

CAPACITY BUILDING STRATEGIES

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THE FUNDING PARADOX

What would
you do if
\$250,000 was
given to your
agency today?



WHY CAPACITY MATTERS

Nobody comes to
admire the foundation,
but if the foundation
fails, everything else
fails with it.



WHAT COUNTS AS CAPACITY?

CAPACITY



1. Staff development
2. Leadership development
3. Fundraising infrastructure
4. Technology
5. CRM systems
6. Strategic planning
7. Financial Management Systems
8. Board Development
9. Succession Planning
10. Evaluation Systems



TYPES OF NONPROFIT FUNDING

1. **Restricted program funding** – specific activities only
2. **General operating support** – flexible funding
3. **Capacity-building investments** – strengthen the organization

WHAT FUNDERS ARE REALLY THINKING

- **Concerns:**
 - Can this organization execute?
 - Will the investment create measurable results
 - Is leadership capable?
 - Is there a sustainability plan?
 - Will the investment improve impact?



DON'T ASK FUNDERS
TO FUND OVERHEAD.
ASK THEM TO FUND
ORGANIZATIONAL
EFFECTIVENESS



STRATEGY #1 – TIE CAPACITY TO MISSION IMPACT

Formula:

Capacity Investment → Organizational Improvement → Better Mission Outcomes

Example:

New CRM → Better donor retention → More sustainable programs

Training → Better staff performance → Better client outcomes

STRATEGY #2 – USE ORGANIZATIONAL PAIN POINTS

What is slowing progress?

What is limiting growth?

What keeps leadership up at night?

What prevents greater impact?

STRATEGY #3 – MAKE CAPACITY MEASURABLE

Funders want
outcomes such as:



Reduce client wait times



Increase retention



Improve fundraising efficiency



Improve reporting accuracy

STRATEGY #5: BUILD RELATIONSHIPS BEFORE REQUESTS

Capacity funding is frequently
relationship-driven



STRATEGY #4 – SEEK GENERAL OPERATING SUPPORT

Community Foundations

Family Foundations

Corporate Philanthropy

Major Donors

Faith-based Funders

CAPACITY FUNDING PITCH



1. Current situation
2. Challenge
3. Capacity investment
4. Expected results
5. Mission impact

LANGUAGE THAT WORKS



Replace this:

“We need money for administrative expenses.”

With this:

“We seek investment in organizational effectiveness, sustainability, and impact.”

Replace this:

“We need more staff.”

With this:

“We need the capacity required to meet the growing community demand.”

THE BOARD'S ROLE



1. Advocate for operational funding.
2. Educate donors.
3. Share organizational needs.
4. Normalize unrestricted giving.
5. Support sustainability conversations.

KEY TAKEAWAY

The question is not whether your organization needs capacity funding. The question is whether your organization is telling that story effectively.



Q & A

THANK YOU!

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