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**Challenges for the 'Changers'
Capacity issues facing local nonprofit
organisations**

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Challenges for the 'Changers'

Capacity issues facing local nonprofit organisations

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Introduction

Opposing views exist on nonprofit capacity. Some would argue the nonprofit sector acquits itself well in capacity terms, having lived long with the mantra of 'doing lots with little'. Light (2004, p.13) suggests 'nonprofits make miracles every day' citing examples as diverse as rebuilding Europe after World War II to battling life threatening diseases like tuberculosis and polio. Pitted against this noble view are rumblings about high administration costs from an increasingly wary public (Independent Sector 2004, Baily and Bruce 1992) and trends toward more government and other regulation and watchdog activity (e.g. Reviews of charitable fundraising legislation around Australia and websites like Guidestar¹ and Givewell²). Performance expectations are growing. As one example, 'change not charity' is an increasing catchcry from funding sources for nonprofit organisations (e.g. Reichstein Foundation³; Anheier and Leat 2002). This change agent role arguably demands even *stronger* capacity than that already required to meet charitable needs. Against this high demand backdrop, it is appropriate to ponder the state of Australia's nonprofit capacity and how it might be strengthened in the future.

This paper provides a window into this topic, drawing on qualitative data that forms part of the year-long Giving Australia study (2005). Its main contribution is to explore what Australian nonprofit leaders perceive capacity building to entail along with their top of mind internal and external capacity concerns. A brief summary of views on capacity building from the literature begins the discussion to give context to this new Australian data from the coalface. The paper concludes with some of the paths forward to increased capacity indicated from participant feedback and adds some examples of what comparable sectors overseas are doing.

Views on capacity building

Much of the literature from the USA, UK and Canada agrees on the following basic definition of capacity: the ability of nonprofit and voluntary organisations to fulfil their missions (Canadian Centre for Philanthropy (CCP) 2003; De Vita and Fleming 2001; Elliott 2003; Light 2004; Rochester et. al. 1999; Salamon and O'Sullivan 2003;). Thus capacity *building* is a vital issue to nonprofit organisations and the communities they serve. Capacity building involves any financial, human and structural resources required by an organisation to achieve its mission (CCP 2003). It involves measuring, evaluating and improving an organisation's activities, performance, human capital and social capital (Light 2004). It includes addressing internal factors such as management initiatives, staff training, greater use of volunteers, more public outreach programs, policy issues, governance, resource generation or program evaluation as well as external factors such as collaboration with other nonprofit organisations, government and business; connection to national infrastructure (Pratt 2004); or altering the relationship between individual nonprofits and the funding and political systems in which they operate (Cordes et. al. 2000; Kearns 2004; Light 2004).

Elliot (2003) points out that capacity exists on a continuum not as an either/or state of being; and that capacity is multi-dimensional (CCP 2003). Thus all organisations have capacity albeit with varying strengths and weaknesses.

To accommodate these variances, any description or program of capacity building must be flexible; a 'one-size-fits all model is likely to yield inappropriate or ineffectual results in many communities' (De Vita and Fleming 2001).

Recent studies highlight that maximum organisational, or structural, capacity is not necessary for a nonprofit to fulfil its mission (Elliot 2003); put another way, organisations can be effective in achieving their mission and not be well managed or be well managed yet not achieve their mission (Light 2004). Nevertheless, recent empirical and investigative studies leave no doubt that 'building capacity is very much a necessity for sustainable effectiveness' (Light 2004; see also CCP, 2003; De Vita and Fleming 2001; Elliot 2003; Rochester et al. 1999; Salamon and O'Sullivan 2003;); demonstrating that capacity is more than a buzzword.

Characteristics of effective internal capacity building (i.e. how an organisation shows it is doing it well) include improved programmatic impact, organizational management, long-lasting impacts, productivity, perception as an innovative/helpful/trusted organisation, access to information/training/technology; and competence of staff, board and leadership (Light 2004). Clearly defined missions, ability to adapt and self-knowledge (Hansberry 2002) as well as strategic partnerships with other nonprofit organisations, business and government and connection to national infrastructure (Backer and Barbell 2004; Pratt 2004) illustrate further aspects. From the perspective of organisations that fund nonprofit organisations to build their capacity, eight core components are suggested to assess the effectiveness of capacity building: it should be comprehensive, customized, competence-based, timely, peer-connected, assessment-based, readiness-based and contextualized (Backer 2001). Light and Hubbard (2001) found they needed more than 100 variables to describe the capacity building initiatives of the eight funders they studied, a reminder that despite neat categories or simplified short lists of steps, capacity building remains complex.

One element, however, is crystalline no matter how plainly or intricately it is described. The major challenge to capacity building across nonprofit organisations of all sizes, services and nationalities is financial capacity. In a recent Johns Hopkins study, 81% of organisations reported funding as a major challenge (Salamon and O'Sullivan 2003). In total, 91% reported some level of financial stress over the past year with over half, 51%, reporting severe or very severe stress (Salamon and O'Sullivan 2004). Underlining that organisations do not simply need more money but "better money", Canadian Centre for Philanthropy (2003) notes that organisations want more stable, longer term funding. Other financial challenges include funder education and development (Backer 2001; Kibbe 2004), government cutbacks, overemphasis on project funding and competition for scarce resources (CCP 2003).

Challenges of human resources and organisational management include isolation from other nonprofit organisations or national infrastructure, recruiting and retaining volunteers and/or board members, issues with governance, legal requirements, negative public perceptions and negative media coverage (Backer and Barbell 2004; CCP 2003; Light 2004; Rochester et al. 1999).

Methodology

The Giving Australia study was a landmark, year-long effort to measure Australia's giving landscape from donor, business, foundation and nonprofit perspectives. As well

as the qualitative research reported here it involved significant quantitative research with three key constituencies: individuals, businesses, and nonprofit organisations.

Qualitative research undertaken with nonprofit organisations included six focus groups spanning various capital cities and regional centres as well as five in-depth interviews and three expert panels nationally to review the themes and refine the analysis. The purpose of the qualitative research with nonprofit organisations was to explore the range of issues and attitudes to capacity building and to understand these concerns in greater depth than answers to a survey question might allow. The face to face nature of the methods also facilitated questioning of nonprofit leaders and managers on suggestions for ways to improve capacity of the sector in the future. Qualitative research is well suited to research questions such as these that seek insights and explanation into processes or links (Yin 1994). As distinct from surveys, qualitative methods provide deep, rich understanding of human phenomena in contemporary, complex contexts (Gilmore & Carson 1996; Patton 1990; Perry et al 1997; Stake 1995).

Focus group participants predominantly comprised CEOs and fundraising/development managers across varying size nonprofit agencies from micro, totally volunteer organisations to very large entities. Group sizes ranged from seven to twelve participants. Wide-ranging cause areas were represented from arts to social welfare, from animal refuges to hospitals, from the environment to sports.

Both benefits and challenges flowed from the wideranging input across causes and roles. A plus was the ability to highlight the common cross-sector issues as well as those cause areas that might be faring better or worse than others. Some cause areas had peak body input to capacity building already while others were isolated in contrast. The restriction was the limited delving available into the unique issues of any one cause area. This quest could be a topic for future research. The input of different roles provided insights to the relative priorities of different segments of the organisations, according to their duties. While primary issues were the same across job roles, a very hefty concern with government issues was evident particularly from CEOs, who work most often at this interface.

In-depth interviews ran for approximately one to one-and-a-half hours and were conducted with experienced nonprofit practitioners who had occupied leadership positions and who could give panoramic views of the sector and its needs. One expert panel was conducted halfway through the data gathering at the national Fundraising Institute Australia conference to test emerging themes. Two further expert panels were formed as email groups to provide thoughts on the overall data and its implications. Two researchers attended each focus group – one to facilitate and the other to observe and record. An immediate debriefing to capture key themes and then a later write-up after listening again to the tapes were the strategies used to distil the range of attitudes and the recurrent themes. These themes were then tested with subsequent interviewees and with the expert panels. The purpose was to ensure all salient issues had bubbled up from the data and that the patterns had some resonance with very experienced practitioners.

Data analysis

The data reinforced the main capacity concerns highlighted by nonprofit organisations overseas. An intertwined set of organisational, financial and human resources issues emerged as top of mind for Australian nonprofit entities.

Financial issues

As in the overseas scenarios, financial concerns were very high amongst Australian nonprofits.

*[Funding] is paramount'
Funding is the ultimate issue for us.*

Several angles emerged about funding issues.

Rising compliance and risk management demands. While high administration costs were an oft cited worry for community members in the public focus groups undertaken as part of the wider Giving Australia work, it was also a concern for nonprofit managers from a different stance. Both community and nonprofits ultimately were focused on better mission outcomes. While community respondents to the study were anxious that nonprofits were somewhat incompetent or self-interested in managing donated or taxpayers' funds, the nonprofits in contrast worried about significant time and money being chewed up unnecessarily in rising compliance and risk management demands. This attitude was evident across all entity sizes but most acutely was affecting very complex and very small nonprofits. The 'small fry' commonly reported a lack of both people and systems to meet new compliance requirements.

They [small nonprofits] are just going along with committed, lovely, well meaning people but [it's not enough because] the environment has changed.

Compliance issues commonly mentioned included:

- governance,
- qualifications for service delivery,
- accreditation,
- onerous evaluation and reporting on contracts/grants, and especially for some,
- a grappling still with the Goods and Services Tax (GST).

Key risk management challenges were:

- public liability and
- volunteer management.

These were seen as unnecessary burdens that meant 'firefighting' and diverted management energy away from cause challenges and strategic approaches. The upshot was less time to devote to the positive cause activities such as raising needed funds or capitalising on opportunities.

It's sad to see us not being able to do the things we could do...opportunities are going begging.

Small nonprofits feared for their survival, given concurrent funding instability. Widespread concern was expressed that this often very locally knowledgeable and focused tier in the sector could be lost, with devastating community consequences. Special assistance was needed to ensure their survival.

We contribute something government can't – time and personal touch..we have a little niche...the bigger you get sometimes you are getting away from the onsite needs.

Overall, participants reported increased financial volatility for their individual organisations, and for the sector generally.

Funding instability. Participants commonly reported marked changes in their organisation's financial stability, with this volatility stemming from perceived shrinking of traditional Government funding, including:

- fewer dollars over shorter periods,
- no linkage to the Consumer Price Index (CPI) ,
- a sense of having to fit a political flavour of the month to win funding, and particularly
- little infrastructure funding.

We have had to cut back on our services because we don't get CPI increases.

Funding is No. 1. It's a huge issue.

...if you can create your structure.. to fit their [the government's] policy, then you're more than likely to get the dollars...community groups have been more and more pushed into responding to government in order to get funded rather than responding to the community.

Short term survival strategies had become the norm, despite expectations that demand for their services was likely to escalate in ensuing years.

A more balanced portfolio of funding sources was of crucial interest, to spread risk. Opportunities for future funding and sustainability were seen as likely to come from private non-government sources, such as:

- private foundations, (*Most fundraisers don't realize the potential to develop this area'*)
- new types of business partnerships,
- new types of investments that would generate funding, or
- fees for services.

Despite pondering these potential areas, however, these new opportunities were seen as hard to exploit and unpredictable. The participants' organisations lacked skills to move into non-traditional funding areas. For example, growing corporate/business support was seen as highly desirable but challenging. How could they attract and manage it? Also they perceived businesses as preferring contained nonprofit projects rather than on-going service delivery.

If you have a specific project, this really helps with fundraising.

Infrastructure funding was a robust concern. Nonprofits could not pass on costs to clients (unlike corporates facing higher costs of doing business). Neither did they believe the public understood these costs nor the importance of a sound infrastructure base of administration, marketing and fundraising for their mission operations. Transparency was favoured but not at the cost of donor support. Result: knee jerk short term survival strategies and little future planning.

People don't want to fund administration but it's critical for us.

We are very low in admin but we still need it.

The expectation that it was not only possible, but ideal, for nonprofits to only rely on volunteers and for all funds received to go into actual service delivery was widely perceived to be a serious barrier for the nonprofit sector. It was a myth, reinforced by the media and some nonprofits themselves, that was perceived by many participants as dangerous because it encouraged weak infrastructure, putting nonprofits and their missions at risk. Further, the hidden nature of such real costs was also seen by some to constrain comparison of infrastructure costs within the sector.

Human resources issues

Leadership. More leadership was seen as a vital injection at all levels - sector, board and CEO. Leadership expertise was seen as crucial to improving the financial and organisational/environmental problems mentioned as key barriers facing the sector. Leaders were seen as likely to bring the needed changes such as visionary nonprofit joint ventures and productive negotiation with Governments toward stronger partnerships. This was needed because nonprofits, in the experience of respondents generally, were suspicious of cooperation and fearful of losing contracts to others. Difficulties of working with organisations with different values and priorities were raised along with the issue of growing competition for funding. Because of the efforts needed just to keep the lights on in their organisations, less energy and time was available to trial potentially time consuming joint ventures. Several CEOs called on CEOs and Board Chairs generally as part of their 'bigger picture thinking' to articulate a vision beyond their immediate organisation to better tackle shared concerns.

Nonprofit respondents also were concerned that the level of public debate about community problems was stifled because fulfilling their roles as the voices of their missions, and often the voice of the voiceless, was likely to attract political backlash and threatened funding.

We have decided that we won't seek the government dollar, remain independent.

Volunteers. Insurance risks were dampening volunteerism according to nonprofits. Greater protection was needed for volunteers. Many reported volunteers dropped out when they received training about their obligations. Further, traditional recruitment, time commitment and activity use were not appropriate for new volunteer breeds (eg. young people and baby boomer retirees). Nonprofits needed to grapple with delivering more choice to volunteers (eg. episodic projects rather than decades- long loyalty). A huge untapped volunteer capacity was perceived – despite organisations and volunteers reporting poor treatment and management of volunteers. Respect for the volunteer role and the quality of volunteer management were issue areas and the whole volunteer discussion was seen to be one that would only grow in importance over time. Volunteers were seen as pivotal.

If we all [said] it's a Volunteer Free Day today, ...the country would just stop. But they wouldn't do it. They're too committed.

If you have 340 volunteers, you need 3-4 people to coordinate that and make sure they're looked after...

They burn these people out really fast

Attracting quality fundraising personnel. For some CEOs, fundraising was seen as expensive and difficult. Investment in fundraising staff could only be justified if there was a good return and this was a risk because of the challenge of finding good fundraisers.

We shut down our fundraising department...it was costing us more to run than we were getting in.

Key factors in this small pool of potential employees were:

- lack of training especially regionally, or in opportunity areas such as winning corporate support. (Current education/training efforts were

applauded but there was a call for more courses, conferences, seminars, templates and best practice guidelines.)

- need for more single-cause support networks (eg. Research Australia) which could also help with tailored training, and
- the profession not being attractive to the best and brightest and having poor community regard. (A related issue from Giving Australia individual focus groups is the discomfort level of everyday Australians with perceived high nonprofit salaries and perks).

The image of the sector is a problem. People think it is not paid or wonder if it's fulltime.

I know a charity where the CEO drives a Merc. That's just not on.

Fundraisers reported high stress in their environments, particularly in organisations where the CEO, board and organisational understanding of the role and its professionalism was lacking. Organisational *misunderstanding* was the norm. The pressure for instantaneous results and measures being made purely in short term dollar returns were highlighted.

The pressure to achieve [in the short term] is very high.

It's important for fundraisers to work closely with other managers [because] what you do impacts on others.

Internal co-operation is essential.

Staff attitudes can be obstacles to your effectiveness.

Small nonprofits were limited in fundraising but desperate to learn more. Lack of staff numbers meant high stress.

...they spend so long working on a funding submission and they are supposed to be taking crisis calls as well, and some of these people are suicidal ... it's really heavy.

Similarly, location affected fundraising concerns. For instance, nonprofits outside of centres such as Sydney and Melbourne felt the need to be more innovative and faced tougher times accessing training, skilled staff and donor support.

It is easier for [nonprofits in Sydney and Melbourne] because they have a larger population to work with.

[It's problematic because] you have to talk to people in Sydney and Melbourne ... that's where the decisions are made.

The organisation and its environment

Capacity building v. sustainability. An assumption of the nonprofit sector as paternalistically needing help because it was somehow lacking in skills was considered both insulting and mistaken by experienced nonprofit leaders and personnel.

Government relations. The key environmental issue/opportunity raised by nonprofits was its relationship with Governments. Some ten points emerged, namely:

1. funding matters mentioned earlier,
2. difficulties caused by variations in state legislation affecting them organisation-wide, (while regulation was seen as good in principle, for example licensing of fundraisers, lack of harmonisation and difficulty of working with several different systems was seen as unworkable)
3. lack of sector consultation/understanding in framing legislation,

4. an agreed need for transparency but also for regulation to be workable and informed (eg. the complexities of measuring fundraising efficiency),
5. imposing standards of transparency the Government themselves does not adhere to,
*They expect us to do what they are not doing.
They should practise what they preach.*
6. poor coordination/exchange between government funding 'silos', (a huge mountain of paperwork was spoken about in reporting on government grants that could be eased by more intradepartmental communication and cross-fertilisation of approaches and ideas. For example, problems like drug and alcohol abuse affected disability and mental health and a multi-department approach was appropriate in these instances rather than the current more disunified attack on the problems).
7. little valuing of nonprofit contribution/experience by what are perceived as inflexible bureaucracies with little real understanding of the realities of nonprofit business,
*Community need doesn't happen on 1 July and finish on 30 June. You can't say 'it's May so we can't afford to have any more ...problems now, if you could just hold off on that...'
They are very proscribed about the deliverables.*
8. difficulty of finding effective solutions to complex community issues due to the risk averse mentality of Government funders. (CEOs wanted appreciation that nonprofits mostly proffered more innovative and cheaper service delivery than others including government;
*What we can bring to the community is being lost.
We build and sustain social capital. Governments don't value that.*
9. perceived pressure not to advocate on behalf of needy groups, despite this being central to many nonprofit missions as discussed earlier,
This is our raison d'être.
10. potential for broad sector-wide sustainability conversations (eg. what will volunteering be like in 20 years etc).

Giving incentives. Cynicism was evident in some groups about capacity support programs from government, seeing it as a control mechanism. Nonetheless, Government encouragement of private sector giving was seen as highly desirable (eg. community business partnerships). Business partnerships were favoured but seen as hard to manage well.

You have to create things for them to do.

Everyone wants to work [in service delivery] but this is a very sensitive area for us

Much untapped philanthropy was perceived across all markets.

There's no shortage of it out there...this [potential to give] just needs some strategies to harness it.

Limited awareness of current tax incentives was shown by nonprofits but they held a benign view that they might help (with the exception of some charities who felt threatened by Prescribed Private Funds taking money that may have flowed earlier and directly to them).

Widespread support for maintaining tax deductibility for donations was shown but suggestions to raise the minimum contribution to reward higher dollar gifts was expressed. Interest in matching gift programs by government/business and the UK Gift Aid system was also evident.

More recognition was seen to be needed for businesses that support community and a public register of business giving was one idea.

This means something to Boards, to a CEO.

Rebuilding sector credibility. Nonprofits believed community attitudes had been badly affected by the taint of a few bad apples reported in media and by the aggressive and offensive approaches of some fellow nonprofits (eg. telemarketing, 'chugging', use of paid commission agents).

It [telemarketing] really annoys people...the organisation may employ this as a short term strategy but it creates a negative impact in the longer term.

'Chugging' – or charitable 'mugging' – signing up people in the street for monthly donations on their credit card - was seen as questionable by some nonprofits from more traditional spheres. They believed the practice would have a negative impact on donors and potential donors. On the other hand, organizations that were experiencing success from this vehicle were highly critical of the closed mind attitudes of industry associations and other charities and called for more objectivity.

It was generally agreed that there were greater expectations of accountability for the nonprofit sector than any other. However, what these expectations *should be* was unclear because nonprofits did not have the same lines of accountability as business (such as to their owners) and they are relatively independent from government.

Generally, there was a sense that there had been a loss of confidence by the public in nonprofits and the call to do more to build credibility of the nonprofit sector with the public was widely supported. The more that nonprofit fundraising came to depend on public donations, the greater that having the confidence of donors was seen to be important.

We are extremely vulnerable [to community attitudes].

The sheer numbers of nonprofits seeking support was also a concern as increased requests were seen as putting donors under pressure. Nontraditional fundraisers such as schools were cited as adding to the perceived donor fatigue.

Stronger brands and closer donor relationships were needed to address this challenge of stiffening competition according to nonprofit participants. There was also support for greater transparency and for regulation to help keep public confidence.

Key themes and issues for the future

The data suggests a bias on the part of Australian nonprofits toward internal capacity building strategies which often mirror overseas concerns (financing, CEO/Board training, volunteer coordination, status of fundraising in the organisation and so on). Yet, the wider literature points to the benefit of a more outward looking view (keeping a comprehensive database of the sector, documenting trends, benchmarking, creating

models and structures for sustainability, having a greater research culture and emphasis on knowledge base).

This more global focus was nonetheless evident to some degree in the raising of issues such as creating new levels of leadership, increasing government/sector dialogue, creating long term sector discussions on crucial issues such as volunteering, rebuilding sector trust and credibility.

The data suggests that a change of attitude to nonprofit capacity is overdue. As Light concludes, 'Nonprofits have been doing more with less for so long that many now border on doing everything with nothing' (Light p.14).

On the matter of potentially onerous compliance and risk management requirements from government and other funding sources, there is a clear need to confirm and address precise concern areas jointly between the funders and nonprofits.

(QUT's Centre of Philanthropy and Nonprofit Studies has begun a pilot study in this area in Queensland). Potential improvements may include templates for evaluation, reporting and risk management and more whole-of-government approaches. Helplines for small nonprofits and greater assistance with public liability concerns are indicated.

Given unstable funding and escalating service demand, a more realistic understanding of infrastructure funding and the import of CPI adjustments needs to exist in funding sources, an education role potentially for government and sector peaks alike. The model of US foundations as actively funding infrastructure and capacity building programs may benefit Australia. Assistance to nonprofits in accessing alternate funding sources to obviate reliance on too few funding streams is another imperative, perhaps through promotion of more single cause peak activity.

The similar lack of public understanding of the cost of doing nonprofit business (including infrastructure costs) and the need to measure/rebuild/track trust in sector likewise necessitate communication strategies. Potential for a website such as the UK CharityFacts⁴ site to increase public understanding exists in Australia.

Potential exists also to work with boards on achieving long term sustainability and this links to the role for programs that increase the calibre and number of nonprofit leaders. Education, training, recruitment, evaluation, mentoring, recognition and status of nonprofit leadership are all fertile areas for more work. Similarly, the understanding and recognition of fundraising as a profession is an environmental change that may have positive impact across many organisations. Wider training/education strategies are needed for fundraising/development personnel to support regional needs, single-cause specialisms and small organisations – specially in donor relationships and cause branding. Best practice guidelines may be possible or even Australian standards.

With public liability and directors and officers insurance costs impacting on volunteerism, new schemes may be needed but particularly more training to reduce risks. The need to recruit specific generations of volunteers in appropriate ways and boost volunteer management focus are valuable feedback messages for Australian nonprofits.

Harmonisation of state legislation in consultative form is a topic for discussion with sector peaks, along with the potential benefit of more 'venture/risk capital' thinking from governments in partnership with nonprofits.

The role of nonprofits as the voice of the voiceless needs further discussion as the benefits of advocacy from informed sources has long been documented as a key contribution of the sector.

The question of greater sector collaboration has been quite comprehensively addressed in various overseas programs (Guo and Acar 2005) – collaborations between nonprofit organisations but even more importantly between nonprofits and funders, support organisations, government and business. Some nonprofits have discovered the value of collaborations out of necessity (e.g. due to funding cuts or competition for scarce resources) and find that larger nonprofits paired with smaller nonprofits brings benefits to both (Kohm 1998; Mitchell and Drake 2005); small organisations gain access to the ‘immense intellectual property of large organisations’ while large organisations gain access to ‘community intelligence and access to local providers they had previously had little contact with.’ (Mitchell and Drake 2005).

Backer and Barbell (2004) describe half a dozen collaborations as models of local infrastructure. One partnership in New York brought together funders, evaluators and nonprofit organisations around philanthropic grantmaking.

In California, a university research centre, a volunteer’s centre and a private research centre coordinate capacity building for nonprofits, foundations and individual donors. Another partnership in California consisting of a foundation, a peak body and a nonprofit organisation provides capacity building resources to over 2000 nonprofits in one county including a Circuit Rider Program to help local nonprofits with their technology needs and links to a national volunteer and executive training program.

Brown and Neal (2002) point out that although the sector in Australia has made inroads into establishing an ‘industry plan’ (through the work of both state government initiatives and peak body organisation reports) it still lacks standard features of a ‘commercial industry strategy’ that they suggest is both appropriate and vital to the future of the sector. Missing standards include research and development in the sector; internal linkages and networks between stakeholders; monitoring services for duplication and coverage; critical core competencies and training; skills development and knowledge transference (pp. 26-27). These features would not only echo the Australian for-profit standards that Brown and Neal discuss but also overseas nonprofit standards for a whole of sector approach (Light 2004; Pratt 2004).

Some foundations in the USA have been moving away from ‘project funding’ and into capacity building endeavours for the benefit of whole communities and sectors. Rather than fund one activity of an individual nonprofit organisation, they fund organisations working on building the capacity of an entire community or sector with the aim of creating a stronger, healthier society – or at least a stronger, healthier *aspect* of society (Backer and Barbell 2004; Light 2004, Pratt 2004).

Another aspect of capacity building support in the UK and the USA but not so much in Australia, is Management Support Organisations (MSO’s), Community Service Organisations (CSO’s) and Infrastructure Organisations (IO’s). These nonprofit organisations both support immediate individual needs of other nonprofit organisations as well as sector wide needs such as advocating for and providing a sector voice in public policy; and like the sector they serve, their sizes, types and activities are numerous and diverse (Abramson and McCarthy 2002; Kearns 2004).

Conclusions

This paper pinpointed issues of concern to nonprofit organisations in Australia and suggested ways they might receive more focus toward resolution. It has also highlighted the understanding of key players about what constitutes capacity building

and the potential to broaden the Australian view of the concept. The data reported underlines the need to strategically build greater sustainability in the sector and to take a broad rather than individual organisational view toward achieving this outcome.

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¹ www.guidestar.com

² www.givewell.com.au

³ www.reichstein.org.au

⁴ www.charityfacts.org