manifest themselves.
- Financial health: Financial resources are critical to supporting all of an organization's core capacities. Leadership requires making tough decisions about how to use the finite financial resources available to the organization as well as provides direction for how to raise additional funds. Part of an organization's adaptive capacity function is the need to identify opportunities and challenges in the funding environment that are and will impact upon an organization and its programs and services. Management capacity is all about making efficient and effective use of resources, and this includes financial resources. Lastly, financial stability will affect the ability of an organization to support its technical capacities.

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<sup>1</sup> Christine Letts, William Ryan, and Allen Grossman introduced the concept of adaptive capacity in *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact*. Carl Sussman built on this work in a November 24, 2003 working paper, *Making Change: The Role of Adaptive Capacity in Organizational Effectiveness*, which he developed in partnership with Management Consulting Services with support from the Barr Foundation.