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Building Nonprofit Capacity to Achieve Greater Impact: Lessons From the U.S.-Mexico Border

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Introduction

The South Texas border region is a vast area with vibrant communities and a complex history. More than half a million people live in the region's *colonias* — rural residential areas along the border with Mexico that often lack such public services as potable water, trash pickup, and sewage systems. Most of these people (96 percent) are Hispanic or Latinx (MHP Salud, 2018); these neighborhoods are tight-knit communities with strong cultural and regional identities and residents who value family and faith. Residents of the border region's urban areas, including the cities of McAllen, Laredo, and Corpus Christi, are also predominantly Hispanic or Latinx, with strong ties to Mexico that have created a unique, blended culture. The region has seen economic growth from manufacturing and international trade, and a growing population as well.

Throughout South Texas, residents don't always have easy access to healthy food and health care due to factors such as geography, barriers to insurance coverage, and transportation difficulties. As a result, the region reports high rates of diabetes, obesity, depression, and substance abuse. A range of organizations, from state universities to community-based clinics, are working to improve health outcomes for these communities but must contend with funding restrictions, staffing challenges, and policy shifts.

To advance their missions, these organizations must be nimble and resilient — and that requires investments in their capacity. When Methodist Healthcare Ministries of South Texas Inc. (MHM) partnered with eight

Key Points

- Foundations often rely on strong relationships with grantees doing frontline work in marginalized communities. Yet these nonprofits typically face myriad financial and policy pressures that must be managed amid increasing need for their services. Helping them expand their impact requires funders to invest in their grantees' organizational health and capacity.
- This article discusses the capacity-building funding experiences of Methodist Healthcare Ministries of South Texas, which saw firsthand the needs of grantees when it partnered with eight community-health organizations through its *Sí Texas* initiative and, in response, created a \$1.5 million capacity-building program for those organizations.
- This article also shares the findings of an evaluation of the technical-assistance portion of the program, which led to learning in three critical areas for grantmakers that award capacity-building support: the role of the funder, ensuring sustainable change, and impact evaluation that is useful for both foundations and grantees.

community-health organizations through its *Sí Texas* initiative, the foundation saw firsthand the capacity-building needs of grantees. In response, MHM created a \$1.5 million program that invested in the organizational health of grantees to better equip them to advance health outcomes in their communities.

Sí Texas

MHM is a faith-based nonprofit organization dedicated to creating access to health care for uninsured and low-income families in 74 counties across South Texas through direct services, community partnerships, and strategic grantmaking. Since 1996, MHM has invested more than \$281 million in grants to deepen collaborative efforts, incentivize quality health outcomes, leverage and strengthen health care delivery systems, and promote sustainable systems change.

In 2014, MHM established Sí Texas: Social Innovation for a Healthy South Texas through a Social Innovation Fund (SIF) grant from the federal Corporation for National and Community Service. The grant awarded MHM \$50 million over five years to stimulate local solutions to improving physical and behavioral health, specifically targeting co-occurrences of diabetes and depression.

Sí Texas funded eight South Texas organizations to implement integrated behavioral health services, an emerging approach to health care that blends medical treatment and care for behavioral health issues into one setting for “whole-person care” (Agency for Healthcare Research and Quality, n.d., para. 2). Through this approach, MHM sought to scale strategies that are making a difference in advancing health outcomes for residents. In one example, a grantee used Sí Texas funding to move from a collaborative model — where medical and behavioral providers worked with each other episodically — toward an integrated model with care

coordination and shared treatment plans, service provision, and record keeping.

MHM's Capacity-Building Program

As the initiative progressed, MHM saw that the grantee cohort was grappling with the extensive evaluation, financial, and program monitoring that the grant required. In 2016, it responded with a capacity-building program that included three components: peer-to-peer connections, a series of trainings designed to help organizations develop skills and expertise that would improve patient care and outcomes, and targeted technical assistance to address each grantee's specific needs.¹ (See Figure 1.)

A team of two MHM staff members² provided oversight of the program. MHM offered grantees an organizational assessment with interpretation support from a consultant, and assembled a pool of qualified consultants for grantees to choose from who were vetted using multiple criteria, including experience with health care organizations, prior work in rural South Texas, and Spanish-speaking proficiency. Consultants worked directly with grantees to fulfill their contracts, with MHM serving as an intermediary when necessary. Many of the grantees used the technical-assistance support to conduct strategic planning; other areas of work included governance, data collection, and executive coaching.

Technical-Assistance Evaluation

In 2018, MSM contracted with Community Wealth Partners Inc., a Washington, D.C.-based consultant to foundations and other nonprofits, to conduct a qualitative evaluation of the technical-assistance component of the program.

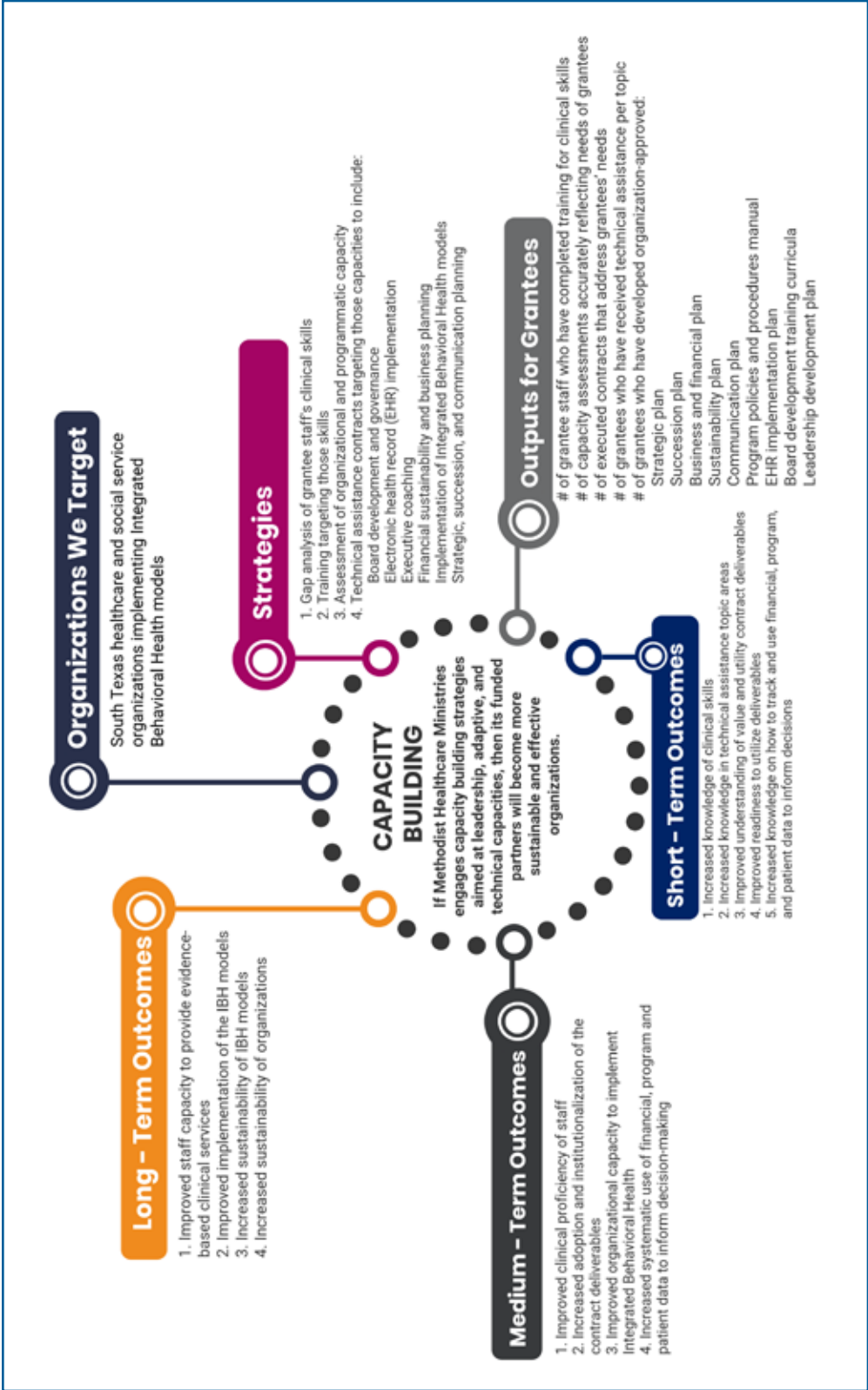
Capacity Building Defined

Methodist Healthcare Ministries of South Texas defines capacity building as a process by which an organization achieves the next level of operational, programmatic, financial, or organizational maturity so it may more effectively advance its mission. Capacity building is not a one-time effort to improve short-term effectiveness, but instead a continuous improvement strategy toward the creation of a sustainable organization working in response to its community.

¹ In 2017, MHM disbanded the peer-learning component of the program because it did not gain traction among grantees.

² Authors Meg Loomis and Shirley Thomas constituted the capacity-building team for MHM; Carla Taylor, of Community Wealth Partners, led the evaluation.

FIGURE 1 MHM's Capacity-Building Program: Theory of Change



The evaluation included interviews with five of the program's six technical-assistance providers, representatives of 27 grantee and partner organizations who utilized the assistance, and MHM staff. The evaluation led to learning in three critical areas that addressed questions common among funders of capacity-building support:

1. The funder's role: When do we step in to provide support, and when do we step back to ensure ownership among grantees?
2. Sustainability: What supports should be put in place to ensure capacity-building assistance leads to change that sticks?
3. Impact assessment: How do we use evaluation to facilitate learning that is useful for foundations and grantees?

The evaluation's findings led the MHM team to reflect on how to continue support for capacity building among grantees — an experience that other funders might find instructive.

The Funder's Role

Research into change management highlights the importance of ensuring buy-in across an organization. John Kotter (n.d.) identifies creating a sense of ownership and building a guiding coalition as two initial steps; Sirkin, Keenan, and Jackson (2005) list commitment as one of four critical factors for change management. In capacity-building efforts, funder-driven approaches are less likely to meet the needs of grantees. Buy-in and ownership among grantees are critical for success, and funders can help ensure capacity building leads to enduring change by giving grantees a say in how the support is structured, looking for opportunities to provide support beyond the grant, seeking feedback about grantmaker-grantee roles in the capacity-building relationship, and making adjustments based on that feedback.

MHM approached its capacity-building support with a focus on building trusting relationships and co-creating solutions with grantees. As a starting point, MHM partnered with TCC Group to give grantees access to the firm's Core

“We were very affirmed, but it showed that we were at a point that we needed to reevaluate where were we going next. If we stayed the same, we would begin to deteriorate or to decline. The timing was really good for us.”

— Sister Maria Luisa Vera, president,
Mercy Ministries of Laredo

Capacity Assessment Tool (CCAT) and help them gain perspective on their organizational strengths and challenges. TCC Group consultants walked through the assessment findings with each organization to help the grantees consider what they might prioritize for capacity-building support. From there, they identified their priorities for technical assistance.

For Sister Maria Luisa Vera, president of Mercy Ministries of Laredo, the CCAT offered confirmation of some aspects of that grantee's work and illuminated the need for the organization to evolve in order to continue to meet the community's needs:

We were very affirmed, but it showed that we were at a point that we needed to reevaluate where were we going next. If we stayed the same, we would begin to deteriorate or to decline. The timing was really good for us.

Providing Support Beyond the Grant

Taking on a capacity-building project often creates a daunting administrative burden for grantees because they must have the bandwidth to begin and effectively manage it. Funders can help reduce this burden by offering support such as identifying and vetting consultants, helping grantees think through organizational priorities

“In a way, there was a learning curve for us to recognize the power we had in the relationship... We’d never had a funder say, ‘Here are some resources; I can offer guidance if you want, but you get to decide how to use them.’”

– Rebecca Stocker, executive director,
Hope Family Health Center

and what success looks like, and sharing relevant knowledge and perspectives from work with other organizations.

Because Sí Texas was a federal SIF project, MHM staff contracted with the technical-assistance consultants directly to free grantees from dealing with procurement guidelines. The MHM team identified and vetted potential consultants and responded to requests from organizations to help them think through the scope of the work, though grantees had total autonomy in defining that work and selecting consultants. The evaluation found that grantees valued this support because it saved them time and offered a different perspective as they considered project ideas. As Rebecca Stocker, executive director of the Hope Family Health Center, commented,

It was nice to receive information and added context from MHM to help us decide who we wanted to work with. They didn’t just give us a list of five names of people we could call. They also provided introductory information and references to help with the vetting. And we knew we could pick up the phone and call the foundation if we wanted more information. That was extremely helpful for an organization like ours, without a lot of resources for capacity building and not a lot of knowledge about the consulting resources available.

Another way MHM helped ease the burden was to augment grantees’ own fundraising capacity. SIF projects require grantees to raise matching funds to supplement federal dollars and strengthen local community support, and this proved to be a significant challenge. MHM leveraged match funding for five of the eight organizations through its relationship with the Valley Baptist Legacy Foundation in McAllen and dedicated its own grant-writing staff to assist the remaining three grantees with match funding requests, ultimately raising more than \$450,000 for those organizations, and then closed the gap by providing match funding through its own general funds.

Seeking Feedback and Acting on It

Throughout the process, MHM tried to walk the line between stepping in to offer guidance and support and stepping back to ensure sufficient ownership among grantees. “In a way, there was a learning curve for us to recognize the power we had in the relationship,” Stocker said. “We’d never had a funder say, ‘Here are some resources; I can offer guidance if you want, but you get to decide how to use them.’”

The team worked to address a few challenges during the process. There was some initial confusion among grantees about the MHM team’s role, and the team members sometimes found themselves in the middle of difficult conversations between consultants and grantees. They learned that they needed to communicate their role more clearly and, at times, step out of conversations between grantees and consultants and direct them to communicate with each other.

In some situations, grantees seemed to be waiting for MHM to instruct them on how to proceed. There appeared to be a number of explanations for this: these organizations didn’t have the time and space to think deeply about capacity building, they were assuming a more prescriptive approach based on previous experiences with other funders, they didn’t have sufficient buy-in from leadership, they had never worked with a consultant on capacity building. Whatever the reason for hesitancy, MHM had to encourage grantees to take ownership of their projects.

The MHM team learned the timing of technical assistance was important to ensuring ownership — it couldn't happen within a funder-imposed schedule. In some cases, the projects that had strong outcomes were those for which the organizations had more time to identify their needs and a scope of work. Additionally, grantees' timing for beginning work with consultants sometimes clashed with the timeline for program funding. Other grantees were finalizing their work with consultants just as the funding from Sí Texas was winding down, which slowed momentum and created uncertainty about whether the organizations would be able to use the products of the work.

Trust was critical for working through these challenges. The MHM team strove to have honest conversations with grantees and serve as thought partners in helping them navigate challenges. As MHM considered its role, power dynamics were front and center. Team members asked themselves these questions: Why are we stepping in? Who needs to have a voice here? When do we need to step out to encourage others to have direct conversations? It was critical for the foundation and consultants to hold strongly to their belief that grantees know best what they need.

Sustainability: Capacity Building That Leads to Change That Sticks

As the MHM team worked with grantees to define the scope of their technical assistance, they emphasized two things: 1) helping grantees make the connection between the areas they prioritized for capacity-building work and the organization's long-term sustainability, and 2) ensuring the work could endure at the organization after the engagement with the consultant was over.

Connecting Capacity Building to Long-Term Sustainability

While financial sustainability was a primary concern for grantees, the MHM team recognized that when organizations are healthy and operating at their fullest capacity in all functional areas, they are inherently more sustainable organizations. The MHM team used research from TCC

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Group to help grantees understand how financial stability is predicated on other organizational capacities, like leadership, strategic planning, and — especially in the case of health clinics — use of technology and data (York, 2009). In order to become more financially sustainable in a health care environment, an organization must be able to tell the story of its impact on patients' health.

Most of the grantees decided to use their technical-assistance support to develop strategic plans that integrated use of data and technology. Though time will tell whether this work does improve their long-term financial sustainability, at the end of the technical-assistance engagements most grantees felt the plans gave them a stronger way to make the case to funders.

"Having a documented strategic plan is really helpful, because now we're able to present where we want to go and how we plan to grow," said Stocker of the Hope Family Health Center. "Once funders see we have this plan in place, they'll feel more committed to back us."

To help ensure the work could endure among MHM grantees, technical-assistance contracts included three months of consultant support after the strategic plan was completed to help grantees begin implementation.

Ensuring the Capacity-Building Work Endures

Capacity building is not only about technical solutions. Any capacity-building intervention — whether it is a fundraising plan or a new database — will often require fundamental shifts in thinking and behavior from people inside the organization. Funders should structure capacity-building support to include time for grantees to tackle adaptive challenges that are part of managing organizational change.

To help ensure the work could endure among MHM grantees, technical-assistance contracts included three months of consultant support after the strategic plan was completed to help grantees begin implementation. In some cases, contracts complemented strategic planning with board development or executive coaching to help leaders clarify roles and practice new ways of leading.

“I think sustainability is still a long story that needs to be written, but I feel like we have gotten somewhere,” said Dr. Deepu George, a clinical assistant professor at the Family Medicine Residency Program at the University of Texas-Rio Grande Valley. “I don’t know if we have achieved sustainability, but we’ve seen the first steps toward it. We have a ledge to stand on, as of now, beyond the grant period.”

Impact Assessment for Learning and Improvement

Funders of capacity building commonly wonder how to assess the impact of their investments.

Capacity building is not a short-term project, but a long-term investment that takes place within a larger organizational context. Grantmakers should approach evaluations of capacity building with an eye toward understanding how it contributes to grantee impact rather than wanting to see it as the sole cause of impact.

Ultimately, MHM invested in the capacity of its grantees to help position them to have a greater impact on patient health. However, the team recognized that longer-term outcomes, such as improvements in community health, would likely require more time and additional resources. For that reason, MHM used its evaluation to see whether program outputs and short-term outcomes suggested that grantees were on track to achieve the desired longer-term outcomes.

Indeed, the evaluation found short-term outcomes that show potential for longer-term impact, consistent with what MHM hoped to see in its theory of change. (See Figure 1.) Some of the short-term outcomes reported include strategic plans to guide future work, enhanced use of data to inform decision-making, and improved ability to lead and manage teams.

For the MHM team, grantees’ perceptions of the work are also a meaningful output. In interviews, some grantees made clear connections between the investment and the outcomes they eventually want to see for their patients. Even though it is too early to draw a definitive line between the capacity-building program and long-term outcomes, when grantee leaders see that connection and say the work is useful to them, foundations should trust that as a signal that the work will endure.

“If we follow our strategic plan, we’ll be able to increase the impact we’re making with current patients, open our door to more patients, make a stronger economic impact in our community, and become a model for other charitable clinics,” said Nancy Saenz, integrated behavioral health director at the Hope Family Health Center.

In addition, grantmakers should consider how the evaluation process might serve learning for

grantees. In the evaluation of MHM's capacity-building program, several grantees noted that participating in the interviews that were part of the evaluation was helpful to them because it gave them time and space to reflect on the work and make meaning of it. Grantmakers should consider grantees a key audience of evaluation findings and share the results with them as well for their own learning.

Conclusion

MHM's experience underscores that grantmakers should approach capacity building with community-based organizations with three considerations in mind: 1) intentionality about grantmaker–grantee roles in capacity-building partnerships, 2) an eye toward ensuring the support will endure inside the organization, and 3) approaching assessment with a long-range view and a spirit of partnership with grantees. To those points, some considerations to keep in mind are:

Funder's Role

- Ensure that grantees have a say in the structure and focus of capacity-building support
- Look for opportunities beyond the grant itself to provide that support, such as leveraging additional funds and alleviating administrative burdens.
- Be explicit about the role that you, as grantmaker, are playing in the relationship; but at the same time, ask for feedback and be prepared to adjust your role in response to grantees' expressed needs.

Sustainability

- Help grantees make the connection between the areas they prioritize for capacity-building work and how that will contribute to the organization's long-term sustainability.
- Make sure the capacity-building investment ends in useful and actionable deliverables to ensure the work can endure at the organization after the engagement is over.

When it is structured as an ongoing partnership between grantmaker and grantee, capacity building can be a powerful tool for building nimble, resilient organizations that are well-positioned to create meaningful impact in their communities.

Impact Assessment

- Consider capacity-building support a long game and look for short-term outcomes that suggest the support is on the right track for long-term impact.
- Remember that the grantee is a key stakeholder; identify ways to make the evaluation process and findings useful to them as well.

When MHM entered relationships with the eight Sí Texas grantees, it envisioned that in five years they would be in a significantly stronger position to advance systemic change in their communities. If that vision represented change that could be measured in miles, the experience suggests that the change accomplished over five years might better be measured in feet. Overall, MHM's capacity-building support has had positive impact on grantees, but these organizations need continued support to be able to continue to evolve and move the needle on health outcomes. The Sí Texas experience shows the importance of viewing capacity building as a long-term investment. When it is structured as an ongoing partnership between grantmaker and grantee, capacity building can be a powerful tool for building nimble, resilient organizations that are well-positioned to create meaningful impact in their communities.

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