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THE NON-PROFIT SUPPORT ORGANIZATION INITIATIVE EXECUTIVE SUMMARY

The Murdock Charitable Trust (Trust) has a long history of supporting the non-profit community's capacity building activities and funding non-profit organizations that provide capacity building support to the non-profit community. During spring and summer 2007, Program Director Christopher (Kit) Gillem, while participating in an extended study leave, was able to meet with several non-profit support organizations in Alaska, Idaho, Montana, Oregon, and Washington.

At the conclusion of the summer, the initial findings of the study were presented to the Trust. Highlights of the findings follow.

- The Trust is dependent on a strong non-profit community, and nonprofits rely on training, technical assistance, mentoring, and consultants to improve and advance their missions. The region has many non-profit support organizations doing very fine work to support the nonprofits approaching the Trust for funding.
- The five regional non-profit support organizations studied engage in widely recognized and proven (or promising) best practices that include the following: engage with the organizations' change agents (executive director, board members, key staff); work with organizations on multiple levels; manage peer group programs and networks; develop formal curriculum and associated materials; use quality in-house consultants; provide a variety of short- and long-term training opportunities; engage and collaborate with respected researchers; and others.
- The growing non-profit community is facing many challenges, including the following: the current economic environment; shifting demographics (senior leadership transition, a smaller and different work force, and adaptation to a changing volunteer work force); documenting organizational effectiveness due to increased scrutiny on the sector; the current local, state, and federal political environment; developing innovative and sustainable business models in the age of reduced public support and an ever-changing philanthropic landscape; and others.

As a result of this, in August 2007 the Trust committed to provide multi-year core program support for statewide and regional supporting entities that provide quality capacity building

educational programs and services. By responding to a Request for Proposal (RFP), the invited five organizations will submit applications for core program support for three to five years for an amount that falls within a range of 5–15 percent of their operating budgets. At the same time, the Trust approved other program considerations including these: convene the group of five from time to time; hire a consultant to work with Staff to evaluate the program (TCC Group); and participate in these organizations’ annual events and programs. The initial group invited to participate in this initiative consists of the following organizations:

- Alaska—The Foraker Group, Anchorage
- Idaho—Idaho Nonprofit Center, Boise
- Montana—Montana Nonprofit Association, Inc., Helena
- Oregon—Technical Assistance for Community Services, Portland (now operating as the Nonprofit Association of Oregon)
- Washington—The Nonprofit Center of South Puget Sound, Tacoma

Core Program Support

An RFP for core support was announced on October 1, 2007, with a deadline for full proposals in December 2007. The RFP provided information to help define core support. Staff developed the following examples of core support areas, core support expenses, and core support to provide program structure to assist the organizations in responding to the RFP.

Examples of Core Support Areas

- Fiscal Management
- Human Resources
- Organizational Planning
- Evaluation
- New Initiatives
- Contributed Income
- Leadership Development
- Communications/Marketing
- Measures of Success
- Earned Income
- Technological Infrastructure
- Education Programs
- Program Expansion

Examples of Core Support Expenses

- Contract Services
- Professional Development
- Salary/Benefits of New Staff
- Salary/Benefits of Current Staff with Expanded Duties or New Roles and Responsibilities Associated with this Proposal
- Professional Fees
- Travel
- Rent for New or Improved Training/Office Space
- Equipment
- Printed Materials



Examples of Core Support Activities, Programs, Projects, or Ideas

- Implement the organization's highest priority of a strategic or business plan
- Conduct a feasibility study for a new earned income activity or education program
- Hire a new deputy director as part of a leadership transition plan
- Evaluate the work or specific program(s) of the organization
- Fund an organizational technology assessment and implementation plan, including equipment, software, consultants, training, and ongoing support
- Develop or improve new membership packet or corporate sponsorship program
- Create or improve education programs for emerging leaders in your region
- Provide additional training opportunities for emerging leaders in your organization
- Provide resources for new program ideas and activities presented by emerging leaders in your organization

RFP and Program Participation Considerations

Each Non-profit Support Organization (NSO) was invited to submit a funding request in the amount of between 5 and 15 percent of its current operating budget (minus any pass-through grants or major one-time grants) for three years. For example, if the operating budget of the NSO is \$500,000, and the organization chooses to use 15 percent as the requested amount, the total grant request would be \$225,000 over three years. It is anticipated that near the end of Year 3, if this Trust initiative is successful, a second RFP will be developed to continue the program.

Each NSO was invited to outline its ideas on how it would like to use the core support in the narrative portions of the proposal. A report on the progress of the initiative and progress on the organization's annual operating plans and associated operating budgets will be submitted at the end of each year of grant support.

Based on the success of the July 31–August 1, 2007, meeting and a subsequent November 1–2, 2007, convening of the five NSOs, the Trust hosted annual two-day convenings and conference calls. The cohort also meets during the annual meeting of the National Association of Nonprofits. The NSOs have stated that these two-day cohort convenings and conference calls may be among the most valuable aspect of the initiative.

The Trust will also engage in a macro evaluation of this initiative, and all five NSOs have agreed to participate in the evaluation. It is the intention of the Trust that participating in the group evaluation will not be a burden on the NSOs.



The Non-profit Support Organization Initiative Grants

All five organizations submitted proposals seeking support for three years. Each organization kept the request within the range of 5–15 percent of its current operating budget. The total amount requested in all proposals was about \$1.8 million over a three-year period. This amount is within the range committed by the Trust at the August 16, 2007, grants meeting.

Each proposal followed the RFP parameters regarding core support. The proposals were very specific, except in the area of evaluation. This was expected because, as stated earlier, the organizations did not have time to fully develop this element of the initiative. All proposals include evaluation elements. The larger organizations with more mature programs have robust evaluation goals, while the smaller organizations have more modest evaluation goals.

Ultimately, each of the proposals was considered worthy of support. In each case, the proposed project addressed a need of the proposing organization at a level that was appropriate to its specific situations. At the February 28, 2008, grants meeting, a total of about \$1.8 million was committed to support the three-year initiative. The following organizations received three-year grants:

- The Foraker Group (Foraker)
- Idaho Nonprofit Development Center, Inc. (INC)
- Montana Nonprofit Association, Inc. (MNA)
- Technical Assistance for Community Services (TACS), (Nonprofit Association of Oregon)
- The Nonprofit Center of South Puget Sound (TNC)

All five organizations presented ambitious proposals that included new education programs, training opportunities, consultant services, and more. Some of the planned three-year regional outcomes of this program include increasing training opportunities and consultant services by more than 50 percent and reaching more than 5,000 new individuals; increasing membership by more than 40 percent with more access to discounted services, products, consultants, and training; increasing earned income by an organizational average of more than 25 percent; and improving programs and services by participating in assessment and evaluation by outside consultants. Core program support grants will provide the required resources for these plans. It is anticipated that the Trust will evaluate this program at the end of the three years with the possibility of continuation and/or expansion.

Fostering a Community of Learning

The five participating organizations and the Trust are very interested in learning from this initiative. The initiative will be monitored using four elements: (1) all five organizations will report annually on how they are achieving the specific three-year goals and objectives presented in the proposals; (2) all five organizations will report on annual organization-wide programmatic and financial goals; (3) all five organizations will report on the findings by their



own outside consultants regarding program/organization assessment/evaluation; and (4) the Trust will evaluate this initiative using an outside consultant.

Program Evaluation

In spring 2008 the TCC Group was hired to conduct the macro evaluation of the initiative. The TCC Group project manager is Peter York, the firm's senior evaluator. The TCC Group, with offices in New York, Philadelphia, Chicago, and San Francisco, has extensive experience evaluating capacity building initiatives. During March and April 2009, TCC Group staff made site visits and met with staff, board, and stakeholders of the five NSOs. It is the intention of the Trust that participating in the group evaluation would not be a burden on the organizations.

TCC led the cohort group in developing a theory of change model used to evaluate the initiative. TCC used its online assessment tool (CCAT), annual business model assessments, Murdock grant progress reports, site visits, and convenings to evaluate the initiative. **Grantees achieved 68 percent of anticipated leadership outcomes.**^[1] As depicted in Figure 1, one-third of the anticipated leadership outcomes for both Core Program/Infrastructure Leadership and Impact Expansion Leadership were realized, with almost half partly realized. Data-driven decision making and improved targeting of services, two areas that accounted for many of the partially realized outcomes, were limited primarily because not enough time has elapsed to see these specific gains. The "data" aspect needed for both data-driven and improved targeting is just starting to materialize, though there are preliminary indications that what data is available is being used. TACS went through a major board transition and is just now starting to be positioned for its board to achieve outreach and resource generation development.

Grantees achieved 60 percent of their anticipated adaptive capacity outcomes.^[2] As depicted in Figure 2, all of the organizations had anticipated making progress in evaluation systems, though only two showed systematic improvements. Four of the five organizations showed at least some improvement in the areas of organizational assessment systems (keeping track of capacity needs and performance), knowledge sharing (a by-product of other types of capacity building rather than a direct focus area), and strategic/business plans. Organizations had increased their level of planning, particularly at a high level, though more concrete operational plans were still largely in their infancy. Despite the economy, three of the organizations evidenced improvements in funding stability resulting from the Murdock projects, including better diversified funding and a more stable funding base.

Management for the cohort was a mixed bag, with grantees achieving only 35 percent of their anticipated management capacity outcomes.^[3] Organizations indicated improving their effectiveness and efficiency, with 87 percent of survey respondents indicating that their

^[1] This number increases to 78 percent if TNC is removed.

^[2] This number increases to 77 percent if TNC is removed.

^[3] This number increases to 50 percent if TNC is removed.



organizations were more effective and 73 percent indicating they are more efficient as a result of the capacity building. CCAT scores showed a mix of largely strengths and satisfactory scores for management capacities. Foraker continued to have the most robust management. The addition of a comptroller in the shared financial services (SFS), as well as the CFO position, also brought in by SFS, improved the overall level of management in the organization. In a remarkable show of efficiency, Foraker is now doing the same amount of work that was previously done with significantly less staff and without overextending the staff. INC's addition of a new staff person has enhanced the systems. MNA's management was also enhanced by the addition of new staff hired with Murdock funding. This is a change from last year when the addition of this person seemed to be taxing the management infrastructure. TACS is struggling in its management, largely due to questions regarding the fit of training and consulting within the organization. TNC's management is struggling with all of the leadership transitions. The relative lack of progress in planned management capacity building is likely due to the difficulty of doing management capacity building as distinct projects. More commonly, advances (or retreats) in management capacity comes through the thoughtful implementation of other activities with a careful management lens in place. This was clearly the case for Foraker, INC, and MNA.

Grantees completed the majority of their capacity building activities focused on technical capacities, achieving 81 percent of their anticipated technical capacity outcomes.^[4] As reported last year, these capacities, which tend to be more concrete in terms of need and approach, are generally the most straightforward to implement. Improvements included new staffing, better technology, and more effective programming.

The cohort approach was highly effective at advancing the capacity of the organizations. All of the senior leaders involved with the cohort continued to indicate it was one of the most positive aspects of the program—at least one grantee reported it as the most valuable part of the program. There is concrete evidence that the cohort provided mutual support and informal consultations among the participants, which led to increased thoughtfulness in their own practices. Further, seeing specific activities materialize and being with other similar organizations impacted decisions in some of the organizations. For example, Foraker reportedly made the decision to become a statewide non-profit association as a partial result of the prodding of their colleagues and then learned from TACS transition. INC reportedly benefited from seeing how MNA conducted its policy work, opting not for the exact same model, but for being informed by it. As reported last year, the cohort provided Foraker with helpful guidance on criteria through discussions of common measurement across the Northwest, while Foraker returned the favor by sharing lessons learned on establishing a robust evaluation system.

The approach was supported by three critical aspects. First, the organizations had a common

^[4] This number increases to 88 percent if TNC is removed.



identity in being NSOs that allowed them to relate to each other. Second, they were regularly brought together in person, which built trust and facilitated more direct exchange. Third, there was a cultivated spirit of openness and willingness to share the good and the bad. This was facilitated both by the approach of the Murdock program director (learning-based and transparent, with closely established individual relationships) and the ongoing evaluation, which regularly fed back concrete data for reflection and discussion.

Based on the success of the evaluation, the Trust invited the four statewide organizations (Alaska, Idaho, Oregon, and Montana) that had made significant progress to submit proposals for a two-year extension (2011–2013). In May 2011 the Trust awarded grants totaling \$800,000 to the four organizations with the goals of improving each organization’s internal evaluation capacity and continuing to support the non-profit sector in their states. A final report on the five-year initiative will be presented to the Murdock Trustees in February 2013.

Concluding Thoughts

The Non-profit Support Organization Initiative (NSOI) has provided the Trust with an opportunity to participate in rigorous outside evaluation, to better understand the value and power of a peer learning network, to better understand the impact of leadership transitions, and other learning opportunities. The NSOI program and the evaluation have also informed the Trust’s capacity building grants to other non-profit organizations.

A strong non-profit community provides vital services to society. The Trust itself is also dependent on having a strong group of nonprofits. Nonprofits rely on training, technical assistance, mentoring, and consultants to improve and advance their missions. Services provided by NSOs build the capacity of nonprofits. It is hoped that the cohort organizations and their clients have and will benefit from this initiative. The Trust will share the results of this initiative with the non-profit sector through periodic updates, convenings of interested parties, and reports. The Trust strives to foster a community of learning among the participating NSOs. It is hoped that the circle of learning will extend to funders and the larger non-profit community.

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