
Six Components of Organizational Capacity ¹

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Capacity is an abstract term that describes a wide range of capabilities, knowledge, and resources that nonprofits need in order to be effective. Through its more than 25 years of experience, Fieldstone Alliance has learned that six components of organizational capacity are critical for high performance:

Mission, Vision, and Strategy: The organization has a vital mission and a clear understanding of its identity. It is actively involved in regular, results-oriented, strategic, and self-reflective thinking and planning that aligns strategies with the mission and organizational capacity. The planning process involves stakeholders in an ongoing dialogue that ensures that the organization's mission and programs are valuable to the neighborhood or constituency it serves.

Governance and Leadership: The organization's board of directors is engaged and representative, with defined governance practices. The board effectively oversees the policies, programs, and organizational operations including review of achievement of strategic goals, financial status, and executive director performance. The organization is accomplished at recruiting, developing, and retaining capable staff and technical resources. The organization's leadership is alert to changing community needs and realities.

Finance: The organization successfully secures support from a variety of sources to ensure that the organization's revenues are diversified, stable, and sufficient for the mission and goals. The resource development plan is aligned with the mission, long-term goals, and strategic direction. The organization has high visibility with key stakeholders and links clear, strategic messages to its resource development efforts.

Internal Operations and Management: The organization has efficient and effective operations and strong management support systems. Financial operations are responsibly managed and reflect sound accounting principles. The organization utilizes information effectively for organizational and project management purposes. Asset, risk, and technology management are strong and appropriate to the organization's purpose.

Program Delivery and Impact: The organization operates programs that demonstrate tangible outcomes commensurate with the resources invested. Programs are high quality and well regarded. The organization utilizes program evaluation results to inform its strategic goals. The organization has formal mechanisms for assessing internal and external factors that affect achievement of goals.

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Strategic Relationships: The organization is a respected and active participant and leader in the community, and maintains strong connections with its constituents. It participates in strategic alliances and partnerships that significantly advance their goals and expand their influence.

Mission, vision, and strategy are the driving forces that give the organization its purpose and direction. **Program delivery and impact** are the nonprofit's primary reasons for existence, just as profit is a primary aim for many for-profit companies. **Strategic relationships, resource development, and internal operations and management** are all necessary mechanisms to achieve the organization's ends. Absent any one of them, an organization flounders or does not reach its full potential. **Leadership and governance** is the lubricant that keeps all the parts aligned and moving. The model also suggests the need for constant feedback from the external environment and routine monitoring of program audience and outcomes to inform mission and strategy. When assessing nonprofit organizations and planning intervention strategies, it is best to examine each element separately, in relation to the others, and within the organization's overall context.

A variety of factors can influence an organization's needs at any time, including:

- Age and developmental stage of the organization
- Size of the organization
- Kind of work the organization does
- Cultural or ethnic identity of the organization
- Environment in which the organization functions