



**Summary Report of  
the Medina Foundation  
Rural Initiative  
Capacity Building Grants**

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## **Summary Report of the Medina Foundation Rural Initiative Capacity Building Grants September 2012**

The Medina Foundation launched a Rural Initiative in 2004 to learn about the nonprofit organizations based in communities outside of King, Snohomish and Pierce counties whose work was aligned with the mission of the Foundation. The goal of the effort was to increase grantmaking to these rural communities. Through this work, the Foundation saw the organizational capacity challenges that these nonprofits face and found that there were limited opportunities to focus on these issues due to lack of funding and limited local resources. In addition, in 2009, Medina Foundation was one of seven foundations that commissioned a study to better understand the capacity building resources in the state of Washington. The Medina Foundation used this report to inform its own grantmaking and, as a part of its rural initiative, it awarded 11 capacity-building grants totaling \$200,350 to organizations in Whatcom and Skagit counties.<sup>1</sup> These one-year grants were awarded in September 2011.

This report summarizes information gleaned from the original grant proposals, final reports submitted this September, and phone interviews with representatives from each grantee organization. The report contains four sections:

- Who the grantee organizations are, what they proposed to do with the funding and what they hoped to achieve;
- What the grantees that focused on fund development learned and achieved;
- What the grantees that focused on marketing and communications learned and achieved; and,
- Overall lessons learned by the grantees and suggestions for the Medina Foundation.

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### **Who the grantee organizations are, what they proposed to do with the funding and what they hoped to achieve**

All 11 grantees provide human services to Skagit and/or Whatcom counties. Six of these organizations serve Whatcom County exclusively, two serve Skagit County exclusively, and three serve both counties. The grantees provide a variety of services to their community, including:

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<sup>1</sup> See Appendix A for list of the Medina Foundation rural initiative capacity building grantees.

- Providing food, housing and clothing to those in need (6);
- Working with children and youth (3);
- Preventing child abuse (1); and,
- Improving adult literacy (1).

There is a wide variety of size among the pool of grantees. Five grantees have annual budgets under or equal to \$500,000. Two organizations have budgets just under \$1 million. Another two have almost \$2 million budgets and two more have budgets of \$6.5 million and \$22 million. Amount of staffing also varies among the grantees, from an all-volunteer staff to a staff of more than 180.

All of the organizations received funding from the Medina Foundation to undertake capacity building activities. Grantees used the funding from the Medina Foundation to support different areas of their capacity. A majority of the organizations used funding to strengthen their fundraising capacity (7), and their communications and marketing efforts (5). A few others used funding to strengthen their information technologies (1), undergo program planning (1), strengthen internal communications (1), and strengthen governance (1).

Most of these organizations cite program cuts and the economic downturn as the key driver for seeking capacity building grants. Five of the organizations are facing public funding cuts, whether federal, state or local funds. At the same time, five organizations stated that they are facing a growth in programs because of need in their communities due to the economic downturn.

With the need for more services but fewer resources to support them, many grantees state that their staff are overtaxed and spread thin. They used the capacity building funds to find new efficiencies in their programs and organizations, whether developing new funding strategies or communications plans. Two grantees are undergoing or are planning to undergo capital campaigns in the near future for new buildings.

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***"Within the last five years we've seen the need for our services grow exponentially from 9,000 service encounters in 2005 to 19,000 this year. Facilities and staff have been taxed to their utmost limit with little or no opportunity and resources to address communications and fundraising."***

***"Meeting the twin challenges of a spike in local poverty and shrinking traditional resources will require us to discover new ways of doing business."***

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When asked how the capacity building efforts they undertook improved their programs and services grantees report that the following outcomes have already happened or are expected to happen:

- Improved services (such as an increase in volunteers and/or new partnerships for programs) through increased community awareness (7);
- Improved organizational sustainability due to an increase in donations and improved donor retention rates (6);
- Better support for programs and increased capacity (by connecting with more volunteers) (3);
- Improvements in internal communication and governance (2); and,
- Improved service delivery and evaluation methods (1).

Seven of the 11 grantees state that they accomplished their proposed goals and many feel that the supported activities were transformative for their organizations, creating widespread cultural shifts at the staff and board levels. The four organizations that did not meet their goals were focused on their fundraising.

The next section outlines some of the reported achievements and challenges among the grantees that focused on fundraising.

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### **What the grantees that focused on fund development learned and achieved**

Of the seven grantees that worked to strengthen their fundraising:

- Three organizations designed development plans to cultivate and retain individual donors;
- Four organizations trained board members on how to fundraise;
- Three organizations produced new marketing materials for fundraising; and,
- Two organizations upgraded their donor tracking software.

All grantees state that the capacity building efforts have made their fundraising more effective. Some feel that they can reach out to potential donors more quickly. Others feel they have trained their staff and boards to help with the fundraising, thereby increasing their overall fundraising capacity.

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***"We are now able to more accurately cultivate, track and strengthen our stewardship of donors across the organization."***

***"The impacts have been significant, nothing short of wide-spread culture change, both at the staff and Board levels, embracing a culture of philanthropy and individual donor cultivation."***

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Four of the grantees are still working to reach their proposed development goals related to their capacity building grants. One grantee is still producing marketing materials while another is still working on producing consistent messaging. A few of the challenges faced by these grantees included:

- Too much work for the staff (2);
- A difficult shift in board culture (2); and,
- A change in consultants during the process (1).

Two grantees state that their new fundraising efforts have created more work for the staff. Additionally, one grantee is concerned that it will need ongoing leadership to keep these activities moving.

To ensure continued dedication to fundraising, three grantees have hired additional part-time or full-time development staff to continue to lead their fundraising activities.

Another major challenge these grantees cite is a cultural shift that took place in their organization, such as moving their boards into fundraising for the organization. Two organizations had a difficult time working with their boards to help members understand their role as fundraisers. One grantee needed to extend their timeline with additional fundraising training for the board and Web site redesign. One of these grantees experienced board attrition because some members decided they didn't want to be a part of a fundraising culture to support the organization.

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***"The board was really excited in the beginning and then they petered out in the middle of the grant... They weren't excited about doing the work. The board was not traditionally a fundraising board and they were not used to this aspect."***

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One grantee had an unexpected change of consultants in the middle of the project, when the anticipated work changed from developing a fundraising plan to implementing it with its board.

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## **What the grantees focused on marketing and communications learned and achieved**

The five grantees that focused on marketing and communications state that they achieved all of their marketing and communications goals. Activities included:

- Clarifying and defining messaging (4);
- Developing a new Web site or revamping their old site (4); and,
- Developing marketing materials other than a Web site, such as banners, newsletters, videos and brochures (4).

All of these grantees cite that they anticipate increasing community awareness and support of their programs and services. This includes more volunteers, donors and partner organizations. Two organizations believe that they have strengthened their ability to quickly respond to opportunities to connect with the community, including new donors.

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***"Our ability to attract more community support and revenue will be the result of increased awareness."***

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While most of these organizations produced marketing tools as a part of the grant, three grantees feel that they could have used more time to fully implement and test out their messaging and communications.<sup>2</sup>

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***"The time frame was too short to see the goals of the project through. We are on our way but we could have used another six months to a year to see results."***

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## **Lessons learned by grantees and suggestions for the Medina Foundation**

All of the grantees are extremely appreciative of the Medina Foundation funding. In particular, they are grateful for funding dedicated to the health of their organizations rather than to specific programs. They also recognize the Foundation's leadership in this area. Without this funding, these grantees state they would not have been able to do this work.

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<sup>2</sup> These three organizations were also focused on fund development.

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***"Medina Foundation's investment in capacity building efforts is rare. It would be great to see bigger investments in a fewer organizations rather than a little money for one-time capacity building efforts. Impact would be deeper that way."***

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The following were the most recurring suggestions for the Medina Foundation as it continues to hone its capacity building strategy:

- An organizational assessment is valuable to the proposal process;
- Consultants can be an essential part of capacity building efforts;
- Additional time is needed for organizational change;
- There is an opportunity for peer learning; and,
- Medina Foundation's leadership can influence other funders.

### **An organizational assessment is valuable to the proposal process**

All of the organizations either used an organizational assessment tool before applying for a grant with the Medina Foundation or had some sort of strategic planning activity that helped define their proposed capacity building activity. Most state that this groundwork was essential for their success, providing them with clear goals. For example, one organization thought it needed more space for its programs. After an organizational assessment, staff realized it was "putting the cart before the horse" and needed to have a development and marketing strategy in place first to support sustainability of a new space.

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***"The organizational assessment should be a requirement for this kind of grant."***

***"One of the most important things was already having a plan in the beginning."***

***"It takes a while to move a big ship. We had already identified what we needed and were primed and ready. If the organization hadn't been in this place, they could not have done this work in twelve months."***

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### **Consultants can be an essential part of capacity building efforts**

There were only two organizations that did not use consultants as a part of their grants. The other nine organizations that used consultants found their engagement successful, with the exception of one organization that switched to a new consultant during the grant. The following consultants were used by the grantees:

- Donor strategy and board training (4);
- Marketing branding (2);
- Leadership coaching (1);
- Web Designer (1); and,
- Team building (1).

A few of the organizations used more than one consultant. For example, one grantee used both a leadership coach and the board coach. The grantee found this arrangement beneficial, as the consultants' styles complimented each other yet they were focused on very different tasks. Two organizations state they needed more funding for their consulting engagements. One grantee switched to local consultants that were more affordable, while the other grantee was able to use funds from additional funders to cover the remaining consulting fees.

### **Additional time is needed for systemic change**

Many of the organizations feel that they could have used more time to implement their capacity building efforts. Most of the organizations state that they had begun to see needed cultural shifts and systemic changes, but needed more time to completely achieve them. Others feel they needed more time due to lack of staff time for the grant activities. Others experienced staff and/or board attrition and had to get everyone up to speed and invested in the process. Because of these challenges, at least five organizations suggest that the Foundation provide multi-year funding for these types of grants, whether or not more money is involved as well.

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***"We needed 18-24 months for this kind of systemic change in the organization."***

***"A three-year grant would ensure more successful completion of the overall goals and sustainability."***

***"It's a long journey to change the culture of the board. It will take a little longer for it to happen."***

***"Capacity building is not just a one off thing. The Foundation should make a commitment to a multi-year process. We are just starting to see an impact."***

***"There was a massive culture change at the board level – this takes a minimum of a year to shift the dial on that and there's no way to make it happen faster."***

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***"We're getting there but the systemic change is taking longer."***

### **There is an opportunity for peer learning**

Many grantees express an interest in learning more about what their peers did with their capacity building grants. They would like to network with their peers and share lessons and resources. They believe that hearing what others did and the lessons others learned might help them with their future capacity building efforts.



**Medina Foundation's leadership can influence other funders**

Lastly, grantees state that Medina has credibility to help change funders' attitudes toward capacity building and operating grants. One grantee believes it received two additional capacity building grants because of Medina's imprimatur. As a philanthropic leader, grantees would like to see Medina Foundation continue to fund capacity building grants and encourage other funders to do the same.

**Appendix A**  
**List of the Medina Foundation**  
**Rural Initiative Capacity Building Grantees**

| <b>Grantee Organization</b>                      | <b>Grant Amount</b> |
|--|---------------------|
| Anacortes Family Center                          | \$20,000            |
| Assistance League of Bellingham                  | \$20,000            |
| Bellingham Food Bank                             | \$15,750            |
| Big Brothers Big Sisters of Northwest Washington | \$20,000            |
| Boys & Girls Clubs of Whatcom County             | \$20,000            |
| Brigid Collins Family Support Center             | \$20,000            |
| Hope House                                       | \$20,000            |
| Northwest Youth Services                         | \$18,600            |
| Opportunity Council                              | \$20,000            |
| Skagit County Community Action Agency            | \$20,000            |
| Whatcom Literacy Council                         | \$10,000            |