



Headwaters Foundation

CAPACITY BUILDING ANALYSIS 2021

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EXECUTIVE SUMMARY

As a community-driven foundation, Headwaters strives to listen and respond to the needs of the communities they serve. As a result, this past Spring, Headwaters worked with a team of researchers to conduct a needs assessment to identify the challenges and priorities among grantees related to organizational capacity, advocacy, and community leadership.

The needs assessment results prompted Headwaters to learn more about the capacity-building landscape in Montana. In particular, how organizations develop and strengthen the skills, instincts, abilities, strategies, and resources that foster an organization's strength and sustainability related to operations. The first part of this process invited capacity builders to participate through a survey and brief interview to understand what is offered in Montana, what barriers are present, and visions for the future. Headwaters engaged Keegan Flaherty of Flaherty Consulting to facilitate this project.

This analysis demonstrates that Montana encompasses a variety of stakeholders who work along a spectrum from systems-level change to strengthening individuals. The diversity of capacity-building opportunities paired with funders who are willing to invest in sustainability creates many opportunities for organizations to become stronger and more sustainable. Further, capacity builders agree that leadership development is an essential strategic element in developing organizational efficiencies, generating more impactful services for community members.

Capacity building in Montana does not come without its challenges. Thirty-eight percent of our nonprofits are in rural areas, and our large state makes it difficult to provide equal access to resources for rural communities. In addition, the Covid-19 pandemic has put a strain on organizations and individuals to dedicate time to improve capacity, skills, and knowledge. Lastly, Montana capacity builders are not working together to provide educational opportunities that meet the needs of organizations and their leaders.

Capacity builders have opportunities to build upon what already exists to serve rural communities better, invest in multi-faceted educational opportunities for individuals, and design replicable staffing models. Stakeholders are also willing to leverage current capacity-building funds to fund problem-solving initiatives for capacity-building barriers. There are many ways to improve capacity building for Montana's nonprofit sector by working at the system level down to the individual approach.

METHODOLOGY

Needs assessment

To gain context and understand Headwater's grantees' current needs, the consultant reviewed the Headwaters Foundation *2021 Grantee Needs Assessment Organizational Capacity & Leadership Development* report completed by the University of Montana Center for Children, Families, and Workforce Development in July of 2021.

Survey

A survey was disseminated to understand whom capacity-building funders and providers are serving, what types of services are offered, and how they provide services. Those surveyed and survey questions can be found in Appendices A and B. Results from the survey are reflected in the *Capacity Building Landscape* and *Analysis* sections of this analysis.

Interviews

An additional component of the landscape analysis was seeking feedback and opinions from capacity-building funders and providers. The consultant conducted eleven interviews to learn more about what makes organizations unique, what strengths or barriers organizations experience, and what visions for capacity building. Those interviewed and interview questions can be found in Appendices A and B. Results from these interviews are reflected in the *Capacity Building Landscape* and *Analysis* sections of this analysis.

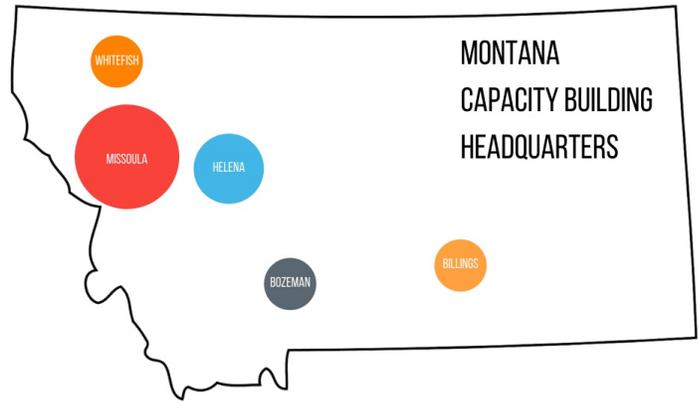
Analysis

The consultant analyzed the survey and interview results to summarize overall trends through survey data and discussions with interviewees. The *Capacity Building Landscape* and *Analysis* sections outline Montana's strengths, challenges, and opportunities for capacity building.

CAPACITY BUILDING LANDSCAPE

Geography

Eleven capacity builders participated in the surveys and interviews. Of those, eighty-two percent of capacity-building participants provide services statewide, and eighteen percent provide services in Western Montana. Capacity-building funders are located throughout the state in Billings, Bozeman, Helena, Missoula, and Whitefish. In contrast, capacity builders who provide specific services for organizations and individuals are primarily headquartered in Missoula and Helena.



Sectors & Service Delivery

Capacity-building participants serve a diversity of nonprofit sectors. Education, social service, and health-related nonprofit sectors represent the sectors that receive the most attention from capacity builders. Recreation, economic development, civil rights, and legal sectors are served the least.

Capacity builders provide their services through various formal and informal methods, mainly through group training, conferences, and one-on-one consulting. Networking and degrees or certificates are only provided by two capacity builders.

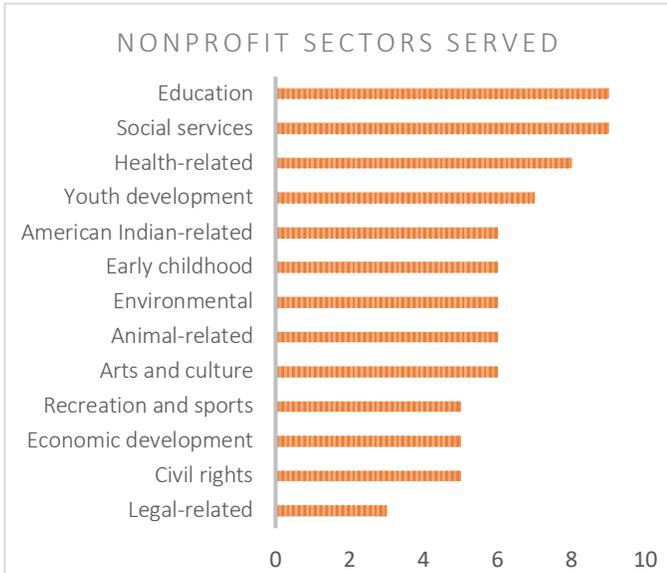


Figure 2



Figure 1

Services offered

Capacity-building is the process of developing and strengthening the skills, instincts, abilities, strategies, and resources that foster an organization's strength and sustainability. Capacity-building participants provide various services to promote Montana's nonprofit and individual strengths, mainly through fund development, strategic planning, operational efficiency, and communications. In addition, capacity builders are focusing their efforts on communications, financial management, fund development, strategic planning, operational efficiency, and board governance.



Figure 3

KEY FINDINGS

Strengths

Montana encompasses a variety of capacity builders that operate in different capacities. Stakeholders are working along a spectrum from systems-level change to influencing individual leaders. Activities include financing capacity building activities, the convening of partners to solve problems, formal education, group training, peer learning, personal coaching, and informal discussions. The diversity of offerings is beneficial, as each nonprofit organization and leader are unique, and this multi-faceted approach can meet organizations and individuals where they are at.

Funders are willing to collaborate to strengthen the nonprofit sector through capacity building. Funders profoundly understand how capacity building strengthens an organization and establishes sustainability. As a result, they are willing to work together to pool resources to help nonprofits become more sustainable.

Capacity builders agree that leadership development is important and impactful. Analysis participants believe that it is essential to focus on developing leadership in the nonprofit sector, as those leaders then have the skills and knowledge to create operational efficiencies within their organization. Subsequently, operational efficiencies translate to more impactful services within communities.

Montana nonprofit employees are willing to leverage skills, resources, and expertise to achieve a shared vision. Capacity builders reported a strong enthusiasm from nonprofit employees to invest time and resources in

capacity building. By strengthening skills, strategies, and resources, it fosters the organization's success and the success of the community.

Challenges

Montana is a large state, and rural communities have limited access to capacity-building resources. Thirty-eight percent of nonprofits operate in rural areas of Montana¹. Participants noted that these communities lack tailored opportunities to increase their organization's strength and sustainability, improve skills and knowledge, develop strategies, and increase resources. This challenge aligns with the *Capacity Building Landscape Geography* section above – most capacity builders are located in non-rural cities in Western Montana.

A unified strategic effort is lacking among Montana stakeholders to develop comprehensive skill-building opportunities to meet the needs of nonprofit leaders. Many interviewees cited that an internal lack of capacity makes it difficult to meet external demand and dedicate time to collaborate with other partners to bolster existing offerings. As a result, silos are being developed among providers.

The Covid-19 pandemic has put a strain on organizations, making carving out time to build operational efficiencies challenging. Capacity builders reported that the pandemic has caused many organizations to shift their service model. As a result, it is challenging to delegate staff time to evaluate processes and procedures to improve capacity and sustainability.

Nonprofit employees lack time to build their skills and knowledge to strengthen their organization. Nonprofit employees' roles are often stretched beyond their scope. Interviewees noted that capacity and the pandemic have made it harder for individuals to prioritize opportunities for professional development. Moreover, nonprofit employees are paid on average 4% to 8%² less than for-profit employees, putting financial strain on an individual to invest in professional development opportunities.

Opportunities

Develop and implement programming tailored for rural communities. There is an opportunity to build trust and relationships with rural communities to develop capacity-building programming unique to rural barriers and challenges. Using technology adopted during the pandemic, programming can be implemented to create connections among rural organizations and leaders to assist in capacity building.

Invest in capacity-building professional development opportunities that combine education, peer learning, and practical experience. Interviewees were clear that learning opportunities need to go beyond education, as there needs to be a bridge between content and application. Therefore, professional development offerings need to include peer learning and demonstrate their knowledge through practical experience. Using a multi-faceted approach, nonprofit leaders have the confidence to commit to understanding organizational life cycles, developing expertise, sharing knowledge and resources, developing collegial relationships, and holding one another accountable.

As seen in *Figures 2 and 3* above, opportunities exist that can build on current services provided by Missoula Nonprofit Center, Montana Nonprofit Association, Murdock Charitable Trust, UM Center for Children and Families, and UM Public Administration. Stakeholders identified Montana nonprofit leaders' professional development needs: management skills, major donor fundraising, financial literacy, community engagement, board governance, and policy.

¹ Montana Nonprofit Association. (2021, January). *Montana Nonprofit Economic Impact Report*.

² Payscale. (2018). *Nonprofit Jobs Pay Less but Mean More*.

Design a model for shared administrative staffing to enhance operational efficiencies. Capacity builders noted a need for shared staffing related to financial management, compliance, data analysis, and grant writing. Organizations are only as strong as their finances and staffing, and therefore, developing a model for shared staffing provides an opportunity to improve capacity, sustainability, and cost-share among organizations. Creating a replicable model for nonprofits provides a step-by-step guide to ensure success and provide risk management.

Leverage current capacity-building funders to engage new donors to fund initiatives for capacity building. Not all funders understand how capacity building relates to sustainability. There is an opportunity for funders who believe in investing in sustainability to engage new funders in pooling resources to finance solutions to capacity-building barriers. Funding initiatives can address operational efficiencies, technology gaps, reduce professional development costs, and underwrite contractors.

CAPACITY BUILDER PROFILES



ACCELERATE MONTANA & BLACKSTONE LAUNCHPAD

Service Area

Statewide

Headquarters

Missoula

Services

Venture coaching, internships, jobs, competitions, events, courses

Focus Areas

Economic & Workforce Development across the state of Montana

Mission

To provide UM students and Montana community members the opportunity to explore entrepreneurship, create a viable career path, develop entrepreneur skills and mindsets.

Primary Clients

Economic Development and Education

Service Delivery

One-on-one consulting, Group training or webinars



HIGH STAKES FOUNDATION

Service Area

Statewide

Headquarters

Missoula

Services

Meetings to support and help connect them to the right resources.

Focus Areas

Financial Management and Accounting, Fund Development, Human Resources, Marketing and Communications, Operational Efficiency, Strategic Planning, Technology

Mission

Supporting visionary people and organizations in Montana through grants and program-related investments. High Stakes Foundation funds transformational ideas that promote equality, climate change solutions, economic development, local agriculture, sustainable communities, ecosystem preservation, and leadership.

Primary Clients

American Indian-related, Animal-related, Arts and culture, Civil rights, social action, and advocacy, Economic development, Environmental, Legal-related, Social services

Service Delivery

One-on-one consulting, Informal conversations when grantees ask



MISSOULA NONPROFIT CENTER

Service Area
Western Montana

Services
Board Governance, Facilitation, Financial Management and Accounting, Fund Development, Grant Writing, Human Resources, Marketing and Communications, Operational Efficiency, Technology

Mission
MNC provides our community's valued nonprofits with training, networking opportunities, information sharing, and more. We work to bring together Missoula's nonprofits to collaborate, create, and support one another.

Primary Clients
Animal-related, Arts and culture, Civil rights, social action, and advocacy, Early childhood, Education, Environmental, Health-related, Recreation and Sports, Social Services, Youth development

Service Delivery
Group training or webinars, networking events

Headquarters
Missoula

Focus Areas
Board Governance, Facilitation, Marketing and Communications



MONTANA COMMUNITY FOUNDATION

Service Area
Statewide

Services
Financial Management and Accounting, Fund Development, Marketing and Communications, Endowments, Gift planning

Mission
To create a culture of philanthropy so Montana communities can flourish.

Primary Clients
American Indian-related, Animal-related, Arts and culture, Civil rights, social action, and advocacy, Early childhood, Economic development, Education, Environmental, Health-related, Recreation and Sports, Social services, Youth development.

Service Delivery
Group training or webinars, Conferences, National and Regional Trainers, Toolkits and Guides, Working directly in communities

Headquarters
Helena

Focus Areas
Financial Management and Accounting, Fund Development, Marketing and Communications



MONTANA HEALTHCARE FOUNDATION

Service Area

Statewide

Headquarters

Bozeman

Services

Facilitation, Marketing and Communications, Operational Efficiency, Strategic Planning

Focus Areas

Strategic Planning

Mission

Health and Well Being of Montana.

Primary Clients

American Indian-related, Health-related, Social services

Service Delivery

Group training or webinars, Conferences



Montana Nonprofit Association

MONTANA NONPROFIT ASSOCIATION

Service Area

Statewide

Headquarters

Helena

Services

501c(3) Establishment or Fiscal sponsorship, Board Governance, Diversity, Equity, and Inclusion, Facilitation, Financial Management and Accounting, Fund Development, Grant Writing, Human Resources, Marketing and Communications, Operational Efficiency, Strategic Planning, Technology

Focus Areas

Board Governance, Financial Management and Accounting, Operational Efficiency

Mission

Montana Nonprofit Association’s mission is to provide leadership for Montana’s nonprofit sector and partner with charitable nonprofits to promote a sustainable, networked, and influential sector.

Primary Clients

American Indian-related, Animal-related, Arts and culture, Civil rights, social action, and advocacy, Early childhood, Economic development, Education, Environmental, Health-related, Legal-related, Recreation and Sports, Social services, Youth development

Service Delivery

One-on-one consulting, Group training or webinars, Conferences, National and Regional Trainers, Toolkits and Guides



MURDOCK CHARITABLE TRUST

Service Area
Statewide

Headquarters
Vancouver, WA

Services
Board Governance, Diversity, Equity, and Inclusion, Facilitation, Financial Management and Accounting, Fund Development, Grant Writing, Human Resources, Legal Guidance or Advice, Marketing and Communications, Operational Efficiency, Strategic Planning, Technology, Leadership

Focus Areas
Leadership

Mission

Our Leadership and Capacity Building enrichment programs help nonprofit executives, board members, business and community leaders, young professionals and other influencers grow to better serve their organizations and communities.

Primary Clients

American Indian-related, Animal-related, Arts and culture, Civil rights, social action, and advocacy, Early childhood, Economic development, Education, Environmental, Health-related, Legal-related, Recreation and Sports, Social Services, Youth development

Service Delivery

One-on-one consulting, Group training or webinars, Conferences, Toolkits and Guides



SAMPLE FOUNDATION

Service Area
Statewide

Headquarters
Billings

Services
Fund Development, Operational Efficiency, Strategic Planning

Focus Areas
501c(3) Establishment or Fiscal sponsorship, Technology

Mission

Serving not for profits in the state of Montana.

Primary Clients

American Indian-related, Early childhood, Education, Health-related, Social Services, Youth development

Service Delivery

Grants



UM CENTER FOR CHILDREN AND FAMILIES

Service Area

Statewide

Headquarters

Missoula

Services

Diversity, Equity, and Inclusion, Fund Development, Grant Writing, Human Resources, Marketing and Communications, Operational Efficiency, Strategic Planning, Technology

Focus Areas

Grant Writing, Marketing and Communications, Strategic Planning

Mission

The mission of the Center is enhancing the health of Montanans by transforming the systems that serve us. We envision a Montana where everyone is served by high-quality and equitable systems of care.

Primary Clients

Education, Health-related, Social Services, Youth development

Service Delivery

One-on-one consulting, Group training or webinars, Toolkits and Guides



UNIVERSITY OF MONTANA DEPARTMENT OF PUBLIC ADMINISTRATION

Service Area

Statewide

Headquarters

Missoula

Services

Board Governance, Diversity, Equity, and Inclusion, Facilitation, Financial Management and Accounting, Grant Writing, Human Resources, Strategic Planning, Nonprofit and public administration coursework

Focus Areas

Diversity, Equity, and Inclusion, Human Resources, Operational Efficiency

Mission

Provide an innovative public service education for pre-career and in-career public and nonprofit administration students.

Primary Clients

Education

Service Delivery

Group training or webinars, Conferences, Undergraduate and graduate-level coursework in degree and certificate programs



WHITEFISH COMMUNITY FOUNDATION

Service Area

Flathead Valley

Services

Board Governance, Financial Management and Accounting, Fund Development, Marketing and Communications, Operational Efficiency, Strategic Planning, Technology

Headquarters

Whitefish

Focus Areas

Board Governance, Financial Management and Accounting, Fund Development

Mission

WCF is dedicated to fostering philanthropy, building endowments, and helping donors and nonprofits benefit the Flathead communities.

Primary Clients

Animal-related, Arts and culture, Early childhood, Education, Environmental, Health-related, Recreation and Sports, Social Services, Youth development

Service Delivery

Group training or webinars

APPENDIX A: STAKEHOLDER PARTICIPANTS

Fifteen organizations and funders were invited to participate in the landscape analysis. Of those, eleven participated:

Accelerate Montana & Blackstone Launchpad, Paul Gladen

High Stake Foundation, Mary Stranahan and Ann Quirk

Missoula Nonprofit Center, Dani Howlett

Montana Community Foundation, Mary Rutherford

Montana Healthcare Foundation, Ted Madden

Montana Nonprofit Association, Shelby Rogala

Murdock Charitable Trust, Dana Miller

Sample Foundation, Barbara Sample

University of Montana Center for Children and Families, Ryan Tolleson Knee

University of Montana Public Administration, Christina Barsky

Whitefish Community Foundation, Linda Engh-Grady

The following organizations did not respond to the invitation to participate in the analysis:

Anderson ZurMuehlen

Associated Employers

HOPA Mountain

University of Montana Experiential Learning and Student Success

APPENDIX B: SURVEY & INTERVIEW QUESTIONS

Survey

1. What is your organization's mission?
2. Who are your primary nonprofit clients?
3. What Montana regions do you provide your services?
4. Capacity-building is the process of developing and strengthening the skills, instincts, abilities, strategies, and resources that foster an organization's strength and sustainability.
 - A. What services do you offer that relates to nonprofit operations?
 - B. What three areas do you focus most on?
5. In which ways do you deliver your services?

Interview Questions

1. How and/or why did your organization enter the capacity-building sphere in Montana?
2. What is your organization's capacity-building philosophy?
3. What is unique about the capacity-building services you provide? What sets you apart from others?
4. Of the capacity-building activities you offer, what would you say you do best?
5. What challenges, barriers, or gaps have you experienced offering capacity-building services to Montana nonprofits?
6. What strengths do you see in the capacity-building landscape in Montana?
7. As you consider the potential for capacity building in Montana, what innovation or strengthening would you like to see over the next three to five years? - Both within your organization and statewide.
8. Based on our discussion today, is there anyone else Headwaters should connect with about capacity building?