Evaluation of the Melvin R. Lane Fund Program to Build Capacity Among Nonprofit Organizations in Western North Carolina: Summary of Findings

Report to the MRL Fund Advisory Board and
the Community Foundation of Western North Carolina

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Dedicated to the memory of Harry Fozzard,

a thoughtful, generous and gracious champion of smart philanthropy
and using science to improve the human condition.

PREFACE

This report presents the findings from a 7-year evaluation of the Melvin R. Lane Fund's program to improve the financial and administrative functioning of nonprofit organizations in western North Carolina. The Melvin R. Lane (MRL) Fund is a donor-advised fund of the Community Foundation of Western North Carolina (CFWNC) endowed with assets from the estate of Melvin Lane, a successful businessman and prominent philanthropist who ran a large apple-growing operation in the town of Dana in Henderson County. After his death in 1988, Mr. Lane's daughter and son-in-law, Lyn and Harry Fozzard, established the Melvin R. Lane Charitable Trust as a means of continuing the family's commitment to improving the lives of children, the elderly and disabled residents of the region. The trust (initially housed at Wachovia Bank) was converted to a donor-advised funded at the community foundation in 2000. The fund is now overseen by an advisory board comprised of his descendants and additional advisors who have knowledge of the nonprofit sector in the region.

At the same time that Lyn and Harry Fozzard decided to move the trust's assets to the community foundation, they also narrowed the mission of the fund to focus on improving the effectiveness and sustainability of nonprofit organizations. In a June 20, 2014 email, Harry described the impetus of that decision.

> *During the grant process in its first 10 years, our Review Committee was impressed that the typical moderate-sized nonprofit in WNC was failing to achieve their community goals because of administrative inadequacy. Regardless of their program strength, their leaders were overwhelmed by fundraising tasks, unfamiliarity with many business best practices, and Board failure. In order to meet these needs we developed a program in association with the Community Foundation of WNC for substantial 3-year grants for organizational capacity building.*

Organizations funded under the MRL program receive $150,000 over a 3-year period with the expectation that this money will support a staff position that allows the organization to put in place new structures, processes and programs that address critical gaps in capacity. Every three years, CFWNC issues a request for proposals for the MRL program and the Advisory Board selects 5-7 organizations to receive the grants. In addition to funding, the grantees receive training from consultants with expertise in fundraising and organizational development. The program also brings together the executive directors of funded organizations each year for a networking meeting. Members of the MRL Fund Advisory Board participate in this meeting and also conduct site visits each year with the funded organizations. Those interactions with grantees often involve some degree of advising and encouraging.

The Advisory Board awarded its first round of capacity-building grants to 7 WNC nonprofits in 2000. Two subsequent rounds of funding were awarded in 2003 and 2006, bringing the total number of MRL grantees to 18 organizations.

In line with the program's goal of improving the effectiveness of nonprofit organizations, the Advisory Board has been highly focused on the question of how its own program could be made more effective and deliver greater impact to the region. Harry Fozzard in particular was very interested in subjecting the program to an independent evaluation process that would provide the Advisory Board with more objective data about the effect that the program was having among the funded organizations. He presented this idea in a series of memos to the Advisory Board in 2007. In the first of these memos, he began with the following statement:

> *After three rounds of the MRL Fund program since 2000 to build nonprofit capacity and sustainability, we will have spent about $3 million. It makes sense to reexamine the program at this time. We envision a series of structured discussions and reports, facilitated by an experience person and organized jointly.*

In a subsequent memo, Harry provided the Advisory Board with a more precise description of what he expected the evaluation to accomplish. This memo included the following three evaluation questions:

1. Has the MRL Fund strategy to stabilize the organizations by supporting infrastructure instead of direct service programs resulted (or is likely to result) in better/more service delivery to client populations?
2. Has this advanced our goal to enhance the welfare of needy citizens of WNC?
3. Can the present program be strengthened?

With regard to the last question in particular, both Harry and Lyn expressed a desire to gain a fuller understanding of how grantees viewed the different elements of the program, especially the somewhat unique notion of assigning individual members of the Advisory Board to act as liaisons and ad hoc advisors to the grantees.

Under Harry's leadership, the Advisory Board agreed to hire a consultant who would carry out an evaluation of the MRL Fund program and to engage with the consultant in facilitated conversations to identify how the program could be strengthened. Using a reputational analysis, Harry and Lyn identified two candidates for the evaluation. After meeting with both, they selected Doug Easterling to lead the project. Through an iterative consultation process, Doug, Harry and Lyn agreed to an evaluation design that relied heavily on interviews with the executive directors of the organizations funded in the 2000 and 2003 cohorts, supplemented by a review of the proposals and progress reports submitted by these organizations. Doug's colleague at Core Path Solutions LLC, Lucinda Brogden, carried out the interviews, assisted with the analysis of data, and participated in meetings with the Advisory Board.

Based at least in part on the findings from those interviews, the Advisory Board affirmed its commitment to the capacity-building strategy and identified a specific area in which the program could be improved. This involved the addition of an organizational assessment process within the application phase of the program. A dozen applicant organizations are selected based on their letters of intent to receive support for a 3-month process of assessment and planning. This process, facilitated by consultants from WNC Nonprofit Pathways, makes use of the Core Competency Assessment Tool (CCAT) developed by TCC Group. After the process, each organization develops a grant proposal that includes a plan for capacity-building based on the findings from the CCAT assessment, the follow-up deliberations among board and staff, and a detailed report prepared by the Pathways consultant. The Advisory Board then selects roughly half of the applicants to receive 3-year grants. Those not funded are assumed to derive at least some benefit from the assessment process.

The evaluation contract was extended to support a study of the first cohort of organizations that participated in the MRL program. This prospective evaluation tracked the progress that both funded and non-funded organizations made on their plans, as well as the larger organizational changes that occurred. We also answered a variety of process-oriented evaluation questions pertaining to the usefulness of the various elements of the program.

This report describes what was learned through both phases of the evaluation. In the process of presenting the evaluation findings, we also provide a detailed description of the program model, how it evolved between 2000 and 2009, and the effect that the program had on the participating organizations.

The remainder of the report is organized as follows:

1. A description of the MRL program, including its origins, rationale, program strategy and the first three waves of implementation;
2. Background on why the Advisory Board chose to commission the evaluation, along with specifics on the design of the initial phase of the evaluation;
3. Results from the initial phase of the evaluation (pertaining to the MRL program model as it was implemented in 2000 and 2003);
4. A description of the how the program model was revised in 2008 to include the organizational assessment in the application phase;
5. The design and methods for the prospective evaluation of the revised model;
6. A descriptive analysis of how the Advisory Board implemented the revised program between 2009-2012 and how the first cohort of applicants and grantees responded to the opportunities and resources provided;
7. Key findings from the evaluation of accomplishments and outcomes among the funded organizations;
8. An analysis of how the application process and organizational assessment impacted the non-funded organizations;
9. Key findings from the process evaluation of the MRL program and its key elements; and
10. A concluding section that summarizes key findings and provides additional observations of the program from the perspective of the evaluator.

1. THE INITIAL VERSION OF THE MRL CAPACITY-BUILDING PROGRAM

Rationale

The decision to focus the Melvin R. Lane Fund's resources on organizational capacity-building grew out of the Advisory Board's analysis of what was and was not being accomplished through the original grantmaking strategy (when the fund was still a trust at Wachovia Bank). The following account by Harry Fozzard, written in the summer of 2013,[1] describes the initial strategy and the Advisory Board's assessment of how it was coming up short:

> *For ten years the Fund's Advisory Board awarded small one-year program grants to multiple organizations, selecting biannually from some 40 grant applications per round. Although in many cases these small, short-term grants had a useful impact on the specific needs of the targeted populations in WNC, the Advisory Board felt that there were important problems with this grant program. The problems that they subjectively identified included:*
>
> 1. *The small MRL Fund and the mostly small non-profits in WNC were facing large social problems. The non-profits were significantly underfunded for their missions, were underpaying their staff, and were depending heavily on volunteers who could not provide long-term organizational stability.*
>
> 2. *Fund-raising for the non-profits operated at the "survival" level, consuming excessive amounts of time of the Executive Directors, with less-than-optimal contributions from the Boards of Directors, and organization fund-raising skills were rudimentary.*
>
> 3. *WNC is a relatively poor part of the state, albeit with a substantial well-to-do part-time and retired element that was often not well-integrated into the community with regard to non-profit support.*
>
> 4. *The multiple small organizations with overlapping missions resulted in substantial duplication of effort, compromising fund-raising and reducing administrative efficiency.*
>
> 5. *Little community-wide study of needs was available and little coordination of available resources was accomplished because of the short-term pressures of programs that exceeded the capacity of the core management team.*

As a summary statement, Harry indicated that "the Advisory Board had the impression that the worthy missions of the non-profits in WNC could be better met by more-focused attention to core organizational stability, more professional fund-raising methods, and more attention to long-term planning."

[1] This text was included within a document that Harry emailed to Doug on August 9, 2013. Harry sent this history with the intention that it would be useful in writing a journal article describing the MRL Fund program and the evaluation findings.

Program Strategy
Based on this analysis, the Advisory Board decided to focus the Fund's resources on fewer nonprofit organizations. Through a competitive application process, a "small number of substantial grants" would be awarded for the purpose of strengthening the "core structure" of the recipient organizations. Based on conversations with Pat Smith, Executive Director of CFWNC at the time, the following elements were incorporated into the capacity-building program:

1. Organizations selected under the program would receive annual awards of $50,000. These awards would be renewable for a total of three years, assuming that the organization had made "creditable progress."

2. The award process would begin with a request for letters of intent, from which a small number of organizations would be invited to submit a full proposal.

3. Applicants would present their proposals in person to the full Advisory Board. In addition, individual members of the Advisory Board would make site visits to the applicants and report their observations to the full Advisory Board.

4. Individual members of the Advisory Board would be assigned to monitor the progress of each of the organizations selected to receive grants. These liaison Advisory Board members would conduct site visits at least once per year and would "assist the organization where possible."

5. Annual meetings would be held for all grantees in order to support networking and to offer trainings or other programs that would beneficial to the entire cohort.

6. Grantees would report back to the Advisory Board and CFWNC with annual progress reports and an end-of-project final report. Grantees would need to show how they spent their grant dollars, the activities carried out and progress toward strengthening the organization along the dimensions outlined in the proposal.

The provision to link each grantee with a liaison from the Advisory Board is a distinguishing feature of the MRL Fund program. The liaisons interact extensively with the executive directors and sometimes the board members of their assigned grantee organizations. According to Harry Fozzard,

> *Although the site visits were only annual, most of the grantees formed personal relationships with the respective Board members, and consulted them more often. Even after the completion of the 3-year grant cycle, the former grantees often continued to maintain contact with the Board member.*[2]

[2] This is taken from Harry's August 2013 description of the program.

This dynamic differs from typical grantmaking practice within philanthropy. Most foundations interact with their grantees either through their own staff members or through intermediary organizations that provide training, technical assistance, coaching, etc. The MRL program, in contrast, placed Advisory Board members in a front-line role where they offered advice and encouragement to the staff and board, and especially to the executive directors.

Implementation of the Program

The Melvin R. Lane Fund capacity-building program was introduced in early 2000. That August, seven organizations were awarded $150,000 grants to support a variety of organizational strengthening efforts. Additional cohorts were selected in 2003 and 2006, leading to awards to 18 different organizations throughout the service region of CFWNC. These 18 organizations are listed in Table 1.

Table 1. Nonprofit Organizations Awarded Grants in the First Three Cycles

Year Funded	Organization	***How was the organization expected to strengthen itself?***
2000	Burke Charitable Properties	*Integrate 4 distinct agencies*
	Consumer Credit Counseling	*Expand partnerships*
	Lannin-Tunstall Society for Children	*Organize and appoint executive director*
	Marketing Association of Rehab Centers (MARC)	*Hire marketing director to expand fee-for-service revenues*
	Neighbors in Need Ministry	*Hire executive director as part of reorganization*
	Pisgah Legal Services	*Expand service region*
	YWCA of Buncombe County	*Strengthen administrative capacity for fundraising*
2003	Center for Participatory Change	*Grow the administrative infrastructure*
	Caring for Children	*Grow the administrative infrastructure / increase staffing*
	Children & Family Resource Center of Henderson County	*Increase staffing to allow for financial growth*
	MemoryCare	*Strengthen financial position*
	REACH of Jackson County	*Strengthen financial position*
2006	Boys & Girls Club of Hendersonville	*Strengthen financial position*
	Community Empowerment	*Strengthen administrative infrastructure, hire executive director*
	Council on Aging, Hendersonville	*Administrative reorganization / increase collaboration*
	Latino Advocacy	*Strengthen financial position*
	Outreach	*Strengthen financial position*
	Habitat for Humanity of Rutherford County	*Strengthen financial position*

Refinements to the Program Model

The program was revised in a number of modest ways as the Advisory Board gained experience as grantmakers and observed various successes and disappointments among grantees. The following refinements were described in Harry Fozzard's August 2013 description of the program.

- Initially the program was open to nonprofit organizations of any size or stage or development, but the Advisory Board found that the smaller and younger organizations were much more focused on survival than building organizational capacity. Accordingly, the eligibility rules were tightened such that applicants needed to demonstrate that they had at least 3 paid staff members and an annual operating budget of at least $100,000.

- It quickly became clear to the Advisory Board that grantees would benefit from adopting a more strategic approach to fundraising and revenue generation. Toward that end, the Advisory Board hired Kim Klein, a nationally recognized expert in nonprofit fundraising, to provide training and organization-specific advising to all grantees beginning with the 2003 cohort.

- To keep the grantees on track with their capacity-building work, the Advisory Board required annual reporting of progress toward specific goals and objectives. Applicants were required to specify those goals and objectives, and to present a plan for evaluation. Funded organizations reported their evaluation data on an annual basis using a structured grid.

2. INTRODUCING EVALUATION INTO THE MRL PROGRAM

The requirement that grantees evaluate progress toward specific objectives reflected a more general interest in program evaluation on the part of the Advisory Board, especially among Lyn and Harry Fozzard. Their expectations and standards for evaluation were higher than what they were observing in the progress reports submitted by grantees. According to Harry,

> *[The provision for self-evaluation] was somewhat helpful, but it also became apparent that these non-profit organizations had limited understanding of how to accomplish meaningful evaluation, and that the time frame for judging the effectiveness of their changes was too short to provide the Board useful insight into the effectiveness of the overall program.*[3]

Lyn and Harry were interested not only in stronger evaluation at the grantee level, but also in using evaluation methods to assess and improve the effectiveness of the MRL Fund program. They were curious to know what features of the program were working and which ones warranted rethinking and revising.[4] This interest became a central focus of attention once the Advisory Board completed the process of selecting the third cohort of grantees in 2006.

After a long career as a biomedical scientist, Harry had come to appreciate the value of rigorous research methods, including control groups, random assignment and repeated measurement of the constructs that are expected to change. At the same time, he recognized that it would not be practical (or even possible) to conduct a rigorous evaluation of organizational development among the first three cycles of MRL grantees. Instead he convinced the Advisory Board to sponsor a limited retrospective evaluation that could provide at least a tentative assessment of the program's effects, strengths and weaknesses. He viewed this as a precursor to a more rigorous and carefully designed evaluation of the next round of grantees:

> *We anticipate a restructuring of the program for the next round, so that a meaningful prospective evaluation can be done both during and after the next grant period.*[5]

The initial, more cursory evaluation was intended to answer the following three fundamental questions:

1. Has the MRL Fund strategy resulted (or is likely to result) in better/more service delivery to client populations?
2. Has this advanced our goal to enhance the welfare of needy citizens of WNC?
3. Can the present program be strengthened?

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[3] Taken from the August 2013 description of the program.

[4] In our initial meeting with Lyn and Harry (prior to selecting the evaluation consultant), Lyn pulled out a highly annotated copy of Doug's 1999 paper, "Using Evaluation to Improve Grantmaking: What's Good for the Goose is Good for the Grantor." It is available at http://www.coloradotrust.org/attachments/0000/2199/EvaltoImprove1999.pdf.

[5] This quote and the expectations for evaluation were contained in Harry's 2007 memo to the Advisory Board.

These fundamental questions were translated into more detailed questions that the evaluation was expected to address:

1. Have grantees become more financially stable?
2. Have grantees strengthened their administrative structures and processes in ways that improve the services they deliver?
3. How useful have the different elements of the MRL program (e.g., grant application process, interactions with Advisory Board liaisons, fundraising consultation and training, annual meetings) been in supporting these improvements among grantees?

As mentioned in the Introduction, the Advisory Board selected Core Path Solutions LLC as the evaluation consultant in late 2007. Doug Easterling and Lucinda Brogden met with Advisory Board members in early 2008 to clarify their evaluation interests and to decide on the evaluation design, sample and specific questions to investigate.

The Advisory Board and evaluation consultants agreed that because the 2006 grantees were still early in their grants, it was appropriate to focus on the first two cohorts of organizations funded 2000 and 2003, all of which had completed their grant-funded work. For the sake of efficiency, the evaluation would include interviews with the executive directors of the 2000 and 2003 grantees, as well as an analysis of those organizations' grant proposals and progress reports. The evaluators also reviewed the notes written by Advisory Board members following their annual site visits.

In line with the evaluation questions specified by the Advisory Board, the interview protocols covered the following topics:

- The grantee organization's mission, strategy and programming
- Use of the MRL grant funds
- Role played by the person hired for the MRL-funded position
- Perceived usefulness of the various resources provided by the MRL program
- Perceived impact of the MRL grant and associated resources on various dimensions of organizational capacity (e.g., finances, programs, staffing, board effectiveness, strategic direction, stability, visibility)
- Recommendations for how the MRL program should change or stay the same

The actual interview protocol is included in Appendix 1.

The interviews were carried out in February and March of 2008. Ten of the 12 organizations funded in 2000 and 2003 were included in the study. We did not conduct an interview with Lannin-Tunstall Society for Children (which had folded years earlier) or with Burke Charitable Properties (which did not have an executive director at the time of the evaluation).

3. RESULTS FROM THE RETROSPECTIVE EVALUATION

In general terms, the interviews and progress reports indicated that the MRL Fund program was meeting many of its expectations, especially around initial improvements in the financial well-being and stability of the funded organizations. In presenting specific results below, we distinguish between the reported **outcomes** of the MRL program and a **process** evaluation of the usefulness of the specific features of the program.

Outcomes

In line with the program's focus on improving the financial standing of grantees, all 10 of the executive directors interviewed for the evaluation reported that their MRL grant had allowed their organization to increase its revenues, at least over the short run. We categorized six of these as "major" impacts on finances and revenues (e.g., doubling of operating budget, successful capital campaigns for new facilities) and four as "moderate" impacts. Across the board, grantees reported that they had adopted more comprehensive and strategic approaches to raising funds (e.g., more diverse funding portfolios, increased focus on local donors, increase in dues-paying members, better accessing of government funding streams such as Medicaid for case management).

These improvements in finances and fundraising generated payoffs with regard to organizational stability. Nine of the 10 orgs indicated that they had become more stable with regard to finances, operations and staffing. Individual respondents reported that they were better able to weather downturns in funding and that they had shifted from a crisis-oriented style of management to a more deliberate approach. Two interviewees reported less turnover in staff.

The Advisory Board also expected the grants and technical assistance to lead to improved programming and services. All but one of the organizations reported that they had revised, added or dropped programs through a more careful analysis of what was working and what was needed. Five of the executive directors reported that they had increased their attention to assessing the needs of their community and developed programs in response to what they learned. Another grantee organization dropped programs that didn't fit well with its strategy.

In addition to these improvements in financing, stability and programming, the executive directors interviewed for the evaluation reported the following benefits from their MRL grant and involvement in the MRL program:

- Improved functioning on the part of the board, especially with regard to the board assuming more responsibility for fundraising (*reported by 8 interviewees*)
- Added new staff positions (n=6)
- Clearer sense of direction / More strategic orientation (n=5)
- Greater visibility and credibility at the local and state levels (n=3)

Process Evaluation
In developing its strategy for building organizational capacity, the MRL Fund Advisory Board was deliberate in structuring the grants to be large (certainly by the standards of the WNC nonprofit sector) and multi-year. All 10 executive directors interviewed in the evaluation reported that this approach paid off for their organizations. They reported that having a 3-year grant was crucial for achieving their capacity-building goals, as well as for allowing the time required to reset direction and become more strategic. Specific comments reinforce the importance of the extended time frame.

- *The 3-year grant period gave us time to make a plan and to implement it.*
- *It takes years to build successful development department.*
- *Loved having the luxury of 3 years to focus on infrastructure*
- *Allowed for developmental process and learning*
- *It took 1 year to figure out plan, and then 2 more to follow through.*
- *A 1-year grant would have put us in worse shape*

The interviews also asked about six additional aspects of the MRL Fund program:

- The application process
- Interactions with the MRL Fund Advisory Board
- Interactions with CFWNC staff
- Trainings and technical assistance by Kim Klein
- Annual meetings where all grantees met with the Advisory Board and CFWNC staff
- Annual progress reporting

For each program element, interviewees provided a rating on a 4-point scale that ranged from “extremely useful” to “not very useful.” Table 2 shows the number of interviewees who assigned each rating, along with specific comments that arose when interviewees explained their ratings.

Table 2. Assessment of the Usefulness of Various Elements of MRL Program

Aspect	***Extremely Useful***	***Very Useful***	***Moder-ately Useful***	***Not Very Useful***	***Total reporting***	***COMMENTS***
Application process	6	1	2	1	***10***	• Liked progression from written application - site visit - presentation to Adv Board • Forced them to put ideas on paper and work towards making them happen • Advisory Board was very accepting but pushed them to add goals. This was beneficial, but we were not as successful with this goal as with others. • Application and reporting processes were intense and time consuming, but also set up well. Helped to develop plan for sustaining the organization and map out strategic plan for down the road. • Horrible. Couldn't fit information into grid. Questions were fine, but grid didn't allow natural answers.
Interactions with Advisory Board members	7	1			***8***	• Highly personal approach • Served as our coach • They were our cheerleaders • Adv Board really worked alongside them to help them do their best, solve problems, and explore possibilities, and not just show results. • Love them. *[name withheld]* was huge resource at site visit, great sounding board and resource. Helped with her transition to ED. • Didn't judge • Always very positive and supportive • Offered help not punishment when we had trouble meeting outcomes. • Great interaction with *[name withheld]*. Provided mentoring great advice on how to approach major donors successfully. • *[Adv Board member]* was direct. Didn't mince words. I appreciated that. • We didn't want to let them down.
Interactions with CFWNC staff	3	3	1		***7***	• Great bunch of people • Very helpful during application process • Had much less interaction with CFWNC staff than with Advisory Board • CFWNC is always accessible • Supportive • Not much interaction related to the Lane Fund, but as whole interactions have been very helpful

Aspect	***Extremely Useful***	***Very Useful***	***Moder-ately Useful***	***Not Very Useful***	***Total reporting***	***COMMENTS***
Kim Klein	4	1			***5***	• Guru • The board really paid attention to her • Was able to tailor advice to our situation • Out of the box thinking • Lasting impact on board and fund development committee
Annual Meetings	3	3	1	2	***9***	• Some were fabulous, some not very helpful. • Reporting to other organizations forced us to figure out where we were. Presenting our progress forced us to be publicly accountable to Adv Board and other grantees. • Good to talk to others and have dedicated time to reflect on organization in middle stage. • Interesting to compare experiences across different organizations (e.g., why did one org need only a half-time bookkeeper?) • Extremely NOT helpful, especially the presentations by Round 1 grantees to Round 2 grantees at initial meeting (confusing) • Too formal.
Reporting process	3	3	2	1	***9***	• Easy and straightforward, • Was not at all punitive when outcomes were not reached • Would have preferred outcome measures not be different from United Way's • The Advisory Board was a stickler for presentation • Difficult to say what you wanted to say.

The **application process** was generally viewed in positive terms, with 7 of the 10 interviewees assigning a rating of "extremely" or "very useful." Those with a positive view appreciated the way that the application process and the questions of the Advisory Board encouraged critical thinking and more in-depth planning than the organizations had previously conducted. The one interviewee with a negative view of the application process focused on the formatting of the grid that applicants needed to fill in.

The interviewees consistently told us that their **interactions with members of the MRL Fund Advisory Board** had produced benefits to the organizations. Of the 8 interviewees who had experience with Advisory Board members, 7 rated the experience as either "extremely" or "very useful." Advisory Board members were viewed as highly supportive of the organization, but also willing to ask difficult questions and encourage higher standards for organizational performance and effectiveness. The trait of non-judgmental was cited by three interviewees, including the following comment: *"He/she offered help not punishment when we had trouble meeting our outcomes."* Interviewees also reported that they appreciated the personal nature of the grantee-grantor relationship. In some cases this deepened the executive director's commitment to carrying out the work that the Lane Fund was supporting. One person told us, "*We didn't want to let them down*."

Interactions with CFWNC staff were also viewed as a positive feature of the program, although in a less prominent fashion than were interactions with the Advisory Board. In general terms, the staff were regarded as accessible, helpful and supportive. One interviewee referred to the staff as "a great bunch of people."

The Advisory Board began offering **Kim Klein** as a resource for the 2003 cohort. Four of the five executive directors who received training and consulting from Kim rated it as "extremely useful," while the other one indicated that it was "very useful." Kim was regarded as a "guru" who brought new and important thinking about fundraising to both the board and staff.

Interviewees had much more mixed things to say about the **annual meetings**. There was generally an appreciation of the purpose that the annual meetings were attempting to achieve (networking, sharing and learning), but some meetings appear to have worked much better than others. According to one interviewee, *"some were fabulous, some not very helpful."* And another indicated that the meeting where Round 1 grantees presented to Round 2 grantees was "*extremely NOT helpful."* More generally, interviewees expressed a desire for less formal agenda. On the other hand, two interviewees indicated that the requirement to present their progress to the entire group was a useful exercise in clarifying the organization's status and holding themselves accountable. This mix of responses suggests that the grantee organizations were heterogeneous in terms of their needs and interests, which made it difficult to organize a networking meeting that would be beneficial across the board.

The **reporting process** also received mixed reviews, with one interviewee regarding it as "easy and straightforward" and another reporting that it as "difficult to say what you wanted to say." As with the annual meetings, it appears that different grantees were coming from different starting points and this determined whether the process seemed typical or onerous. One interviewee had a specific criticism that the MRL program's approach to reporting on outcomes was inconsistent with what the organization had to report to United Way.

After asking for usefulness ratings of the various elements of the program, the evaluation interview asked for recommendations on how the program should change or stay the same in the future. The dominant responses to this question were to **maintain the 3-year grant period** and **don't reduce the size of the grants.** Virtually all interviewees made both these points in one form or another. The following comment is representative:

> *Please do not change anything, it a gem as it is. There is nothing else like the Lane fund grants. Less than $50,000 a year is too little to make a difference and 3 years is needed to develop sustainability for development staff. Smaller grants take a lot of time to apply for without as much return for the time.*

The other two features that interviewees recommended for keeping the same were **maintaining the focus on organizational capacity building** (reported by 3 persons) and **maintaining an active role for Advisory Board members** (reported by 1 person). The following two quotes illustrate interviewees' sentiments on these two issues:

- *The Lane Fund grant is unique in that it allows the need to be defined by the organization. You decide what it you need to apply for.*

- *Keep the engagement by Advisory Board members. It's great to have cheerleaders and a personal touch.*

Perhaps not surprisingly, the most frequently mentioned recommendation for changing the program was to relax the eligibility requirements. Half of the 10 interviewees thought that the program could be improved by allowing an organization to **receive a second 3-year grant**.

Consistent with the usefulness rating data presented above, three interviewees requested that the **annual meetings** be changed, augmented and/or replaced with opportunities for more informal networking.

Two interviewees recommended a shift in the **reporting form** that the Advisory Board used to monitor progress. The two critiques were quite different however. One disliked the grid ("doesn't let you say what you want to say"), while the other posed a more fundamental criticism about the type of indicators that organizations were asked to report on. This interviewee argued that it was more important to look at longer term organizational change and the value added of the MRL program.

The remaining two recommendations pointed to larger issues for the Advisory Board to consider as it sharpened its strategy for promoting organizational development among grantees. The first recommendation was to **require stronger board participation** as a condition of the grant. This interviewee also thought that it might help to have an organizational development consultant speak to the board about the value and the process of capacity building. Consistent with that recommendation, a second interviewee recommended that the Advisory Board **coordinate with WNC Nonprofit Pathways in order to provide grantees with more rigorous assessment and training**. This person offered up the suggestion that the Lane Fund would use resources to hire Pathways consultants to work with grantees.

4. REVISING THE PROGRAM MODEL

The evaluation team presented these findings from the retrospective evaluation to the Advisory Board and CFWNC staff in a series of meetings and email exchanges during the first half of 2008. Those discussions led to the Advisory Board to reiterate its commitment to the goal of strengthening the capacity of nonprofit organizations in Western NC and to explore how the program could be made more effective in meeting this goal.

Clarifying Intent

As a prelude to considering how the program might be revised, the evaluation team engaged the Advisory Board in a conversation about the assumptions underlying its strategy. In particular, Advisory Board members were asked to specify what they have in mind when they envision that the program helps nonprofit organizations to become more “effective” or “high-performing.” The following three elements were viewed as primary to their definition of “effective” and “high-performing”:

- Financially sustainable
- Mission-driven
- The board is engaged, especially around strategy and fundraising

The following elements were also regarded as important by at least some Advisory Board members:

- Skilled staff
- Stable staff
- Strong and appropriate leadership – among executive staff and at the board level
- Effective programs
- Strong financial management
- Ongoing evaluation plans

Ultimately, the Advisory Board regarded an “effective” or “high-performing” organization as one that achieves impact at a community level.

Underlying Principles

In addition to clarifying the goal of the MRL Fund program, the Advisory Board adopted a set of principles that they determined would be appropriate for guiding its refinements to the program. These are as follows:

1. Assistance will be designed to increase grantees’ capacity along a variety of dimensions, with special attention to: (a) ensuring that the organization’s activities and programs are mission-focused/mission-driven, (b) increasing engagement among the board, and (c) promoting financial sustainability.

2. Assistance should be tailored to meet the individual needs of each grantee.

3. Employ a variety of approaches, including group trainings and individually oriented consulting services

4. Assemble a bank of consultants with different skill sets (e.g., fundraising, board development, program development, best practices in different content areas, evaluation).

5. Recognize that different grantees will be at different stages in organizational development, and in fact may be moving along different paths.

6. While it is important to tailor consultation to each organization's needs, mission, and stage of development, there is also value in using a "reasonable sequence" to frame the trainings and annual meetings
   - Year 1: Board development
   - Year 2: Fundraising
   - Year 3: Best practices

7. Encourage follow-up contacts between consultants and grantees to ensure that work plans are pursued and emerging issues are addressed.

<u>Design of the Revised Program</u>
Based on this definition of what the program is intending to accomplish, along with their understanding of how well the current program was working, the Advisory Board decided that the following components of the program strategy should remain intact, some with minor modifications:

1. **Size, purpose and duration of grants**: The program should continue to provide 3-year grants of up to $150,000. The logic here is that the grants need to be large enough to (a) motivate serious organizational development work; (b) allow the organization to grow in new ways; and (c) create opportunities for the executive director to focus more attention on strategic issues. It was expected (but not required) that most of the grant funds will be used to hire a critical new staff position. The 3-year time frame was viewed as allowing sufficient time for the organization to carry out work that would improve the organization's standing over the long run. In addition, a 3-year grant would allow the grantee organization to offer enough job security to attract high-quality candidates for whatever position was supported by the grant.

2. **Other assistance:** In addition to the grants, the program would provide funded organizations with training and consultation, especially around fundraising.

3. **Engagement by Advisory Board:** In addition to selecting grantees, the Advisory Board will continue to supply each grantee organization with a liaison who will play a coaching role that complements what the consultants provide.

4. **Annual meetings:** There will continue to be annual meetings, although the content and approach will be modified to support a "reasonable sequence" of organizational development.

5. **Eligibility**: The program would continue to be open only to nonprofit human service organizations from Western North Carolina (defined according to the funding region of CFWNC).

6. **Number of grants:** The program would continue to offer a funding opportunity once every 3 years. In each cycle, up to 6 organizations would be selected.

While the Advisory Board chose to retain these core elements of the program, they also decided to revise the application process with the intent of helping the grantee organizations take better advantage of their 3-year grant and the associated resources. More specifically, the Advisory Board agreed to offer the services of WNC Nonprofit Pathways ("Pathways") to assist applicants in creating a plan to guide how the organization would use the grant dollars to build organizational capacity and become more effective. Pathways is an Asheville-based organization that CFWNC and other funders created to assist nonprofits with a variety of capacity-building services, including strategic planning, organizational assessment, resource development, board development, leadership training and sustainability coaching.[6] The Advisory Board viewed Pathways as the logical group to offer organizational planning and assessment consultation to applicants in the MRL program.[7]

Design of the Organizational Assessment Process

At the Advisory Board's direction, Pathways designed a 3-month organizational-assessment process that built on the standard approach that Pathways uses when consulting with nonprofits on organizational issues. That process includes in-depth conversations with board and staff that probe into the organization's strengths and weaknesses, leading to an analysis of critical issues and a plan for building capacity.

Pathways relies heavily on the Core Capacity Assessment Tool, or CCAT, to inform, frame and stimulate these conversations. The CCAT is an on-line system for organizational assessment which was developed by TCC Group, a highly regarded national consulting firm. It focuses specifically on organizational capacity and culture.[8]

[6] See http://nonprofitpathways.org/ for more details on the mission, programs and philosophy of WNC Nonprofit Pathways.

[7] Kim McGuire, who was then the director of Pathways, had earlier served as Vice President for Programs at CFWNC. While at CFWNC, she had worked closely with Lyn and Harry Fozzard to establish the donor-advised fund and to define the programmatic strategy for the Lane Fund.

[8] See http://www.tccccat.com/ for details on the logic and structure of the CCAT measurement tool, as well as the research that TCC Group relied on in developing the tool.

Based on extensive research, TCC Group identified the following four capacities as crucial for effectiveness in the nonprofit sector:[9]

- **Leadership capacity**: the ability of organizational leaders to create and sustain the vision, and to inspire, model, prioritize, provide direction and to innovate – all in an effort to achieve the organizational mission.
- **Adaptive capacity**: the ability of a nonprofit organization to monitor, assess and respond to internal and external changes.
- **Management capacity**: the ability of a nonprofit organization to ensure the effective and efficient use of organizational resources.
- **Technical capacity**: the ability of a nonprofit organization to implement all of the key organizational and programmatic functions.

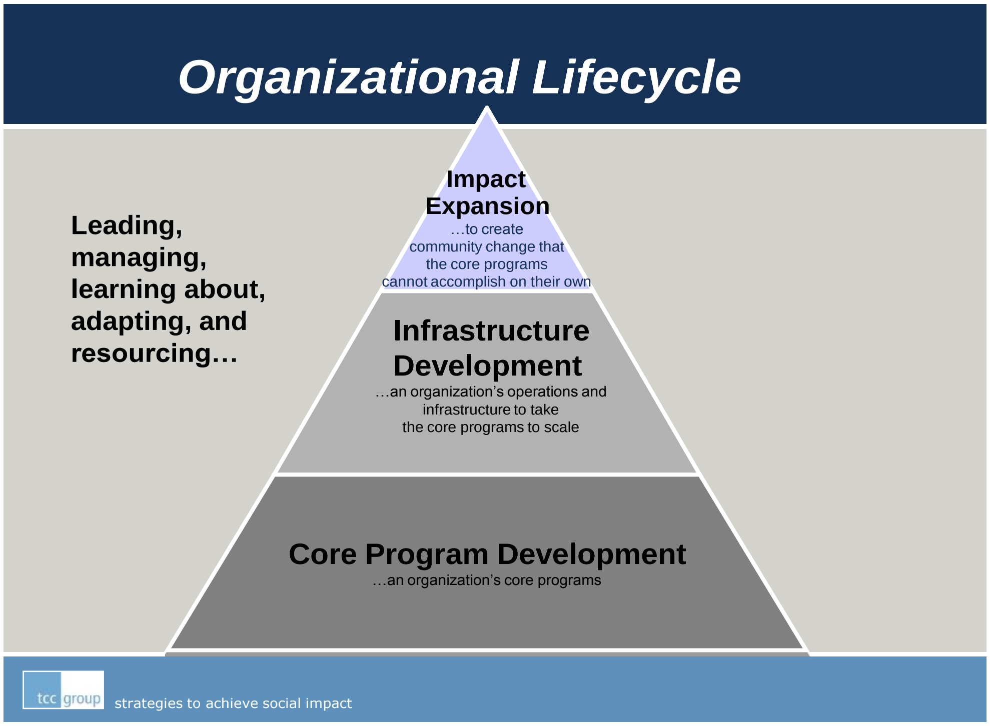
The CCAT provides a comprehensive assessment of each of these four core capacities and their sub-dimensions. The assessment is based on ratings provided by the organization's board and staff. Each member of the organization accesses a web-based portal and answers an extensive battery of questions. These individual responses are pooled to generate overall scores for each capacity. Those scores are benchmarked against other nonprofit organizations included in TCC Group's large data base so that the organization knows where it stands relative to other nonprofits that are similar in focus, size, age, etc.

TCC Group's framework for organizational development also pays attention to organizational culture, and more specifically the degree to which it is "empowering, unifying, and re-energizing." Culture is assessed within the CCAT along with the four capacities.

The TCC framework also makes assumptions about the stages of development that nonprofit organizations pass through as they establish themselves and then move toward greater impact. The three primary stages are: core program development, infrastructure development and impact expansion (see Figure 1). The goal is for any nonprofit organization to move upward along this trajectory. However the model also presumes that an organization might need to move back to an earlier stage to adapt to changes in the internal or external environment. In addition, the model allows for the contingency that organizations can go through periods of decline, which lead to the stages of "stagnation" and/or "dissolving or merging."

[9] Anne Sherman (2009), *Change Management: Strategies to Help Nonprofit Leaders Make the Most of Uncertain Times.* TCC Group briefing paper. http://www.tccgrp.com/pdfs/changemanagement.pdf

Figure 1. TCC Group's Model of Organizational Development



Building Organizational Assessment into the Application Process

Offering applicants the opportunity for a professionally facilitated organizational assessment was expected to generate more thoughtful grant proposals than had been received under the initial three cohorts of the MRL program. Stronger proposals, in turn, would increase the chances that funded organizations would carry out the most important capacity-building work over the course of the grant.

The Advisory Board considered two options for offering Pathways consultation services to grantees. Under the first option, Pathways would begin working with funded organizations directly after they had been selected for a grant. The second option involved bringing Pathways consultants to applicant organizations before they prepared their grant proposal, with the rationale that applicants would write better proposals if they based their work plan on an in-depth organizational assessment and planning process. The Advisory Board was favorably inclined to this second option, in large part because they could reach more informed decisions about which organizations would accomplish the most out with their grants.

Once the Advisory Board accepted the second option, they needed to determine how many organizations would receive Pathways' services. Because of the associated costs, the Advisory Board did not want to provide consultation to every organization that applied. On the other hand, the Advisory Board wanted to select grantees competitively from a pool larger than six. As a compromise, the Advisory Board decided to offer Pathways services to 10-12 organizations selected from the letter of intent (LOI) phase of the application process. Each of these organizations would be assigned a Pathways consultant who would facilitate an intensive 6-month process of assessment and planning. At the end of the process, the consultant would provide the executive director and board of the organization with an "organizational assessment report" which would summarize the issues and objectives that had arisen during the consultation and would offer the consultant's recommended priorities for organizational development. This report was intended to guide the organization in preparing a full proposal describing how the 3-year grants would be used.

With the addition of consultation from Pathways, the application and selection process for the MRL Fund program shifted to the following sequence:

1. Announcement and Outreach
    a. Request for Proposals
    b. Briefings / Q&A sessions
    c. Marketing and Education on the topic of nonprofit capacity building
    d. Individualized Q&A by CFWNC staff in response to inquiries

2. Interested organizations submit Letter of Intent

3. Advisory Board selects 10-12 applicants to move to next phase – writing a full application.

4. Finalists are advised as to the importance of having an organizational assessment or diagnosis to guide the writing of their proposal. Each finalist is offered the opportunity to carry out an assessment through the services of Western NC Pathways (financed by MRL Fund).

5. The grant application will include a description of the prospective evaluation process. Applicants will need to commit to participate in the periodic collection of data during and after the grant.

6. Allow 2-3 months for assessment process and writing of a full application.

7. Advisory Board selects 5 or 6 grantees from among the 10-12 applications.

The Advisory Board talked at length about the potential consequences for those applicants who carry out the assessment but are not selected for a 3-year grant. On the one hand, these organizations would have done considerable work that didn't pay off in the form of funding. On the other hand, the organizational assessment process was viewed as beneficial in and of itself – by helping the organization to gain a clearer understanding of its strengths and vulnerabilities, and to identify priorities for improving performance and building capacity. Given this potential benefit, the Advisory Board decided that it was reasonable to offer Pathways services to twice as many organizations as would ultimately be funded with 3-year grants, at least for the initial round of the new program model.

5. **EVALUATION OF THE FIRST COHORT UNDER THE REVISED PROGRAM MODEL**

Decision to Extend the Evaluation

At the same time that the Advisory Board was revisiting the program model, it also considered the merits of extending the evaluation process. According to a July 2008 memo prepared by the Advisory Board's Subcommittee on Evaluation, there were two possible purposes for such an extension:

1. *"We need to know if the relatively subjective conclusion of the program's effectiveness is correct, and if the program changes now being instituted (at some real cost - $25k) do enhance the program's effectiveness. [Audience: the Advisory Board and CFWNC staff.]*

2. *We would need to accomplish a prospective, systematic, and conceptually sound evaluation, if a convincing case is to be made to other foundations/funds, with presentation and publication to appropriate audiences. [Audience: the non-profit foundation community, both here in WNC and at large.]"*

At the Subcommittee's recommendation, the Advisory Board decided to proceed with a prospective evaluation that would follow the first cohort of organizations funded under the revised program, as well as the finalist organizations that carried out a Pathways assessment but were not selected for a 3-year grant. The Advisory Board intended for this evaluation to examine the degree to which both sets organizations built their capacity and to provide further analysis of the effectiveness of the various elements of the MRL program.

Such an evaluation was viewed as having the potential to enhance the MRL Fund's impact in three distinct ways:

1. Further modify the program to improve its design and implementation, as well as the selection of grantees.
2. "Dramatically increase the size" of the MRL Fund endowment in order to benefit more organizations.
3. Encourage other foundations and funds to adopt this sort of program.

Evaluation Design and Methods

The Advisory Board considered three alternative designs for an evaluation of the new program model. These varied in terms of the amount of data that would be collected as well as the cost to the MRL Fund. The Advisory Board selected a "middle-course" option which included annual interviews with representatives of the grantees and non-funded finalist organizations, an analysis of program materials (e.g., grant proposals, progress reports), and an in-depth examination of the organizational assessment process taking into account the perspective of Pathways consultants.

The actual evaluation design consisted of the following three waves of data collection:

- Wave 1 (*summer 2010 – shortly after decisions regarding the 3-year grants had been announced*)
    - Evaluation assessed the experience and opinions of multiple actors regarding the Pathways assessment and the MRL selection process
    - Interviewed the executive director and a member of the board of directors (typically the chair) from all 12 of the finalist organizations (*interview protocol included as Appendix 2)*
    - Interviewed the 5 Pathways consultants who facilitated the organizational assessments with the 12 finalist organizations *(interview protocol included as Appendix 3)*

- Wave 2 (*fall 2011 – approximately 15 months after grant decisions were announced and funds were released to successful applicants)*
    - Evaluation assessed the progress that funded and non-funded organizations were making toward their work plans, organizational change and grantee perceptions of the usefulness of MRL inputs
    - Interviewed the current executive directors from all 12 of the finalist organizations *(interview protocol included as Appendix 4)*

- Wave 3 (*Feb 2015 – approximately 20 months following the end date of the 3-year grants*)
    - Evaluation assessed long-term effects of MRL-funded positions, whether positions were sustained, long-term progress on work plan, degree of organizational change and strengthening and perceived value of MRL program (overall and specific inputs).
    - Interviewed executive directors of 6 funded organizations *(interview protocol included as Appendix 5)*
    - Reviewed final reports submitted by grantees, as well as notes prepared by Advisory Board members following site visits

These methods were designed to answer the evaluation questions listed in Table 3.

Table 3. Questions Addressed by the Prospective Evaluation

Phase of Evaluation	**Key Evaluation Questions**
Process	1. Pathways Assessment Process a. How useful was the process to 12 finalist organizations? b. Did perceived usefulness of the assessment vary as a function of whether the organization was subsequently selected for a grant? c. Did the nonfunded orgs view the assessment process as a benefit or a burden? d. Did the assessment guide what the organizations focused on in their proposal? e. Did the assessment process lead to "better" grant proposals from the 12 finalists? f. What adjustments to the process could make the assessment process more useful?
	2. Other MRL inputs a. Grant dollars • What positions were supported? • How do these positions relate to the org's high-priority issues? b. Ongoing consultation from Pathways consultants • How have consultants been used? • How valuable? c. Training from Kim Klein: How valuable? d. Annual meetings: How valuable? e. MRL Advisory Board –site visits and other interactions • How valuable is input from AB members? • How do grantees feel about this personalized approach to grantmaking? f. Credibility and notoriety from being selected by MRL g. Selection process
	3. Selection process a. Did applicants regard the selection process as fair and reasonable? How did this vary by whether or not the org was funded? b. What are the benefits and downsides of having different AB members carrying out site visits with different applicant orgs?
Outcome	4. Sustainability a. Were the positions funded with MRL grant dollars sustained when the funding ended? b. Were the organizations able to sustain the work that the grants were supporting?
	5. Organizational Development a. On what issues did the funded organizations hope to achieve progress? b. How much progress did funded orgs make on their priority issues? c. To what extent did funded orgs strengthen themselves on key dimensions of org capacity and/or performance? (e.g., finances, staffing, program, outreach, board dev)?
	6. Effect of Adding the Pathways Assessment During Application Stage a. What were the immediate organizational impacts of carrying out the assessment (e.g., leadership transition, board engagement)? b. Did the assessment process lead to more focused and effective OD work? • Funded orgs • Non-funded orgs c. Did this lead to improvements in organizational capacity and performance? (*beyond what occurred with pre-2009 MRL program)*

6. IMPLEMENTATION OF THE NEW PROGRAM MODEL

Letter of Intent Phase

The revised program model was introduced to the region's nonprofit sector in the fall of 2009, with letters of intent due in December. While the program description indicated that "approximately 10" organizations would be selected from the LOI phase to receive an organizational assessment from Pathways, the Advisory Board selected 12 applicants to move on to this phase. These organizations are listed below:

All Souls Counseling Center	Asheville
Boys & Girls Club of Transylvania County	Brevard
Literacy Council of Buncombe County	Asheville
Our Voice, Inc.	Asheville
Pisgah Legal Services	Asheville
Youth Empowerment	Spindale
Avery Association for Exceptional Citizens	Newland
Burke United Christian Ministries	Morganton
Homeward Bound	Asheville
Mountain BizWorks, Inc.	Asheville
SAFE of Transylvania	Brevard
Western Carolinians for Criminal Justice	Asheville

Organizational Assessment Process

The finalists were notified in January 2010 and began working with their designated Pathways consultants in February. Five different Pathways consultants supported the organizational assessment process among the 12 finalist organizations.

Each organization's assessment lasted approximately three months. The process began by instructing all members of the board and staff to complete the CCAT using the web-based portal. Once the rating data had been entered, TCC Group generated a summary report which contained the organization's scores on various dimensions of capacity, along with comparisons and interpretations. These reports were distributed to the Pathways consultants who then shared them with the board and staff of their respective organizations. The Pathways consultants used the results as a starting point for in-depth conversations regarding the organization's performance, strengths, vulnerabilities and opportunities for capacity-building.

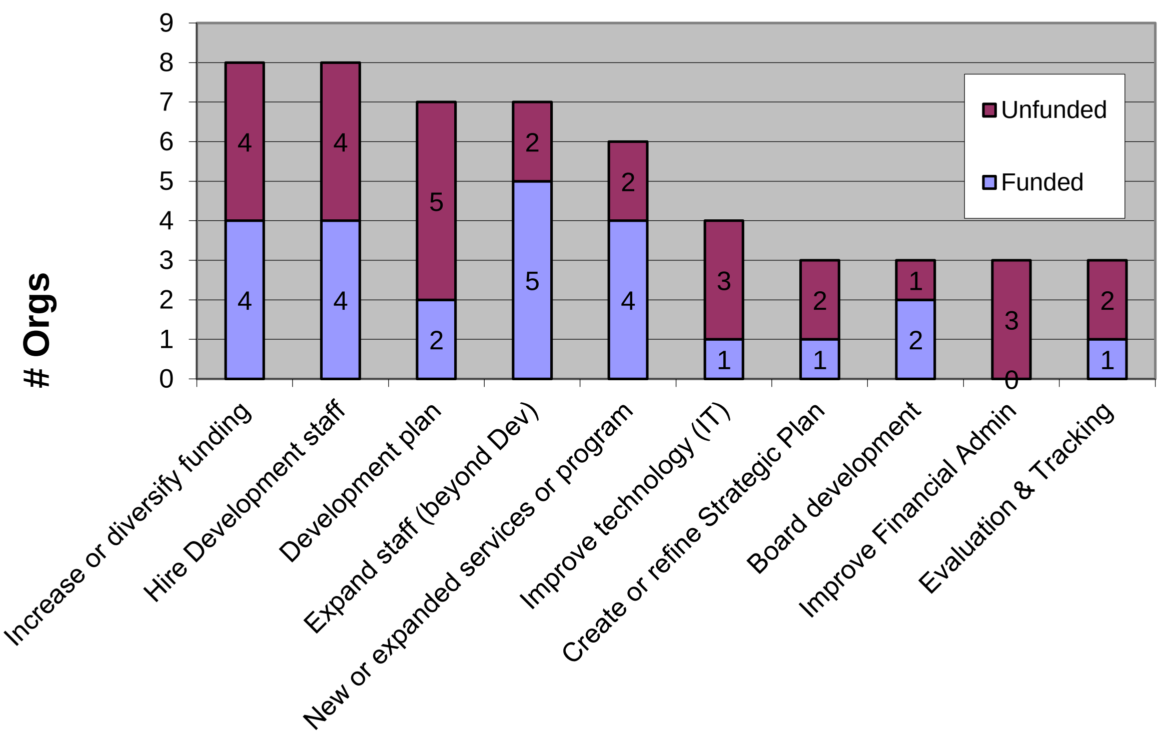
At the end of the process, the Pathways consultants provided their respective organizations with a detailed report (approximately 20-25 pages) which included a summary of the CCAT results, notes from the meetings, a set of prioritized next steps, and the consultant's own observations and recommendations. Neither the report nor the CCAT data were shared with the MRL Fund Advisory Board or CFWNC staff. The evaluation team was given copies with the agreement that they would be used for evaluation purposes only and not disclosed in a manner that would reveal specific information.

Full Proposals

Each finalist organization completed its organizational assessment process in April 2010 and received a report from their Pathways consultant by the end of that month. Drawing on the deliberations that occurred during the meetings of the board and staff, along with the CCAT data and the consultant's report, each organization prepared a full proposal for a 3-year, $150,000 grant. These were submitted at the end of May. Applicants were required to describe their priorities for capacity-building and to spell out a specific plan that would guide their work under the MRL grant.

The evaluation team reviewed the 12 grant proposals and coded each one according to the specific areas of capacity that the applicant was seeking to build. All but two of the organizations included a topic that related to strengthening the financial situation of the organization. Specific topics included: increasing or diversifying funding (8 plans), hiring development staff (8 plans) and creating or refining a development plan (7 plans). Other areas included in at least plans were: expanding staff (7 plans), expanding or refining programs (6 plans), and improving information technology (4 plans). Figure 2 presents data for all areas of capacity-building and also shows how the pattern varies between the six organizations that were selected for a 3-year grant versus the six that were not funded.

Figure 2. Prevalence of Specific Areas of Capacity-Building within Applicants' Work Plans



Funding Decisions
Once the applications has been submitted, Advisory Board members made site visits to each of the 12 applicant organizations. Responsibilities were shared among the Advisory Board with two members visiting each site. The full Advisory Board then met and selected the following six organizations for funding:

- All Souls Counseling Center
- Boys & Girls Club of Transylvania County
- Literary Council of Buncombe County
- Our Voice, Inc.
- Pisgah Legal Services
- Youth Empowerment

Each of these organizations received the full $150,000 grant with the expectation that the funds would be spread relatively evenly across the three years. Applicants were notified in July and the successful grantees began carrying out their grant-related work in August.

Most of the grant funds were allocated to staff positions, primarily in the area of fundraising and financial management. Two organizations hired a new development director with grant funds. Two others used the funding to shift their development director from part-time to full-time status,[10] using the remaining grant dollars to support administrative and outreach positions. The fifth grantee used the grant funds to support a volunteer coordinator. The final grantee spread the grant funds to supplement the salaries of a variety of positions (e.g., therapists, administrative staff).

Some grantees used a portion of their funds for expenses beyond staff positions. Two organizations drew on grant funds to pay for consultants who trained board members on fundraising and board governance. In two other organizations, grant funds supported materials for communications and awareness raising.

[10] These four organizations did not uniformly refer to the position as a "development director," but in each case the responsibilities involved fundraising and/or creating a development plan.

7. OUTCOMES AMONG THE FUNDED ORGANIZATIONS

Accomplishments of the Funded Positions

Drawing on the grantee progress reports and our 2015 interviews with executive directors, we assessed what had been accomplished by the staff members whose positions were supported by grants from the MRL program. In general terms these positions carried out most of the work that had been proposed and achieved the expected outcomes. The specific accomplishments vary as a function of the type of position that was funded.

The major accomplishments of the four development directors included setting up donor databases and systems for communicating with donors (e.g., appeals, thank you's, newsletters), as well as developing awareness-raising campaigns and specific messages to appeal to different types of donors. Three of the organizations that used their grant funds for development directors reported significant accomplishments along these lines, while the fourth was plagued by staff turnover in the funded position. When we inquired in 2015 as to whether these positions had been sustained when grant funding ended, we found that one organization had two full-time development positions in place, two organizations were each able to support a part-time development director, and the fourth had not been able to sustain their position.

The organization that used its grant funds to support a volunteer coordinator reported that this position had allowed the organization to increase the number of volunteer lawyers from 20 to 100 per year. In addition, the expanded pool of volunteers set the stage for the creation of a new program that deployed navigators to sign up residents for health insurance plans available through the Affordable Care Act and Medicaid. The organization was able to sustain the volunteer coordinator function after the end of the MRL grant, but had transitioned from a single full-time position to two part-time positions.

The organization that used its grant funds to cover the effort of various therapist positions reported that this expansion of services increased the organization's ability to work with homeless and Hispanic populations. These therapists were able to operate at the same basic level of effort when the MRL grant ended.

Progress Toward Work Plans

In addition to identifying the accomplishments of the specific positions funded under the grants, the evaluation assessed the degree of progress that each grantee made on the work plans included in the proposals. Table 4 summarizes the key elements in the work plans of the six funded organizations. These work plans represented the grantees' best thinking in 2010 as to how to address the organizational issues that emerged in the assessment process facilitated by the Pathways consultants.

Table 4. Capacity-Building Goals and Objectives in the Work Plans of Funded Organizations

Organization	Goal 1	Goal 2	Goal 3
All Souls Counseling Center	Create and/or refine strategy, esp for development • Hire a financial consultant • Development plan in place • Strategic plan in place • Evaluation of progress toward plan	Increase capacity for counseling services • Hire new counselor • Provide 250 hrs/yr of counseling at AHOPE	Make services available to Spanish-speaking population • Contract with bilingual therapist • Provide 400 counseling sessions per yr for Spanish-speaking clients
Pisgah Legal Services	Increase org's capacity to serve more clients • Build org infrastructure to allow more people to be served (10% increase over 3 yrs) • Support manageable growth	Increase and better manage volunteers • Create volunteer program • Increase # regular volunteers from 25-30 per year to 65-75 per year • Hire volunteer coordinator	Board development • Change board structure and composition to improve board engagement and program governance
Boys & Girls Club of Transylvania Co.	Resource development • Move development position to full-time; • Eliminate capital debt ($900K); • Annual giving campaign ($200K	Build administrative support capacity • Hire PT administrator	
Our Voice	Resource Development • Put sustainable fundraising strategy in place • Diversify toward individuals and away from United Way and govt sources • Hire development coordinator	Board development • Larger and more diverse Board of Directors • Board more active in fundraising	Expand programs and services • Increase resources (staff and financial resources) • Needs assessment to ID needed services • Raise funding for needed services
Literary Council of Buncombe Co.	Increase and diversify revenues • Individual giving campaign (up to $41K/yr by 3 years) • Increase non-govt funding to $73K/yr • Increase foundation funding to $50K/yr	Increase # people involved in organization • First time donors to 133 • Volunteers to 333 • Guests to 466	Move staff from PT to FT status
Youth Empowerment	Build skills and knowledge of staff and board • Funding for training for board and staff • Cross-train exec staff and board for quality assurance of agency	Improve organization's processes and structures • Strengthen board functioning and development • Cross-train exec staff and board • Review and track clients, show program outcomes o purchase software for donor base	Resource development • Hire or contact with financial planner / development officer • Establish donor base / target of $50K per year from individuals, churches, businesses • Purchase software for donor base

Note: All Souls Counseling and Youth Empowerment each had a 4th goal (increase administrative support and expand outreach and communication, respectively).

In both the 2011 and the 2015 interviews with executive directors, the evaluation team asked what had been accomplished with regard to the work plans, probing specifically on each of the organization's goal areas. Based on these descriptions, the evaluation team rated progress on each goal area as either: *complete, partial,* or *very little.* This analysis produced the following results:

- One organization had fully achieved its goals in 2011 and had expanded on those achievements by 2015.
- Three organizations were well on their way to achieving their goals in 2011 and had fully accomplished them by 2015.
- In both 2011 and 2015, one organization had achieved some of its goals but was still working on another.
- The other organization was just beginning to make progress on its goals in 2011. By 2015 it had made further progress on some goals but not on others.

Organizational Change

By requiring applicants to assess their organizational strengths and weaknesses and then develop a work plan for capacity-building, the MRL Advisory Board was hoping to stimulate work that would pay off in the form of stronger, more stable nonprofits. The 2015 interviews included a series of items that asked executive directors to rate how their organizations had changed since 2010. Table 5 lists the 15 dimensions of organizational capacity we inquired about. For each one, interviewees rated their organization as either: *much stronger, moderately stronger, a little stronger, no change*, or *weaker*. The ratings are summarized in Table 5. The capacity elements are ordered from most to least improvement across the six organizations.

Five of the six organizations were in a stronger position in 2015 than they were in 2010. The executive directors of these five organizations provided ratings of either "much stronger" or "moderately stronger" on a majority of the capacity elements. The sixth organization was moderately stronger on only a few elements; on the remaining elements, the changes were rated as small or negative.

Across the cohort, improvements were most pronounced on the following elements:

- Outreach, communication and marketing
- Quality of programs
- Financial management
- Leadership skills of key staff
- Other skills and knowledge among staff
- Recruiting and managing volunteers
- Partnering with volunteers

Table 5. Self-rated organizational change between 2010-2015

Element	*Much stronger*	*Moderately stronger*	*A little stronger*	*No change*	*Weaker*
Outreach, communication and marketing	3	3			
Quality of programs	3	2		1	
Financial management	3	1	1	1	
Skills and knowledge among staff	2	3	1		
Recruiting and managing volunteers	2	3		1	
Partnering with other organizations	2	3		1	
Leadership skills of key staff	2	2	2		
Information technology and systems	1	4	1		
Participation in programs *	2	1	1		1
Board engagement	1	3	2		
Skills of board members	1	3	2		
Overall strategic direction and focus		5	1		
Level of revenues		5			1
Diversity of revenue streams		5		1	
Grantwriting and development		4	1	1	
Succession planning		4		2	

* One interviewee was unsure on this item.

The forms of capacity that the MRL Advisory Board had prioritized – level of revenues, diversity of funding, grantwriting and fund development, and overall strategic direction and focus – were rated by the vast majority of executive directors as "moderately stronger."

The 2015 interview also asked executive directors to indicate if any of the improvements they reported could be attributed to the grant or other resources provided by the MRL Fund. All interviewees attributed at least one improvement to the program. The most frequently cited areas were: financial management (3 organizations), quality of programs (2 organizations) and board engagement (2 organizations). Complete data from this question are shown in Table 6.

Table 6. Improvements Attributed to the MRL program

Area of Organizational Improvement	# Orgs
Financial management	3
Quality of programs	2
Board engagement	2
Level of revenues	1
Diversity of revenue stream	1
Recruiting and managing volunteers	1
Outreach, communications and marketing	1
Partnering with other organizations	1
Succession planning	1

The following quotes offer a more textured description of how the funded organizations benefited from the MRL program:

- *The organization would not be where it is programmatically or financially without the funding. We are head and shoulders above where we would be, even if this is not what we thought it would look like five years ago.*

- *We would not be here with these new programs and new direction around donor cultivation without the grant. We would have done some, but we did it sooner because of Lane. We diversified our funding and improved programs for the populations we now serve. If we had just gotten the grants, this would not have happened. The shift in culture would not have happened without other supports from Lane, including the consultant we hired.*

- *The grant allowed us to reach our goals. We are still making steady progress after the grant.*

- *We're expanding our service base and engaging our constituents. The grant provided the means for agency to showcase itself in the community. We have a lot of dreamers and idealists on staff. The MRL grant has allowed us to actualize some of the dreams.*

8. CHANGES AMONG NON-FUNDED ORGANIZATIONS

In addition to assessing organizational development among the funded organizations, the MRL Advisory Board was interested in investigating whether the program might have also had a positive effect on the applicant organizations that were not funded. The thinking here was that the Pathways-facilitated assessment process would help all applicant organizations to better understand the issues facing the organization, clarify strategic direction, identify steps that could be taken to strengthen the organization, and set priorities for moving forward. While some of the action steps would need new funding in order to carry out, many involved changes in strategy, programming, staffing or organizational culture that could be achieved simply by making a deliberate choice and following through.

Representatives from the non-funded applicants were interviewed at two points in time in order to assess whether their organizations actually benefited from the process. Executive directors and board chairs were interviewed shortly after the funding decisions were announced in 2010. A second round of interviews was conducted with the executive directors of the non-funded organizations in 2011.

Organizational Change

The first thing to note from these interviews is that there was considerable transition in the executive director position between 2010 and 2011. One executive director left the position shortly after the assessment process. Two others left before the end of 2010. In all three cases, the transition was due at least in part to the identification of organizational issues during the Pathways assessment.

To gain a fuller sense of how the Pathways assessment and MRL application process might have affected the non-funded organizations, the 2011 interviews asked the executive directors to describe how their organizations had changed – both in an overall sense and in four specific domains (finances, staffing, programs and board). Those changes were coded according to the following scale:

- the organization had become “much stronger” on the domain between summer 2010 and fall 2011
- the organization had become “moderately stronger”
- the organization had become “moderately weaker”
- the organization had become “much weaker”
- there had been no major change on the domain
- the organization had had gotten stronger in some ways, but weaker in others

Table 7 presents a top-level summary of the organizational changes reported in the 2011 interviews. In particular, the table shows the number of organizations that became “moderately” or “much stronger” on the four different domains.

Table 7. Number of Organizations that Became Stronger between 2010 and 2011

DOMAIN	Non-Funded Organizations (n=6)	Funded Organizations (n=6)
Finances	3	2*
Staffing	4	4*
Programs	4*	5*
Board	5*	2

Note: "" indicates that one of the organizations in this cell became "much stronger" over the 18 months*

The results in Table 7 indicate that a majority of both the funded and non-funded organizations were becoming stronger over this period of time. The funded and non-funded organizations have similar patterns for three of the domains: finances, staffing and programs. But the two groups differ significantly with regard to changes in their boards of directors: five of the non-funded organizations had stronger (e.g., more engaged) boards, compared to only two of the funded organizations.

It is important to point out that not all these changes are due to the organizations' involvement in the MRL program. Especially with regard to finances and programs, some organizations had lost grant funding during the year or had been affected by changes in funding streams at the state and federal levels. But interviewees did reference the MRL program when describing many of the organizational changes that had occurred, especially with regard to staffing and board. This was even more true among the non-funded organizations.

One logical explanation for this increased change among the non-funded organizations is that they were generally (although not uniformly) in a more tenuous situation than were the funded organizations. In carrying out the CCAT and discussing the results with their Pathways consultant, the boards of these organizations recognized that they needed to make fundamental changes in strategy, programming, leadership and governance in order to survive. Many of these changes did not require new grant dollars, but rather hard decisions, careful planning and deliberate follow-through.

The funded organizations generally made more moderate improvements between 2010 and 2011, but they were starting at a higher level of organizational capacity. Indeed, because these organizations that were basically sound in terms of staffing, leadership and board engagement, they were viewed by the MRL Advisory Board as being ready for a large 3-year grant. [11]

<u>Progress on Work Plans</u>

In addition to looking at overall levels of organizational change, the evaluation also assessed whether the non-funded organizations made progress on the work plans they included in their grant proposals – despite not receiving a grant. This questions was answered through both a self-rating of progress by the executive directors and a more detailed analysis of work plans by the evaluators.

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[11] There was one notable exception to this pattern: a well-established organization that the Advisory Board chose not to fund for reasons other than its readiness to carry out the proposed work.

The 2011 interviews contained a question that asked executive directors to rate their overall progress on their work plans. The response options were: *tremendous progress, quite a bit of progress, partial progress, just beginning,* or *no progress.* The responses are summarized in Table 8. All six of the executive directors of the non-funded organizations reported that they had made either "tremendous progress" or "quite a bit of progress." In contrast, two of the funded organizations reported that they were "just beginning to make progress."

Table 8. Self-Ratings of First-Year Progress toward Work Plans

How much progress?	**Non-Funded Orgs**	**Funded Orgs**
Tremendous progress	3	2
Quite a bit	3	2
Partial	0	0
Just beginning	0	2
No progress	0	0

Because of the potential biases with self-ratings, the evaluation team also conducted a more in-depth analysis of what each organization had actually accomplished relative to its work plan. As noted above, the interviews asked the executive directors to describe what their organizations had accomplished on each of the goal areas included in their work plans. These descriptions were coded in terms of how much progress had been achieved. Table 9 presents findings from the 2011 interviews (conducted approximately 18 months after the work plans were developed).

Table 9. Evaluator Ratings of First-Year Progress toward Work Plans

How much progress?	**Non-Funded Orgs**	**Funded Orgs**
Achieved all goals	1	1
Close to achieving most goals	2	3
Mixed – good progress on some goals, partial on others	3	1
Just beginning	0	1

All six of the non-funded organizations reported achievements that constituted at least "good" progress on at least some of the goals in their work plans. Half the organizations had either achieved all their goals or were getting close. Progress was more mixed for the remaining three organizations. The overall level of progress was arguably no higher among the funded organizations.

In interpreting these results, it is important to point out that the work plans of the non-funded organizations were in some respects more modest than those of the funded organizations. Whereas the many of funded organizations were focused on implementing a development plan, the non-funded organizations were aspiring to create a development plan. In terms of TCC Group's Life Cycle model, the non-funded organizations were apt to be in the stage of developing their core programs and infrastructure, while at least some of the funded organizations were looking at expanding their impact.

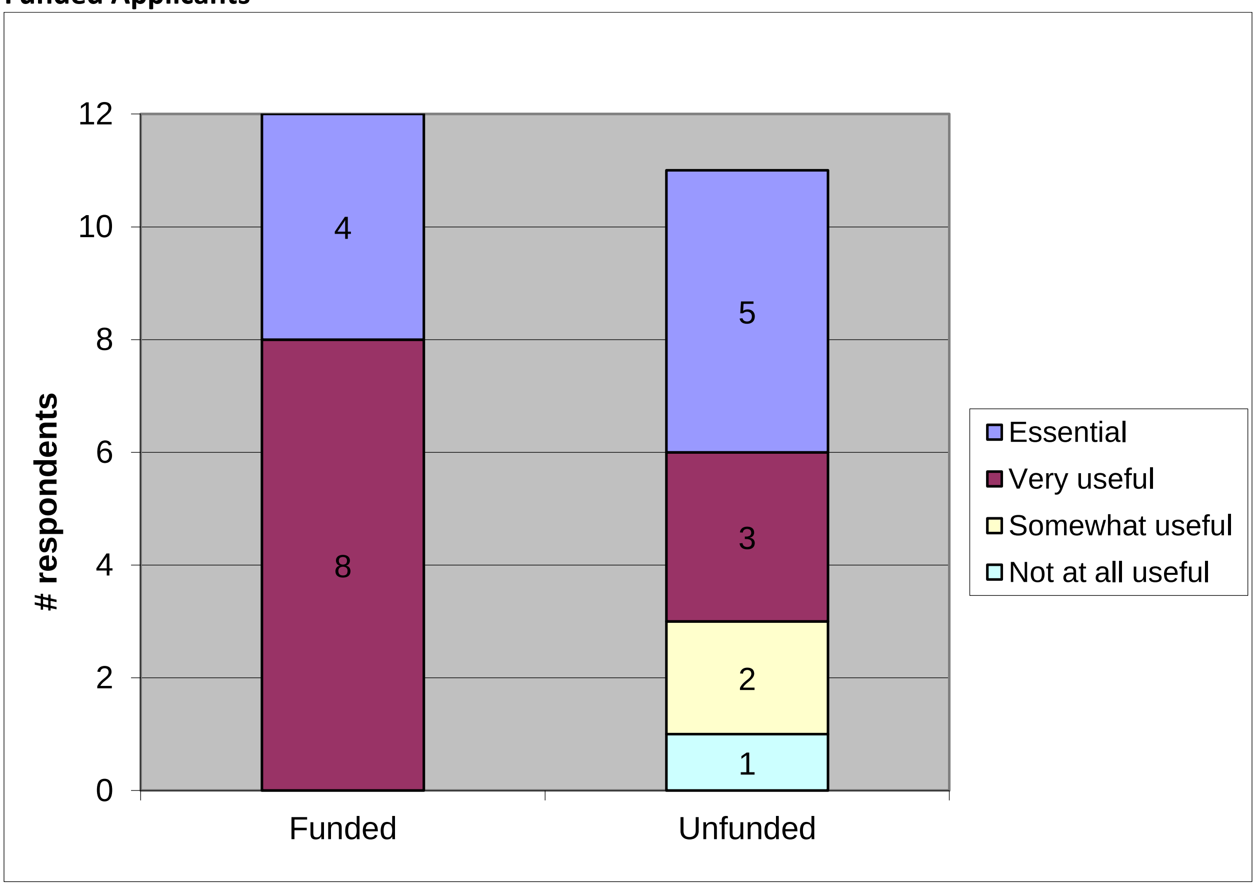
9. PROCESS EVALUATION RESULTS

Thus far the evaluation findings have focused on the work of the organizations that participated in the MRL program and the degree to which they build their capacity and addressed critical issues facing the organization. This section of the report focuses on the program strategy itself. We consider how the funded and non-funded organizations viewed and experienced various elements of the program. These results extend the process evaluation results presented earlier from our interviews with executive directors of organizations funded in 2000 and 2003.

Organizational Assessment

In designing this phase of the evaluation, the Advisory Board was particularly interested in assessing program features that were added in 2008, including the Pathways assessment process and the two-stage selection process for awarding grants. We have already shown data suggesting that within both the funded and non-funded cohorts, the organizational assessment process conducted Pathways had a positive effect in stimulating more deliberate work that strengthened the organizations. That conclusion is reinforced by results from the 2010 interviews where we asked executive directors and board chairs to rate the usefulness of the assessment process. These data are shown in Figure 3.

Figure 3. Perceived Usefulness of Pathways Assessment Process among Funded and Non-Funded Applicants



The Pathways process was regarded as “essential” or “very useful” by all 12 of the representatives from the organizations that received funding and two thirds of executive directors and board chairs from the organizations that were not awarded a 3-year grant. The fact that three interviewees from the non-funded organizations regarded the assessment process as either “not at all useful” or “somewhat useful” might be interpreted as “sour grapes” over the selection process. However another issue at play here is that one organization had recently undergone an in-depth strategic planning process that was at least somewhat redundant with the Pathways process.[12]

Table 10 reports specific benefits that interviewees described as coming from the assessment process. The interview question was open-ended and responses were content coded into the categories listed in the table. The data reported here reinforce the conclusion that the assessment process brought board and staff together in a way that allowed them to identify key issues, decide what needed to happen and create a plan for moving forward.

Table 10. Most Frequently Reported Benefits from the Pathways Assessment

BENEFIT	# respondents
Laid the groundwork for further planning and/or action	8
Brought up new issues and/or threats to the organization	6
Helped us identify, measure, or recognize our strengths	6
Reaffirmed existing assumptions or decisions	5
A chance for honest dialogue and in-depth time together	5
Brought together the whole organization (board and staff) to look at the needs of the organization	5
Engaged (or re-engaged) board members in the org’s affairs	4
Allowed us to prioritize issues	4
Allowed board and staff to gain alignment and/or focus	4
Learning about the life-cycle framework and where we are	4
Forced us to face up to key issues	3

The MRL Fund Advisory Board was specifically interested in whether the Pathways assessment was leading the board and staff to a new analysis and understanding of their organization’s issues. The interviews suggested that this occurred in roughly half the organizations. Twelve

[12] Based on this feedback, the Advisory Board relaxed the requirements in the next round of the program so that applicants could present work plans from any organizational assessment process they had undergone.

interviewees reported that the assessment caused them to recognize a new issue. Three other interviewees caused them to realize the importance of issues they already knew about. And one indicated that the issues were not new, but the organization had failed to address them prior to the assessment. The remaining seven interviewees reported that all the issues that arose in the assessment process were already known beforehand.

Even though some of the organizations learned about new issues through the assessment, the board and staff were almost always aware of where they should be focusing their attention: 22 of the 23 interviewees reported that they were "not at all surprised" by the choice of priority issues. The value added by the assessment process was that those issues were explicitly lifted up and incorporated into a plan for strengthening the organization.

In addition to determining if the Pathways assessment as a whole was valuable, the Advisory Board was interested in evaluating the value of the Core Competency Assessment Tool (CCAT) in providing the board and staff with information about the organization's strengths and weaknesses, as well as in moving the organizations toward an informed work plan. A number of questions about the CCAT were included in the 2010 interviews with the executive directors and board chairs of the applicant organizations, as well as the interviews with Pathways consultants conducted in July 2010 (approximately two months after the completion of the assessment).

The executive directors and board chairs generally had a positive view of the CCAT, but not necessarily because the tool had provided new information about their organizations' issues. In fact, most interviewees reported that the CCAT results largely confirmed what they already believed to be true rather than bringing up new issues. The CCAT was valued primarily because it provided a conceptual framework that allowed the board and staff to reach a shared understanding of what the organization needed to address. TCC Group's Organizational Life Cycle model was specifically mentioned as helpful in gaining better insight about the organization and how the current issues fit into a longer-range trajectory.

The five Pathways consultants were asked if they planned to use the CCAT in their own consulting work, including instances where they were not working as a contractor for Pathways. Three of the five reported that they would definitely use the CCAT, one say they would probably use it, and the other consultant indicated that it would depend on the organization. The CCAT was viewed positively for the following reasons:

- It covers key aspects of capacity in a thorough way
- The scores for each organization are standardized and quantitative
- There is a large data base of nonprofits that can be used for comparisons and norming
- The tool engages the board and staff in good discussion

The consultants criticized the CCAT largely in terms of the summary reports that come back from the assessments. CCAT reports include the actual scores, comparisons to other nonprofits, an interpretation of what the scores are likely to mean for the organization, and a set of possible steps to address gaps. The reports are generated according to a computer algorithm based on the observed data and do not include the impressions or recommendations of anyone who is directly familiar with the organization being assessed. The Pathways consultants were particularly critical of the interpretations and conclusions included in these reports. One consultant indicated that the conclusions went "beyond the data." Another recounted that the report included the statement that "board members do not have passion." This turned out not to be true and called into question the validity of everything else in the report. In a similar vein, one of the consultants told us that the recommended action steps are "trite" and not particularly helpful.

The Pathways consultants also criticized the report as being too dense and thus not comprehensible or useful for at least some nonprofits. One consultant also had specific concerns regarding the theoretical framework that underlies the CCAT, including the characterization of organizational culture and the Life Cycle model.

In evaluating the usefulness and quality of the assessment process, we also looked at the way in which the five Pathways consultants carried out the process for their assigned organizations. The 2010 interviews with executive directors and board chairs asked included questions about their experience with the consultants. In general, the interviewees rated their consultants as "very effective" on the following dimensions: helping the group identify its issues, prioritizing down to a set of core issues, and helping the group develop its plan. When asked about the consultants' effectiveness in helping the group work through conflict, half the interviewees reported that their group had no conflict. Most of the others reported that the consultant was very effective in helping the group.

The following comments provide a clearer sense of how the consultants supported the groups through the assessment process:

- *She was competent, knowledgeable and had experience to contribute and very effective at working with groups and kind and supportive,*
- *Would give her five stars across the board. She did a great job of keeping people going and staying on task*
- *Can't say enough good things about [consultant - name withheld]*
- *She was available and never rushed and gave her undivided attention. She was fair and unbiased.*

All in all, the organizational assessment was regarded by the executive directors and board chairs as a valuable process that brought board and staff together for substantive and informed deliberations around the future of the organization. In most instances, the process fostered organizational alignment around a set of priorities that not only framed the proposal for the 3-year grant, but also set in motion the actual process of organizational capacity building. This view was reinforced in our 2011 and 2015 interviews with the executive directors of the funded organizations. They referred to the assessment process in the following terms:

- *The assessment was tremendous. We could not have afforded it otherwise, nor would we have organized ourselves to pursue it or go through it.*

- *It was very helpful to have the structure of the assessment. It brought awareness to the board of their responsibilities.*
- *Loved the CCAT. It answered fundamental questions. Even if we had not gotten grant, this would have still been helpful.*
- *Great process. If we had not received the grant, we would still have been positioned for success. We would have done things anyway, but it helped to have money behind it.*

Sequencing the Assessment Before the Grant Decision
While the funded organizations were uniformly positive in their ratings of the Pathways assessment, the reviews were more mixed among the non-funded organizations. For some, the assessment had proved a valuable exercise in setting a more positive course for the organization. In the 2011 interviews, two executive directors told us the following:

- *We got something out of process even though we weren't unfunded … We built our capacity without the grant.*
- *It took a lot of time, and although we did not get the grant, it led to positive changes*

Other executive directors and board chairs in the non-funded organizations found their experience with the MRL program to be frustrating. The assessment process had been extremely time-intensive for the board and staff. This caused some to believe that they had "paid their dues" and thus should have received a 3-year grant. Three of the non-funded organizations reported that they were either "very surprised" or "shocked" at the decision.

These contrasting reactions were anticipated by the MRL Advisory Board when they decided to redesign the program with the organizational assessment and two-stage selection process. Because of this, they directed the evaluators to ask all interviewees (both funded and non-funded) to weigh in on the two-stage process within the 2010 interviews. The specific question was whether they preferred (a) the current approach where 12 applicants get resources to carry out an organizational assessment and 6 are funded, versus (b) select the 6 grantees and then provide them with resources for an organizational assessment.   Representatives of the non-funded were split between these two approaches: four preferred (a), three preferred (b), two were indifferent, one was not sure, and one indicated that "it depends on whether you're funded." Within the funded group, no one preferred option (b), but two indicated that "it depends on whether you're funded."

In the 2011 interviews with the executive directors, we asked for their "current reflections" on the MRL Fund program. Among the non-funded organizations there was still some lingering disappointment or disgruntlement (including a couple complaints that the decision was "subjective" or that the Advisory Board "played favorites"). However, none of the interviewees reported any objections to the two-stage selection process. Indeed, two of the executive directors of non-funded organizations strongly endorsed it:

- *The pathways assessment and two levels within selection process is really smart. It weeds out those who are not serious. It also gives a chance for those who made cut to benefit from something they participate in even though not funded. Pathways assessment benefit was immeasurable.*

- *Thought the process was terrific. The way it was set up provides help to those who got money and those who did not.*

<u>Supports Provided to Funded Organizations</u>

In order to continue to improve the MRL Fund program, the Advisory Board directed the evaluation to include questions about the usefulness of the various supports provided to grantees. In addition to the Pathways assessment (results presented above), we probed specifically on:

- Different forms of consultation that the program paid for
    - ongoing consultation from Pathways consultants,
    - fundraising consultation and training from Kim Klein, and
    - additional consultants provided to specific grantees
- Networking meetings
- Site visits and other interactions with members of the MRL Fund Advisory Board
- The credibility that came to the organization by virtue of being awarded a MRL Fund grant.

Executive directors of the funded organizations rated the usefulness of these supports in the 2015 interviews. Each form of support was rated on a scale *of very useful, moderately useful*, *not that useful,* or *did not receive.* In addition, each interviewee identified which forms of support had been most useful to the organization (up to three). Responses to these questions are summarized in Table 11.

The data in Table 11 reinforce the conclusion that the organizational assessment process was extremely valuable to the participating organizations. The executive directors of all six funded organizations rated the process as "very useful" and five of the six picked this as one of the three most useful forms of support.

Table 11. Reported Usefulness of Supports provided by MRL Program (from 2015 interviews)

FORM OF SUPPORT	*Very Useful*	*Moderately Useful*	*Not That Useful*	*Didn't Receive*	*Don't Know*	*Listed as one of the most useful (top 3)*
Pathways Assessment	*6*					***5***
Pathways consulting (ongoing)	*3*	*3*				***2***
Kim Klein training	*5*		*1**			***4***
Kim Klein consulting	*3*			*2*	*1*	***0***
Other consultants provided by or supported by MRL	*2*			*4*		***1***
Networking meetings	*5*	*1*				***2***
Meetings with MRL Advisory Board	*4*	*2*				***3***
Credibility from having MRL grant	*2*	*3*	*1*			***2***

Note:
**** This interviewee reported that org was already well versed in fundraising topics***

Ongoing support from Pathways consultants was "very useful" for three of the organizations and "moderately useful" for the others. The following comments (from the 2011 interviews) indicate the specific ways that the organizations benefited:

- *The work the consultant has done with us this past year is most crucial.*
- *The consultant we were matched with has been a tremendous resource. This is a relationship that we may not have found otherwise.*
- *The consultant is helpful with fundraising.*

As was the case in our 2008 evaluation of the original version of the program, Kim Klein received high marks for her consultation on fundraising and creating sustainable revenue streams. Five of the executive directors interviewed in 2015 rated her training as "very useful." The other executive director reported that his/her organization was already well-versed in the topics that Kim presents.

The individualized consultations that Kim provided to grantee organizations were also regarded as very useful. Because these occurred early in the grant period, it is useful to also consider what the executive directors told us in the 2011 interviews. At that point in time, five executive directors rated the consultation as "very useful" and one as "moderately useful." The following comments provide more details on how the organizations benefited:

- *Kim sees that we are advancing in our development efforts and brought out some things in resource development and programming that we had not thought of before. Gave ideas of how to push even further.*
- *Wonderful, extremely helpful. Tells you what you do not want to hear but need to. See her as a fundraising therapist.*
- *Particularly focused in on how to do annual campaign and planned giving, coordination. She addresses list of questions and concerns. Provided expert opinion on what might work better.*
- *Awesome. Got message to focus on small things they can achieve in this environment.*
- *She is phenomenal, down to earth, realistic, funny, listens well, got a good picture of who we are. Cannot say enough good about her. They do not get any better.*

The networking meetings received much higher ratings of usefulness than was true of the early version of the MRL program. Five of the executive directors rated these meetings as "very useful," and two of them regarded this as one of the most useful elements of the program. Based on the open-ended comments, the primary benefit appeared to be the opportunity for the executive directors to have open conversations with their peers regarding the common challenges they were facing.

Similar to what we observed in our interviews with the 2000 and 2003 cohorts, the executive directors of the organizations funded in 2010 reported that they benefited from their interactions with the MRL Fund Advisory Board. Four of the executive directors regarded this as a "very useful" element of the program, and three of them regarded this to be one of the most useful elements. In reviewing the specific comments provided throughout the interviews, we found four distinct ways in which Advisory Board members supported the grantees:

1. They offered technical assistance around specific issues facing the organization, as well as broader ideas on how the organization might develop and become more effective.
   - *[Advisory Board member] has good insights and is knowledgeable about the organization.*
   - *Got us on track. Helped me put pieces down on paper, identify small goals to keep us on track. We had a lot of stumbling blocks and they gave us individual goals to work on. That was helpful.*

2. They provided needed encouragement and emotional support, especially to the executive directors.
   - *Relationship with Advisory Board members is wonderful. The interest that they have taken in the organization -- attending fundraising events, taking hands-on approach to the organizations they are supporting -- is great.*
   - [*The Advisory Board members] showed real appreciation for the hard work I put into meeting (and surpassing) goals. No one else provided me with recognition for that, not even my own board.*
   - *Nice, really good people. We always felt supported by them.*

3. Their continuing engagement motivated the organization to continue forging ahead even when challenges arose.
   - *My contacts with [Advisory Board member] and the motivation she provides have been really helpful. I don't want to fail her. Her support and tenacity was best blessing we could have gotten.*

4. The personal connection with the funder increased the sense of accountability that the organizations felt toward achieving the goals spelled out in the grant.
   - *We love the site visits and having them here. They want to see us succeed and to assist us. [Advisory Board member] asks questions, wants numbers and stories. I like that. They hold us accountable and they hold themselves accountable through evaluation.*

This sense of increased accountability was also associated with the grant itself. Because the assets in the MRL Fund came from a specific person, some grantees feel a heightened sense of both organizational and personal responsibility. This sentiment is reflected in the following comments:

- *I take the grant seriously. Because it is a family foundation, I think about what would "Melvin" want me to do in order to guide my work. I joke about it, but I really take this charge seriously. I want to be accountable.*

- *Receiving the grant set a standard of pride. It changed how we operate too. We feel like we need to live up to the expectations that come with getting the grant. This is always on the forefront of our mind and it influences what we do.*

10. **CONCLUSIONS**

The Melvin R. Lane Fund's capacity-building program grew out of the Advisory Board's observation that many of the nonprofit organizations in western North Carolina that had been established to serve the needs of the Fund's priority populations were not performing at levels that would yield the needed impacts. In 2000, the Advisory Board moved away from responsive grantmaking approach that is typical of most foundations – where grants are used to pay for programs and operating expenses proposed by the applicant. Instead, MRL Fund resources would be used to build the capacity and increase the effectiveness of nonprofits that carry out work in line with the Advisory Board's interests. The Advisory Board created a structured capacity-building program that provides substantial 3-year grants and consultation to a limited number of organizations that were poised to strengthen their administrative structures and funding strategies. The grants are intended to support new staff positions that allow the funded organizations to develop and implement new systems for raising funds, as well as to improve administrative structures, programming and board engagement.

The Advisory Board has remained committed to this goal over the subsequent 16 years. But the Advisory Board has also been committed to learning and adapting. The program model has been refined in a number of ways since 2000. Some changes were based on the Advisory Board's own reflections on what was and wasn't working, some were based on advice from staff at CFWNC and Pathways, and some were based on evaluation findings. The most substantial revision to the program model occurred in 2009 with the introduction of a Pathways-facilitated organizational assessment into the application process.

<u>Impacts</u>

Our evaluation produced evidence that the MRL program has in fact stimulated the participating nonprofits to carry out new work which in turn has resulted in more stable, better run organizations. MRL grantees have become stronger with respect to their financial standing, their fundraising strategies and processes, the clarity and coherence of their strategy, the engagement of board members, and the ability to communicate their messages to key audiences. Executive directors of organizations funded in 2000 and 2003 provided a number of concrete illustrations of these changes.

Our prospective evaluation of the organizations funded in 2010 found that the program continued to generate these outcomes after it was re-designed with the organizational assessment on the front end. Moreover, compared to the initial evaluation, we heard more accounts of organizations improving their programs to better meet the needs of the communities they serve. And it appeared that the requirement to perform an assessment and create a work plan had accelerated progress; grantees were focusing their capacity-building efforts more quickly and efficiently.

The following two quotes summarize much of what we heard in our interviews regarding the impact of the MRL program:

- *It's a great opportunity for small agencies to have capacity building grant, to draw on strengths, and push past limitations.*

- *Really incredible. Honestly I cannot say enough good things about it. Personally the biggest professional challenge of my career was to write MRL grant and give birth to it. I cannot credit any other funding source that has made as big an impact on this organization, and there probably never will be.*

Making the Assessment Available to a Pool of Applicants

Perhaps the biggest open question with the revised program model was how the non-funded organizations would respond to the process once they learned that they had not received a 3-year grant. Would they go ahead and pursue the course of work they charted during the Pathways process, or would they become disgruntled and dismiss their planning work?

While there was in fact some disgruntlement with the funding decision, the executive directors and board chairs of the non-funded organizations strongly valued what they had learned and produced during the Pathways process. A negative funding decision did not diminish their willingness to pursue their plans. At the time of the decision, many of these organizations were already deeply immersed in carrying out the action steps and organizational changes mapped out in their work plans. That work was not disrupted by the Advisory Board's funding decision.

From the standpoint of the evaluators, one of the most surprising and interesting findings involved the level of organizational change that occurred among the non-funded groups. Compared to the six organizations that were awarded 3-year grants in 2010, the non-funded organizations had much more transition in the executive director position. In addition, the boards of non-funded organizations stepped up their engagement to a greater degree. Our interpretation of this result is that the non-funded organizations were at a more precarious point in their organizational development than were the funded organizations – which is why they weren't selected for a 3-year grant. Gathering everyone's input with the CCAT and then talking through the ratings with the help of an expert consultant was in some cases a jarring wake-up call to the board. And sometimes the executive director comes to recognize that the organization is not where it needs to be and would benefit from a transition.

This finding reinforces the wisdom of the Advisory Board's decision to support the organizational assessment process for a pool of applicants that is twice as large as the number that will eventually receive a grant. The Pathways assessment process is valuable for nearly all organizations that undergo it (the exception being organizations that have already done a similar process).

Organizations with disengaged boards, distracted CEOs, out-of-date programs and/or misaligned strategies are especially likely to benefit from the assessment – even if it leads to short-term organizational upheaval. The MRL Advisory Board has not sought out organizations with this profile, but when they do slip through the LOI phase they gain access to a remarkable resource. The Advisory Board might be able to expand its impact on the nonprofit sector by making the Pathways process more widely available – for example through a program that focuses specifically on organizational assessment and planning. Of course, it is an open question as to whether the organizations that could most benefit from the Pathways process would apply without the prospect of a $150,000 grant.

Direct Engagement by the Advisory Board

Linking an in-depth organizational assessment to the application process is one of two of ways in which the MRL program distinguishes itself from other foundation-sponsored programs to build the organizational capacity of nonprofits. The second distinguishing feature is the direct role that Advisory Board members play in advising and encouraging grantees over the life of the grant (and sometimes beyond the grant).

Most foundations involved in nonprofit capacity-building assign their program officers the job of making and managing grants, and then rely on third-party firms to supplement the grant-supported work by providing training and consultation. While the MRL program does rely on foundation program officers and consultants, it also assigns a substantive role for Advisory Board members. They interact with various members of the board and staff of grantee organizations, especially executive directors, in the context of site visits, proposal presentations and annual meetings. These conversations often carry over into additional visits, phone calls and email exchanges. On occasion, individual Advisory Board members provide focused consultation on key issues facing the grantee organization.

This approach is somewhat aligned with the "venture philanthropy" model. That model takes advantage of the professional skills and experience of philanthropists in building the organizational capacity of nonprofits. Individual donors are matched with nonprofit organizations that are doing work within the donor's interest area. The donor works with the nonprofit as an advisor and sometimes joins the board of directors.[13] Members of the MRL Fund Advisory Board do not enter into relationships with this degree of depth, but they do interact with grantees' staff and board in ways that go well beyond what typically occurs with advisory boards of donor-advised funds and foundation boards.

In both our initial evaluation of the 2000 and 2003 grantees and our prospective evaluation of the 20010 cohort, we heard repeatedly of the value that Advisory Board members brought to the funded organizations, especially to the executive directors. The following two comments are illustrative:

- *Really like way they set it out. The Advisory Board has been available, has given workshops to keep us moving forward. I wish all grant funders did it that way.*

- *The Advisory Board is wonderful … MR Lane is really there to support you through grant period, do not just give money and drop you.*

[13] The concept of venture philanthropy was introduced by Christine Letts, William Ryan and Allen Grossman in their 1997 *Harvard Business Review* article, "Virtuous Capital: What Foundations Can Learn from Venture Capitalists." For the past 15 years the leading practitioner of venture philanthropy has been Social Venture Partners: http://www.socialventurepartners.org/what-we-do/

The vast majority of the executive directors we interviewed shared similar sentiments, although we did on occasion hear about personality conflicts between Advisory Board members and grantee staff.

In our own conversations with the Advisory Board over the years, especially Lyn and Harry Fozzard, we came to recognize that the idea of open, direct interactions between grantees and the Advisory Board is built into the DNA of the MRL program. Forming personal relationships increases the meaningfulness of the program to both the Advisory Board and grantees. Of course, this heightened level of engagement can also introduce a set of complications, not only for Advisory Board members and grantees, but also for CFWNC staff who are managing the MRL program. But in the vast majority of cases the relationships yield a unique benefit that is highly valued by the grantee organization.

Final Thoughts

The MRL Advisory Board and CFWNC should take pride in designing and executing a complex, high-profile program that has succeeded in improving the performance and capacity of nonprofit organizations throughout the WNC region. The program occupies an important niche in the region, focusing attention and resources on the fundamental, behind-the-scenes work that needs to happen for nonprofits to be effective in doing what they were established to do. We feel confident saying that without the MRL program, the WNC nonprofit sector would be more tenuous and less sophisticated.

The innovations and experimentation that have occurred within the MRL program can also benefit the larger field of nonprofit capacity-building. In addition to incorporating elements that are standard best-practice within philanthropy, the MRL Advisory Board has tested and validated the idea of building a rigorous organizational assessment into the application phase. It has also gained 16 years of experience implementing a novel approach for engaging donors and board members with grantees. Both these features deserve attention by foundations that are seriously committed to moving the nonprofit sector closer to their potential.