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Indiana Nonprofit Capacity Survey Series
Report #2

NONPROFIT CAPACITY ASSESSMENT: INDIANA'S ARTS AND CULTURE ORGANIZATIONS, 2009

SUBMITTED TO THE INDIANA ARTS COMMISSION

PRELIMINARY REPORT, MARCH 30, 2009

**KIRSTEN A. GRØNBJERG
AND KELLIE MCGIVERIN-BOHAN
WITH
JENNA CLUVER, SUZZY MANGAS,
AND JESSICA WECHTER**

**THE SCHOOL OF PUBLIC
AND ENVIRONMENTAL AFFAIRS
AT INDIANA UNIVERSITY**



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PREPARED BY

KIRSTEN A. GRØNBJERG

PROJECT DIRECTOR

Efroymsen Chair in Philanthropy, Center on Philanthropy at Indiana University
School of Public & Environmental Affairs at Indiana University

KELLIE MCGIVERIN-BOHAN

School of Public & Environmental Affairs at Indiana University

With

JENNA CLUVER, SUZZY MANGAS, AND JESSICA WECHTER

School of Public & Environmental Affairs at Indiana University

For more information, see www.indiana.edu/~nonprof

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I. INTRODUCTION

The current economic crisis is threatening the financial health of not only American families, businesses, and all levels of government, but also the nonprofit sector. In late 2007, when the Indiana Arts Commission (IAC) asked us to plan a survey of the CAPACITY BUILDING and TECHNICAL ASSISTANCE needs of Indiana arts and cultural organizations, the crisis was not yet evident to most observers. By fall 2008, when we were able to launch the survey, the economy was deteriorating rapidly and it was clear that nonprofit arts and cultural organizations would be hard hit.¹ Cuts in public spending, shifts in donor concerns, plummeting endowments, and less discretionary income by patrons all threaten to reduce most of the types of revenues that these types of organizations depend on.

These developments are coming on top of a period when many funders, including the IAC, have encountered growing requests for capacity building and technical assistance. However, as we noted in our first capacity assessment report in 2007,² the meanings of these concepts vary widely and grant and policy makers have found it difficult to develop grant opportunities that effectively meet the needs of nonprofits.

As it turns out, this report is timelier than we anticipated back in 2007, and we hope it provides valuable information to Indiana policy makers and to the arts and cultural organizations that enrich the quality of life in Indiana.

A. Project Purpose

To identify major CAPACITY BUILDING and TECHNICAL ASSISTANCE needs and effective ways to address the needs, *Indiana Arts Commission (IAC)* has worked in partnership with the *Indiana University School of Public and Environmental Affairs (SPEA)* (in collaboration with the Indiana University Center on Philanthropy) to survey Indiana arts and culture organizations. The IAC is a state agency that advocates for arts development opportunities across the state, stewards effective use of public and private resources for the arts, and stimulates public interest in – and

¹ “Arts Groups Lose Out in Fight For Funds” by Mike Spector, *Wall Street Journal*, March 18, 2009.

² *Nonprofit Capacity Assessment: Indiana Charities, 2007*, by Kirsten A. Grønbjerg and Laney Cheney, with the assistance of Scott Leadingham and Helen Liu. Online report. Indiana Nonprofit Capacity Survey Series, Report #1. May 2007. (<http://www.indiana.edu/~nonprof/results/npcapacity/charitycapacityassessment.pdf>).

participation with – Indiana's diverse arts resources and cultural heritage.

The survey asked a sample of Indiana's arts and cultural organizations about the challenges they face across a broad range of management areas and the most effective ways to address them. Our sample includes both nonprofit and public/governmental organizations that provide arts and cultural activities (but excludes individual artists and for-profit organizations). For some survey respondents, these activities and programs define the organization's primary focus (e.g., theatre companies, community orchestras, art museums, etc.). For others, arts and culture comprise only a relatively small component of their overall mission (e.g., choirs and bands in public schools, theatre departments at universities, community centers offering art classes, etc.).

The purpose of this survey is to aid the Indiana Arts Commission and other Indiana grant makers in developing a framework for appropriate grant-making and other support strategies in the arts and cultural field. This will also benefit Indiana arts and cultural providers by ensuring that grant and policy makers have solid information about their capacity building challenges and about the utility of key strategies for addressing these challenges.

B. Survey Focus

The survey is an expanded version of our 2007 capacity building survey of Indiana charities conducted at the request of the Indiana Grantmakers Alliance with support from Lumina Foundation for Education. Like its predecessor, the IAC survey aims to develop a firm grasp of the underlying dimensions and nuances of CAPACITY BUILDING and TECHNICAL ASSISTANCE by asking responding organizations to identify their most significant needs in each area and the best ways to address them. To the most comprehensive assessment, we also asked respondents to assess specific challenges in broad categories of capacity building identified in the literature in order to establish which aspects present the most severe and/or widespread challenges. Finally, we asked respondents to indicate how helpful various types of funding, technical assistance, or peer learning would be in addressing these challenges. The full survey instrument is available at <http://www.indiana.edu/~nonprof/results/npcapacity/IndianaArtsCultureCapacitySurvey.pdf>.

C. Sample and Survey Procedures

The original sample consisted of all 1,792 organizations that have sought funding from the IAC or any of its regional partners since 2003. To administer the survey, we used a web-based format hosted by Vovici.com. To maximize response rates, the IAC first contacted potential respondents to alert them to the survey and request their participation. We followed that with invitations to participate in the survey and several follow-up contacts to non-respondents. In addition to promising respondents full confidentiality, we also offered several incentives: a summary of our final report to all those completing the survey and an opportunity for 12 respondents, selected at random, to have their organization featured for one month on the IAC's website. Finally, we experimented with an additional incentive by randomly selecting one-half of the organizations to receive a customized report that would allow each organization to compare its own "challenge scores" to

other similar organizations.

In all, 280 organizations completed the survey, 102 completed portions of the survey, while 22 organizations refused to participate and 973 did not respond despite repeated invitations for an overall response rate of 27.7 percent. The remaining 415 organizations in the original sample include 42 that are duplicates of other organizations, 70 that are ineligible for the survey, and 303 for which no valid contact information could be located. For a more detailed description of the sampling and survey procedures, see Appendix A.

D. Acknowledgments

We express our deep-felt gratitude to the many Indiana arts and culture providers who completed our survey. Without their cooperation, we would have nothing to report. We are especially grateful to Lewis Ricci, Executive Director of the Indiana Arts Commission, for inviting us to undertake the survey and to Michelle Anderson, Jayant “Jay” Singh Chauhan, April Blevins, Sarah Heying, and Rex Van Zant, for their valuable feedback and assistance with the survey. We also thank Stephanie Cave, Laney Cheney, Helen Liu, Li-Chuan (Tammy) Liu, Rebecca Nannery, and Becky Nesbit for their contributions to the project design and analysis. The support and efforts of all of these strengthened this work enormously and we are grateful to them all. Of course, any remaining problems reflect our shortcomings entirely.

In addition to funding from IAC, support has been provided through the ongoing project on the Indiana Nonprofit Sector: Scope and Community Dimensions. This project, directed by Kirsten Grønbjerg, Efroymsen Chair in Philanthropy at the Center on Philanthropy, is currently funded by the Efroymsen Fund at the Indianapolis Foundation (an affiliate of the Central Indiana Community Foundation), the Indiana University Center on Philanthropy’s Indiana Research Fund (supported by Lilly Endowment, Inc.), and the School of Public and Environmental Affairs at Indiana University.

E. Suggested Citation

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An electronic version of this report is available on the Indiana Nonprofit Sector Project Web site, see <http://www.indiana.edu/~nonprof/results/npcapacity.html>.

II. EXECUTIVE SUMMARY

A. Capacity Building Challenges

We selected seven dimensions of capacity building that were most prominent in the literature and asked arts and culture organizations in Indiana whether indicators within each posed a major, minor, or not a challenge. We find that financial resources pose the most challenges, followed by networking & advocacy, marketing, programs and planning, information technology, operations and governance, and human resources.

Financial Resource Capacity. All aspects of securing financial resources pose at least a minor challenge to at least 60 percent of Indiana arts and culture organizations. Obtaining funding or other financial resources in general, expanding the donor base and securing foundation or corporate grant support are viewed as a major challenge by more than 60 percent and as at least a minor challenge by more than 90 percent.

Networking & Advocacy Capacity. All indicators pose at least a minor challenge to more than two-thirds of the organizations. Enhancing public understanding of key policy issues and strengthening relationships with key policy makers pose at least minor challenges for more than 85 percent of arts and culture organizations and major challenges to a third.

Marketing Capacity. All indicators pose at least a minor challenge for more than 60 percent of respondents. Enhancing the visibility and reputation of the organization is at least a minor challenge for almost 90 percent and a major challenge for close to half.

Programs and Planning Capacity. All indicators pose at least a minor challenge to about half of the respondents, with attracting new members or clients a major challenge to more than two-fifths and at least a minor challenge to more than four-fifths.

Information Technology Capacity. All indicators are considered to be at least a minor challenge by more than half the respondents. Creating a comprehensive and interactive website and creating, updating and effectively using databases are seen as at least a minor challenge by more than three-fourths and as a major challenge by about a third.

Operations and Governance Capacity. All indicators pose at least a minor challenge for more than half the organizations. Undertaking strategic planning and training and/or developing the board are viewed as a minor challenge by about 70 percent or more and as major challenges by about a third.

Human Resources Capacity. All indicators of human resources capacity are identified as at least a minor challenge by more than half. Recruiting/keeping qualified volunteers or board members, as well as board training, are considered at least minor challenges by more than 60 percent and as major challenges by about 30 percent.

Helpful Assistance in Addressing Challenges

We asked respondents how they would rank the helpfulness of various types of funding, peer learning, and technical assistance. Overall, multi-year and general overhead funding are seen as very helpful by at least 80 percent of respondents, followed by endowment funding (71 percent), small targeted grants (61 percent), challenge grants (53 percent), and learning from peers (44 percent). All other types of helps were considered very helpful by no more than a third, although all types of assistance was considered at least somewhat helpful by more than half, except for cost loans (only 20 percent). The overwhelming majority (about 80 percent) also rated IAC project and operations funding as very helpful, as did 35 percent with regard to IAC regional training and workshops.

B. Nonprofit Views

To assess how nonprofits define and differentiate *Capacity Building* and *Technical Assistance*, we asked our respondents to describe (1) their three most significant capacity building challenges and the best ways to address each of these, and (2) their three most significant technical assistance needs and the best ways to address each.

Extent and Nature of Capacity Building and Technical Assistance Needs. We analyzed the extent to which respondents provided descriptions of capacity building or technical assistance needs as well as whether those descriptions included references to specific organizational changes or resources needed.

- Not all respondents identify major capacity building or technical assistance needs, but about 47 percent report having at least three capacity building needs, while only 22 percent described as many technical assistance needs. Overall, respectively 66 and 60 percent reported at least one need a given type.
- Respondents appear to have greater awareness of the types of resources than the nature of organizational changes they need in order to address their capacity building or technical assistance needs.
- Our results also suggest that *capacity building* and *technical assistance* have different meanings for arts and culture organizations. Technical assistance appears to be defined mainly as having to do with technology, while capacity building appears to be applied to broader functional areas, such as fundraising, human resources, general operations & governance, and marketing.

Three Most Significant Capacity Building Needs

- Only 24 percent of the 388 descriptions of capacity buildings include details on the nature and/or direction of organizational changes needed; another 48 percent contained only general reference to organizational activities. By contrast, 39 percent of the descriptions reference specific resources needed; another 38 percent identify only general types of resources.
- While needs related to financial resources are clearly the most prominent, those related to human resources, and operations and governance take on greater prominence when respondents focus on just their three most significant needs as opposed to assessing how challenging specific types of capacity building are.

Most Helpful Ways to Address Capacity Building Needs

- Our respondents listed the most helpful ways to address each of their three most significant capacity building needs. Some type of funding assistance was mentioned in 38 percent of the descriptions followed by human resources (21 percent). Various forms of marketing efforts were included in 13 percent and some form of external assistances in 11 percent.

Three Most Significant Technical Assistance Needs

- Of the 280 major technical assistance needs described, 46 percent include at least some details on the specific resources that would be needed, with another 29 percent identifying a general type of resource. Only 29 percent provided details on the nature and/or direction of organizational changes needed, with another 46 percent including only references to some organizational component.
- Almost half (47 percent) of the descriptions include some reference to information technology, with items related to human resources trailing far behind at 13 percent, followed by operations and governance (11 percent), funding (10 percent), and marketing (9 percent), with the remaining two categories even less prevalent.

Most Helpful Ways to Address Technical Assistance Needs

- Our respondents also described the most helpful ways to address each of their three most significant technical assistance needs. About a quarter included some reference to funding, followed by information technology and human resources (each about a fifth of the descriptions), and some form of external assistance (16 percent).

C. Summary and Recommendations

Based on our analysis of what respondents view as the most helpful types of assistance to meet various types of capacity building and technical assistance needs, we identify four priorities for the Indiana Arts Commission and other funders in the arts and culture field.

- Top Priority: Funding Assistance. More than 80 percent see multi-year funding and general overhead as very helpful. We recommend that Indiana funders give serious consideration to providing this type of support to arts and culture organizations seeking assistance with capacity building needs. Endowment funding, small grants and challenge grants targeted at particular areas of capacity building are also likely to be very useful.
- Second Priority: Peer Learning. The opportunity to interact with and learn from peer organizations is seen as very helpful by 44 percent of respondents and at least somewhat helpful by 89 percent. Thus, we recommend that arts and culture funders and other community leaders give serious consideration to creating opportunities for peer interactions and information sharing among executives and others in key arts and culture management positions, such as volunteer managers, special event coordinators, grant writers, and the like.
- Third Priority: Joint activities with other organizations. More than 32 percent indicate that joint activities with other organizations are very helpful, with 85 percent finding it at least somewhat helpful. We therefore recommend that funders explore ways to facilitate collaborative activities among arts and culture organizations.
- Fourth Priority: Support for Technical Assistance. Outside consultants, student interns, and workshops and other off-site training are viewed as very helpful by about three in ten or more of respondents and at least somewhat helpful by three-fourths or more. Thus, we recommend that funders give particular attention to identifying and supporting high quality consultants, student internship programs, and workshop or training opportunities.

III. KEY FINDINGS

A number of key findings stand out from our analysis of capacity building and technical assistance needs among Indiana arts and culture organizations.

Indiana arts and culture organizations face many capacity building challenges. When asked to assess a broad array of capacity building challenges, our respondents indicate that securing financial resources presents the most severe and widespread challenges, followed by networking & advocacy and marketing, with programs & planning, information technology, operations & governance, and human resources following in succession. From our preliminary data, we find that financial resources remains the most prominent type of capacity building need when respondents were asked about their own three most important needs in open-ended questions. Respondents, however, indicated human resource and operations & governance as the next most prominent challenges they face. These are followed by challenges in marketing, programs & planning, information technology, and lastly networking & advocacy.

Seven of the ten most prevalent major challenges are related to funding. Almost all of the specific capacity building dimensions across the seven broad categories pose at least a minor challenge for most nonprofits. However, more half of all respondents reported major challenges with: obtaining general funding, expanding the donor base, securing foundation or corporate grants, developing a capital campaign, building an endowment, and security government grants/contracts. At least 40 percent report major challenges with enhancing visibility, attracting new members/clients and writing grant proposals; at least one-third report major challenges with developing community communications and creating comprehensive and interactive websites.

Arts and culture organizations indicate that various types of funding would be very helpful in addressing these capacity building challenges. Over three-fourth of the organizations reported that multi-year and general overhead funding would be very helpful in addressing capacity building challenges, followed by over half reporting that endowment funding, small targeted grants, and challenge grants would be very helpful. In addition to funding assistance, over 40 percent of organizations reported it would be very helpful to have opportunities to interact and work with peers. About one-third of respondents also noted that outside consultants or joint activities with other organizations would be very helpful. When considering Indiana Arts Commission assistance, organizations also emphasize the helpfulness of funding. Almost all organizations noted project funds would be helpful (80 percent very helpful, 17 percent somewhat helpful). Most organizations also indicated the helpfulness of operations funds (79 percent very helpful, 14 percent somewhat helpful).

Indiana arts and culture providers do not view capacity building as synonymous with technical assistance. It appears most organizations associate technical assistance with information technology. In contrast, capacity building reflects a broader set of functional areas, including fundraising, governance, and human resources.

IV. CAPACITY BUILDING: CHALLENGES AND ASSISTANCE

As noted in our first capacity assessment report, a review of the research literature³ reveals both the complexity of capacity building as a concept and the diverse approaches that researchers and practitioners have used to identify the key components involved. To obtain a comprehensive assessment of capacity building challenges, we focused on a broad range of tasks identified in the research literature but supplemented with tasks of particular concern to the Indiana Arts Commission. We grouped these into seven broad categories: operations & governance, human resources, programs & planning, marketing, networking & advocacy, financial resources, and information technology (the same categories we examined in our 2007 report).

A. Capacity Building Challenges and Helpful Assistance

Focusing on each of the seven broad categories in turn, we asked survey respondents to indicate the extent to which specific types of capacity building efforts within that category present **major, minor** or **no challenges** to the respondent's organization. We recoded those responses to a four-point scale so that we could compute an average challenge score for each of the seven categories, with 3 indicating that a particular dimension presented a "major challenge," 2 indicating "a minor challenge," and 1 indicating "not a challenge." We coded those that said a particular indicator did not apply to them as zero in order to avoid overstating the extent of challenge if a particular item pertains only to a small number of respondents.

Figure 1 shows the average challenge scores for the seven categories, ranging from the most challenging at the bottom to the least challenging at top. Not surprisingly, capacity-building efforts related to **financial resources** are the most severe with an average challenge score of 2.20 on the 0 to 3 scale. Three other areas show intermediary challenge scores: **networking and advocacy** and **marketing** (both averaging 1.95 on the challenge scale), followed by **programs and planning** (1.90 average score). The remaining three areas have notably lower challenge scores: **information and technology** (1.79), **operations and governance** (1.78), and **human resources** (1.75).

We also asked respondents to consider if particular types of assistance (e.g., funding, peer assistance, technical assistance) would be **very, somewhat, or not helpful** in addressing these challenges as a whole. (In addition, respondents could indicate whether a particular type of assistance was not applicable to their situation or if they did not know how to assess its helpfulness.) We recoded these responses to a four-point scale, with 3 indicating that a particular type of assistance would be "very helpful," 2 indicating "somewhat helpful," 1 indicating "not helpful," and 0 indicating "don't know / not applicable," so that we could compute an average helpfulness score for each of the types of assistance.

³ See Appendix A in *Nonprofit Capacity Assessment: Indiana Charities, 2007*, by Kirsten A. Grønberg and Laney Cheney, with the assistance of Scott Leadingham and Helen Liu. Online report. Indiana Nonprofit Capacity Survey Series, Report #1. May 2007. (<http://www.indiana.edu/~nonprof/results/npcapacity/charitycapacityassessment.pdf>).

Figure 1 - Nonprofit Capacity Building Categories: Average Level of Challenge

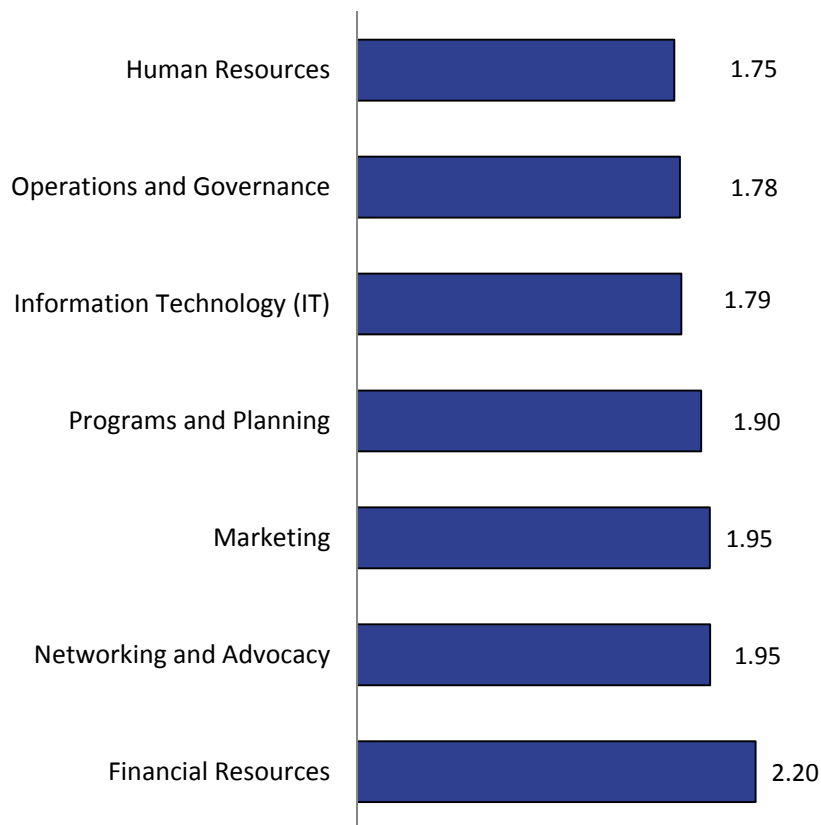
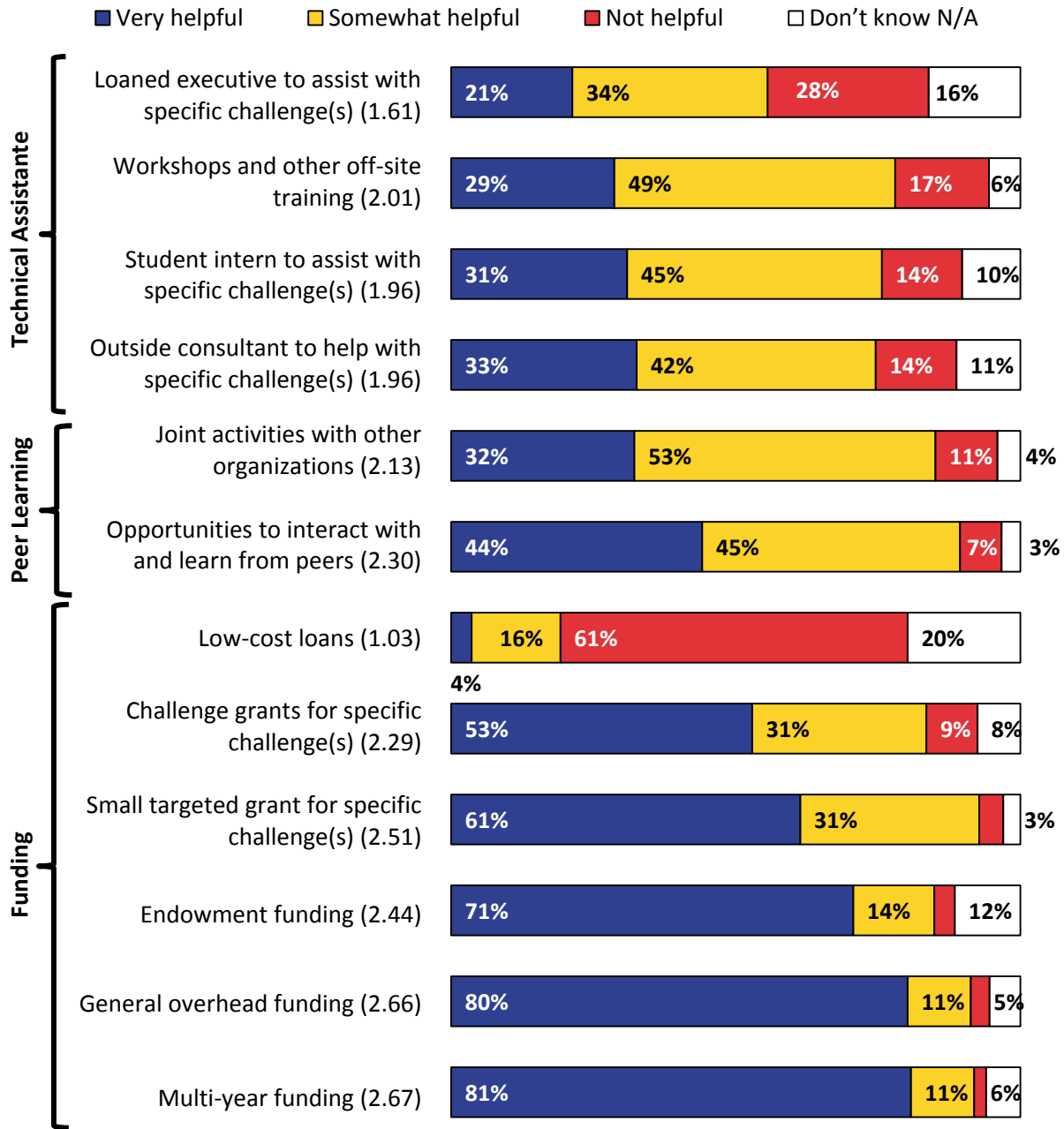


Figure 2 shows the average helpfulness score for various types of assistance grouped into three broad categories: six types of funding, two types of peer learning, and four types of technical assistance. Overall, funding assistance appears to be the most helpful way to address the challenges, followed by peer learning support and technical assistance. Among the specific types of funding assistance we examined, **multi-year funding** and **general overhead** funding are ranked as most helpful overall with average helpfulness scores of respectively 2.67 and 2.66 and more than 80 percent of respondents considering these as “very helpful” (see Figure 2). This is not surprising since the former allows the organization to plan and implement capacity-building efforts in stages, and the latter provides nonprofits with flexible funding that can be used as capacity building needs are recognized or change.

Figure 2: Average Helpfulness of Various Types of Assistance in Capacity Building



Endowment funding and **small, targeted grants** for the specific capacity building issue are rated very helpful by respectively 71 and 61 percent of respondents. The average helpful score is actually larger for small targeted grants (2.51) than for endowment funding (2.44) because more than twice as many see the former at somewhat helpful (31 vs. 14 percent), perhaps reflecting concerns about managing endowments during turbulent economic conditions as was the case when this survey was

conducted. More than half of the respondents rated **challenge grants** for a specific capacity building need as very helpful with an average score of 2.29. Very few thought **low-cost loans** were particularly helpful and the average helpful score was only 1.03.

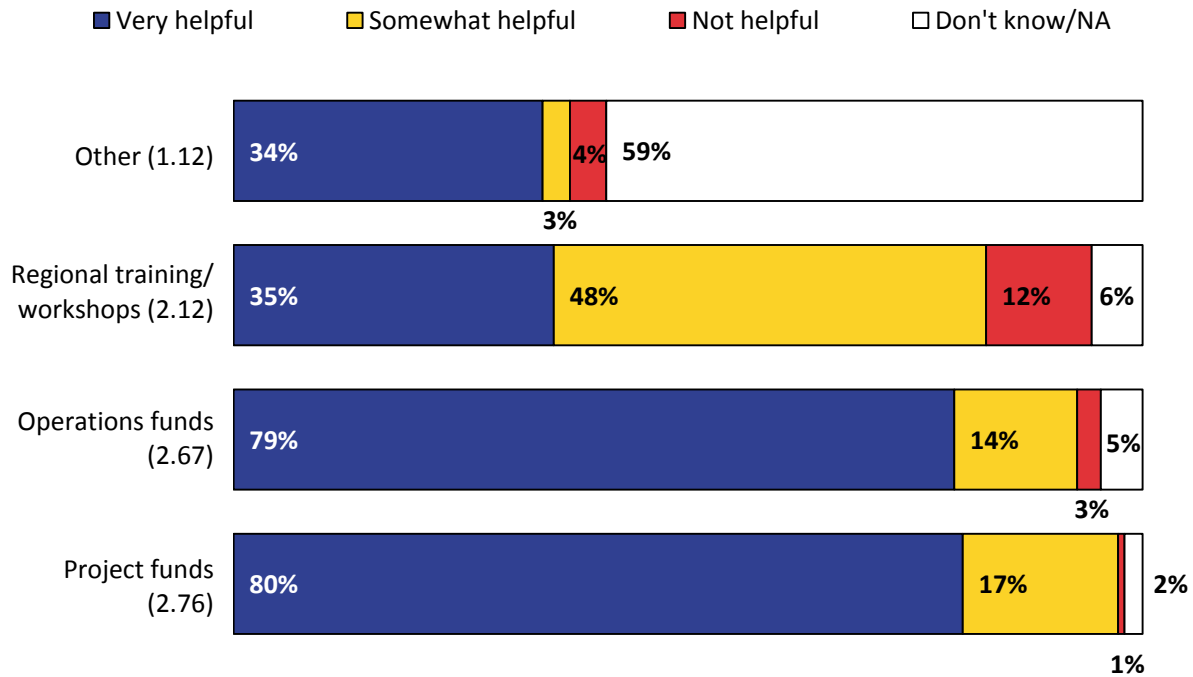
Of the two indicators of peer learning, opportunities to **interact with and learn from peers** scored the highest (average score of 2.30). This is on par with small targeted grants in terms of average helpfulness, although a smaller percent thought peer learning was very helpful (44 vs. 53 percent), but more thought it was at least somewhat helpful (45 vs. 31 percent). **Joint activities** with other organizations scored somewhat lower overall (2.13), with 32 percent considering it very helpful and 53 percent somewhat helpful.

Finally, among the four types of technical assistance, **workshops** and other off-site training programs scored the highest overall (average of 2.01), followed next by **outside consultants** or **student interns** to assist with specific challenges (average scores of 1.96 each). In each case roughly one-third thought this type of assistance is very helpful and another 40 percent or more thought it somewhat helpful. The possibility of **loaned executives** to assist with specific challenges was considered very helpful by only 21 percent and somewhat helpful by another 34 percent, for an average helpfulness score of only 1.61.

At the request of the Indiana Arts Commission, we also asked respondents to give us their assessment of how helpful they consider three types of assistance available from IAC to be. Figure 3 shows the results from this analysis and reveals broad consistency with the analysis shown in Figure 2. **Project funding** and **operations funding** are both seen as very helpful by about 80 percent of respondents and somewhat helpful by another 17 and 14 percent, with average helpful scores of 2.76 and 2.67 respectively. The average score for IAC project funding (2.76) is notably higher than the highest scoring item (multi-year funding, 2.67) in the assessment of more generic types of assistance shown in Figure 2. **Regional training and workshops** provided by the IAC are seen as very helpful by 35 percent and somewhat helpful by another 48 percent for an average helpful score of 2.12, which is also notably higher than the 2.01 average score for the more generic workshops included in Figure 2.

We also gave respondents the option to list other types of assistance from IAC that they thought would be helpful. As Figure 3 shows, about a third identified something that they thought would be very helpful. This includes such items as on-site training sessions, assistance with public awareness and publicity, and challenge grants to help build endowments.

Figure 3: Helpfulness of IAC Assistance (n=100-304)



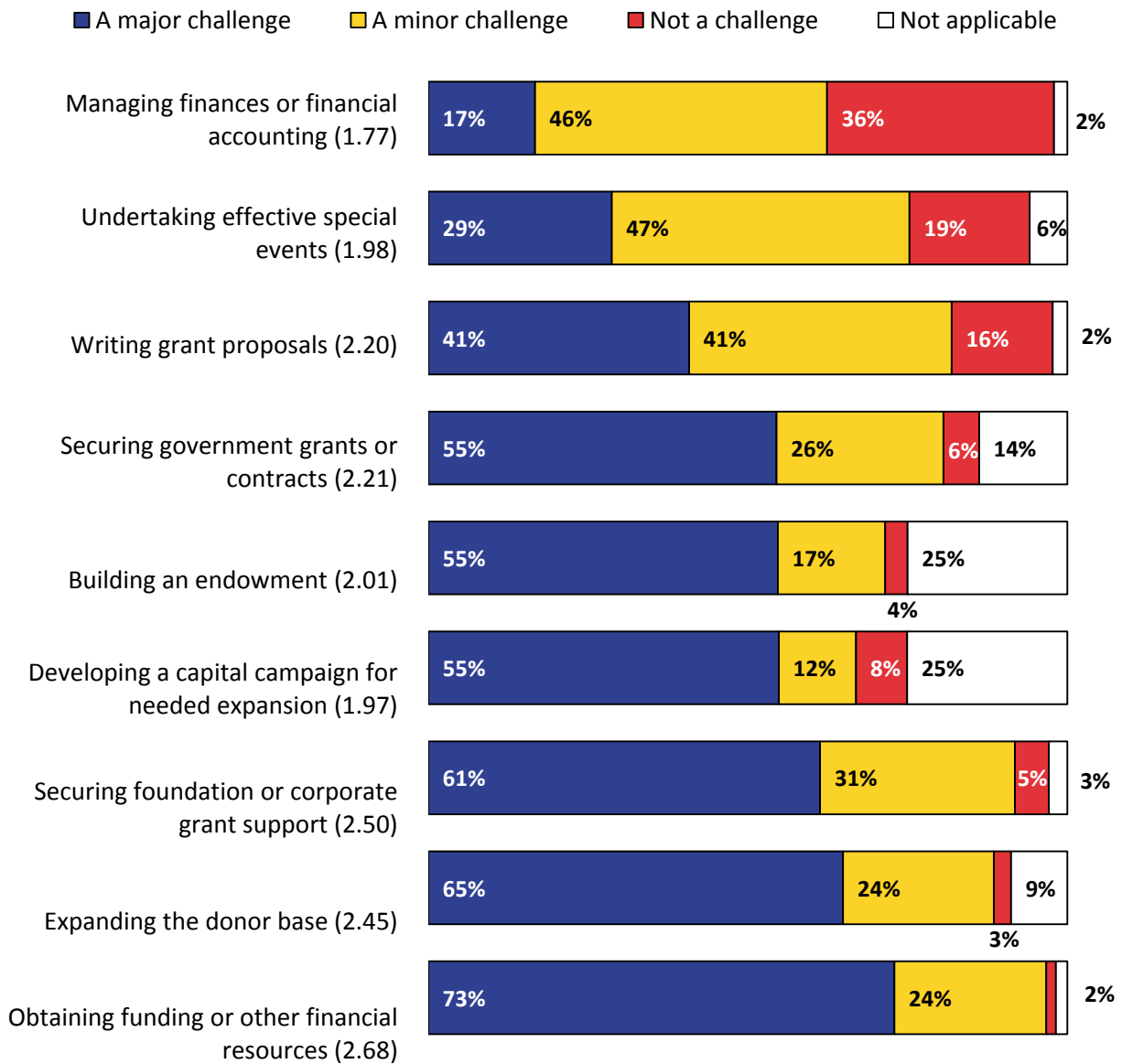
We turn now to a more detailed review of each of the seven major categories of capacity building needs and examine which specific components in each category appear to present the most severe and/or widespread challenges. However, we note that several components could be classified into more than one of the broad types of capacity building, so the grouping of these items is somewhat arbitrary.

1. Financial Resources

As noted earlier, financial resources rank as the most challenging of the seven broad categories of capacity building needs. Indeed, as Figure 4 shows, all aspects of securing financial resources present at least a minor capacity building challenge to more than 60 percent of our respondents. Moreover, six of these dimensions – **obtaining funding** or other financial resources in general, **expanding the donor base**, securing **foundation or corporate grant support**, developing a **capital campaign for needed expansion**, **building an endowment**, and **securing government grants or contracts** – are viewed as a major challenge by 55 percent or more. The first three of these activities are viewed as at least a minor challenge by about 90 percent or more. About a quarter say that building an endowment or developing a capital campaign is not relevant to them and 14 percent say that about government grants or contracts.

Slightly less pervasive, but still significant challenges include **writing grant proposals** (identified as a major challenge by 41 percent and as a minor challenge by another 41 percent), while **managing finances or financial accounting** is viewed as a major challenge by only 17 percent, although 46 percent say it is at least a minor challenge

Figure 4: Financial Resource Challenges (n=339-341)

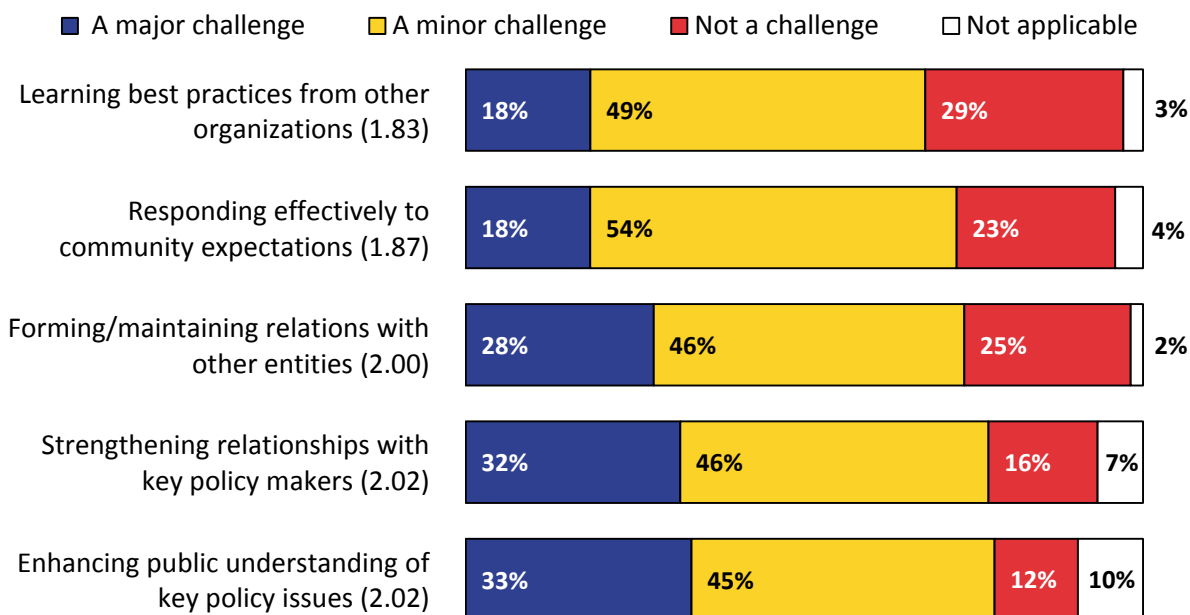


2. Networking and Advocacy Challenges

Challenges related to networking and advocacy activities scored second overall in terms of average challenges, but as Figure 5 shows, none of the five items included in this category are considered a major challenge by more than one-third. The two most pervasive challenges are both related to advocacy activities: **enhancing public understanding of key policy issues** and **strengthening relationships with key policy makers**. They are considered major challenges by one-third and at

least a minor challenge by more than three-fourths (78 percent). **Forming and maintaining relationships with other entities** is also considered at least a minor challenge by roughly three-fourths (74 percent) and a major challenge by more than 28 percent. The last two items in this category: **responding effectively to community expectations** and **learning best practices from other organizations** are considered major challenges by less than one fifth but at least minor challenges by more than two-thirds.

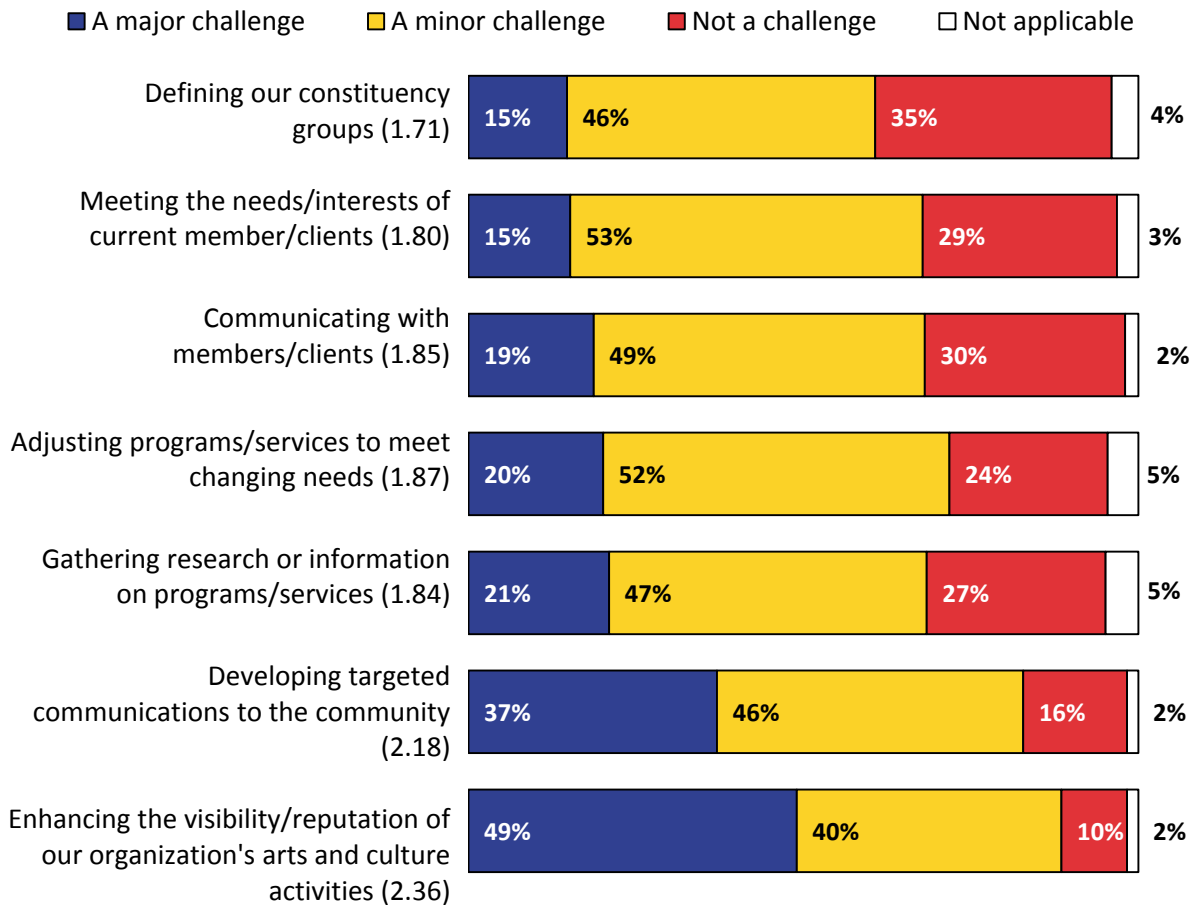
Figure 5: Networking and Advocacy Challenges (n=338-342)



3. Marketing

Capacity building related to marketing had the third highest challenge score overall. As Figure 6 shows, two of these are seen as at least minor challenges by more than 80 percent: **enhancing the visibility and reputation** of the organization’s arts and culture activities (viewed as a major challenge by almost half, 49 percent) and **developing targeted communications to the community** (viewed as a major challenge by more than a third, 37 percent). Four other items in this category (**gathering research or information on programs/services**, **adjusting programs/services to meet changing needs**, **communicating with members/clients**, and **meeting the needs/interests of current member/clients** are seen as at least minor challenges by about 70 percent and as a major challenge by 15-21 percent. The last item, **defining our constituency groups** is only slightly behind, with 61 percent considering it at least a minor challenge and 15 percent a major challenge.

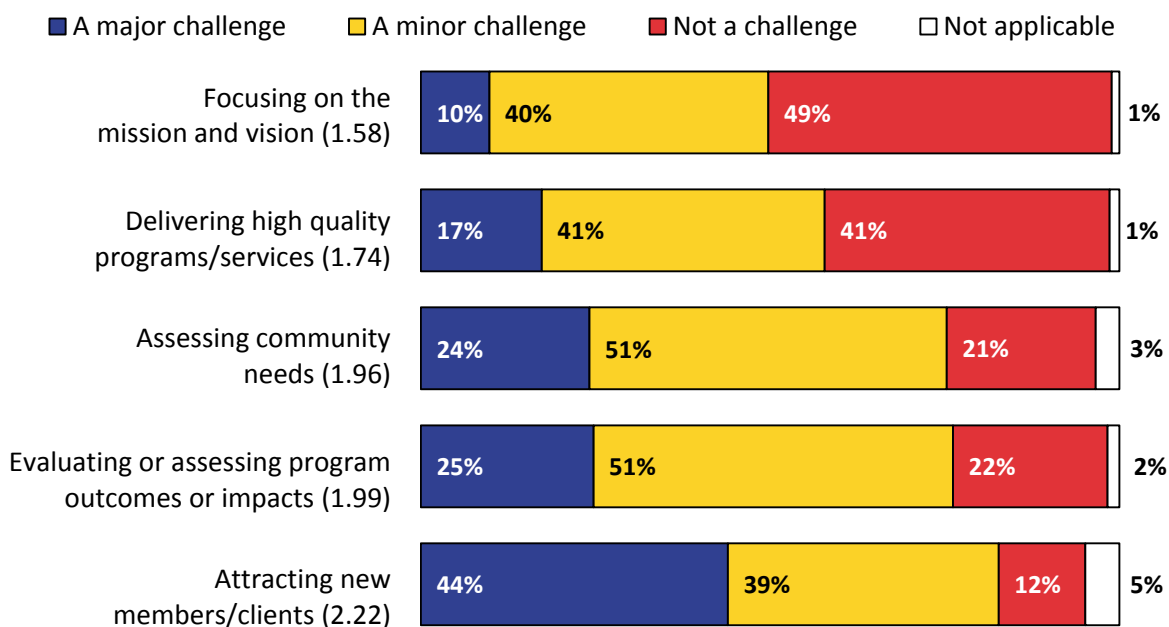
Figure 6: Marketing Challenges (n=346-348)



4. Programs and Planning

Figure 7 shows challenges related to programs and planning. The most pervasive challenge is associated with **attracting new members or clients**, considered a major challenge by 44 percent and at least a minor challenge by 83 percent. Arguably, this could also be considered under the marketing category, in which case it would approximate challenges associated with enhancing the visibility and reputation of the organization’s arts and culture activities (see Figure 6). Two other activities are considered major challenges by a quarter and minor challenges by another 51 percent: **evaluating or assessing program outcomes or impacts** and **assessing community needs**. **Delivering high quality programs/services** is considered at least a minor challenge by 58 percent, but a major challenge by only 17 percent. Finally, only 10 percent viewed **focusing on the mission and vision** to be a major challenge, although it was considered at least a minor challenge by half.

Figure 7: Programs and Planning Challenges (n=346-348)



5. Information Technology (IT)

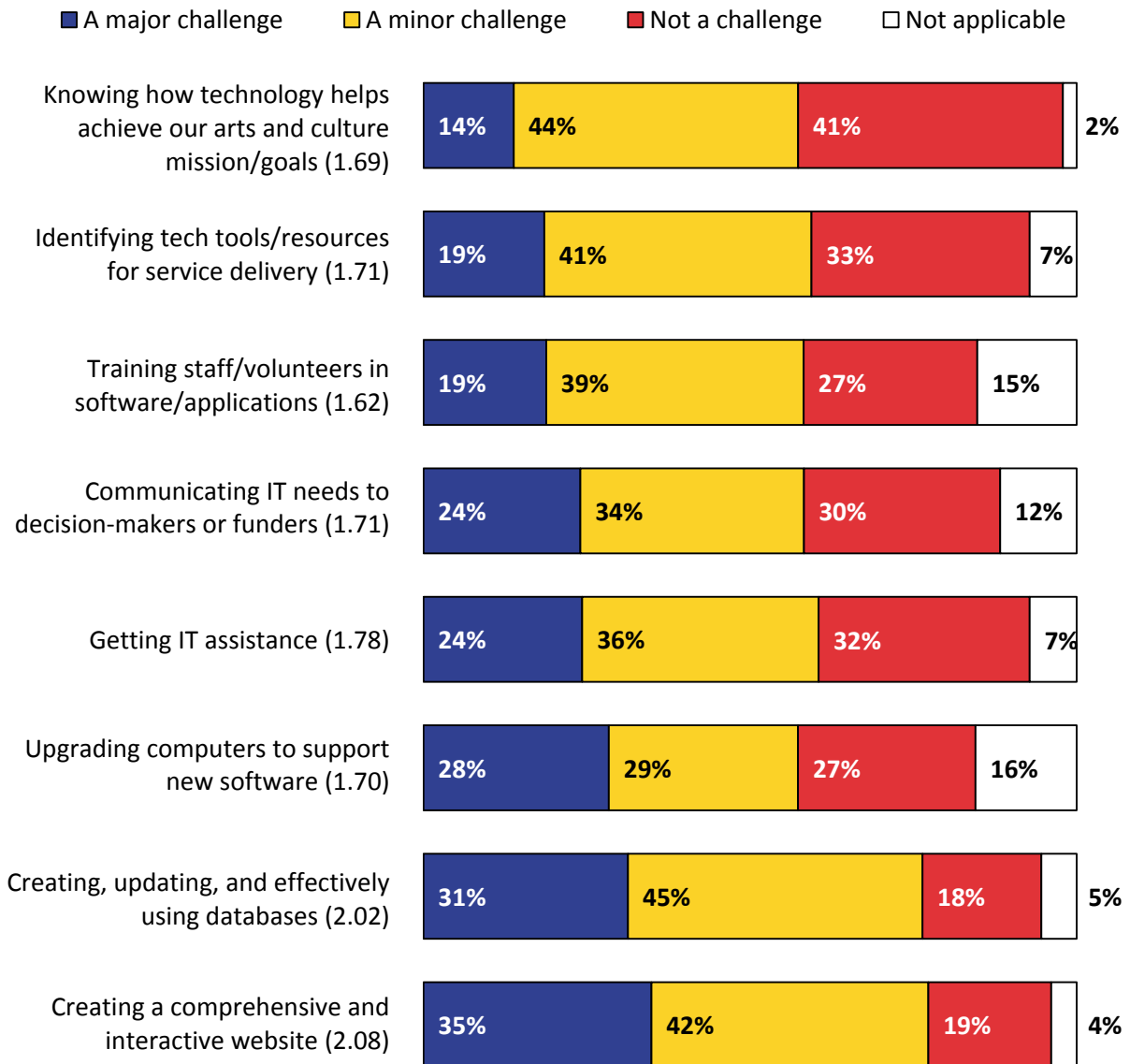
Challenges related to information and technology had lower overall average challenge scores than those related to programs and planning and marketing. As Figure 8 shows, none of the items included in this category were considered a major challenge by more than 35 percent, although two of these, **creating a comprehensive and interactive website** and **creating, updating, and effectively using databases** were considered at least minor challenges by more than three-fourths. The remaining six items were considered at least minor challenges by close to 60 percent of respondents. Three of these, **upgrading computers to support new software**, **getting IT assistance**, and **communicating IT needs to decision-makers or funders** were considered major challenges by about a quarter. Just below a fifth say that **training staff/volunteers in software/applications** or **identifying technology tools/resources for service delivery** are major challenges, while only 14 percent say that about **knowing how technology helps achieve organization’s arts and culture mission/goals**.

6. Operations and Governance

As Figure 9 shows, more than half of all respondents reported at least a minor challenge in undertaking any of the seven types of activities included in this category, although the percent reporting these to be major challenges ranged from a high of 33 percent for **undertaking strategic planning** to only 10 percent who reported similarly for **performing routine tasks indirectly**

related to mission or goals.

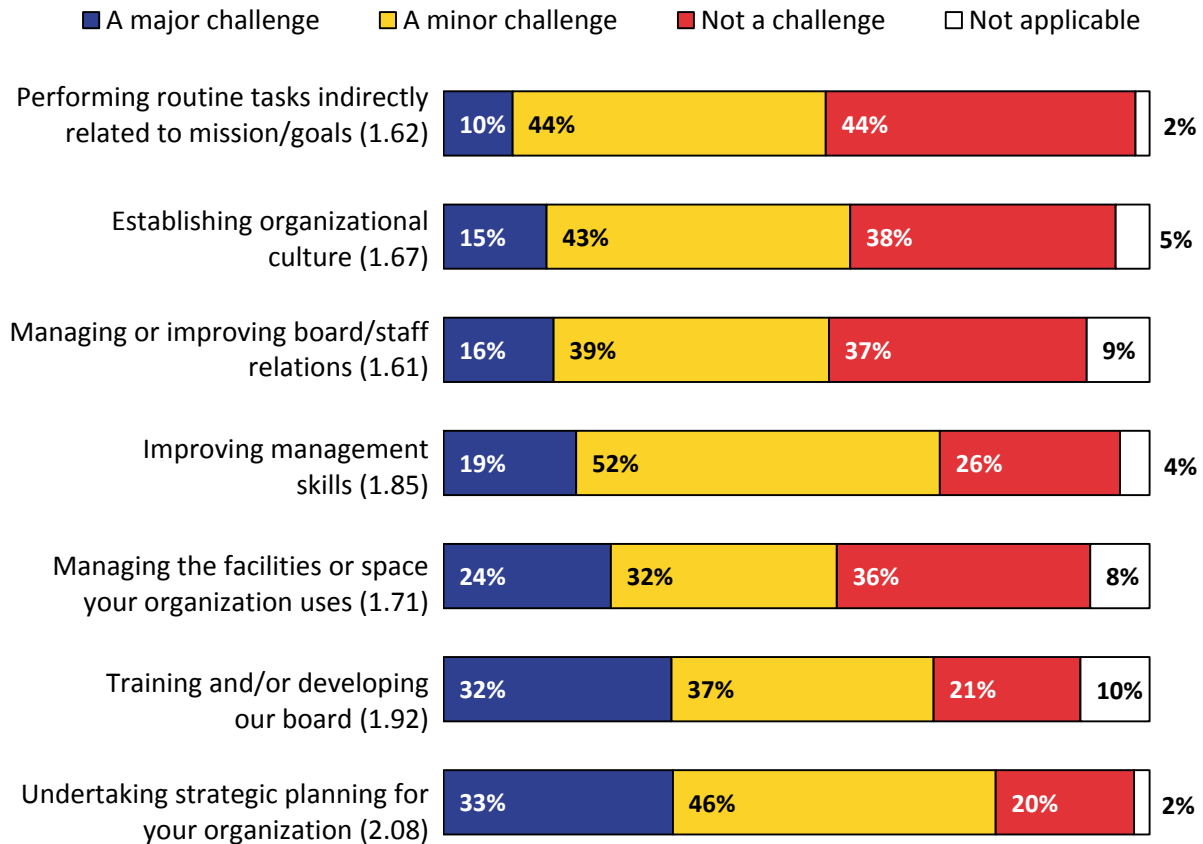
Figure 8: Information Technology (IT) Challenges (n=333-335)



Indeed, **undertaking strategic planning** stands out as the most significant challenge among the seven indicators considered in this category – it is viewed as at least a minor challenge by almost half (46 percent) and as a major challenge by about a third (33 percent) of responding organizations. Not surprisingly, having a **written strategic plan** is related to the prevalence of this challenge. Less than half of responding organizations (42 percent) report that they have a written strategic plan (updated or developed within the past two years). Organizations without such a written document are about twice as likely to report a major challenge as those that have a developed plan (41 percent versus 23 percent). Similarly, those that have a written plan reported strategic planning was not a challenge

almost twice as often as those that lacked such a document (27 percent versus 14 percent). Interestingly, a little less than half of organizations report a minor challenge with strategic planning, regardless of whether they have a recent written plan or not (43 percent for organizations with a plan and 49 percent for organizations without).

Figure: 9 Operations and Governance Challenges (n=356-359)

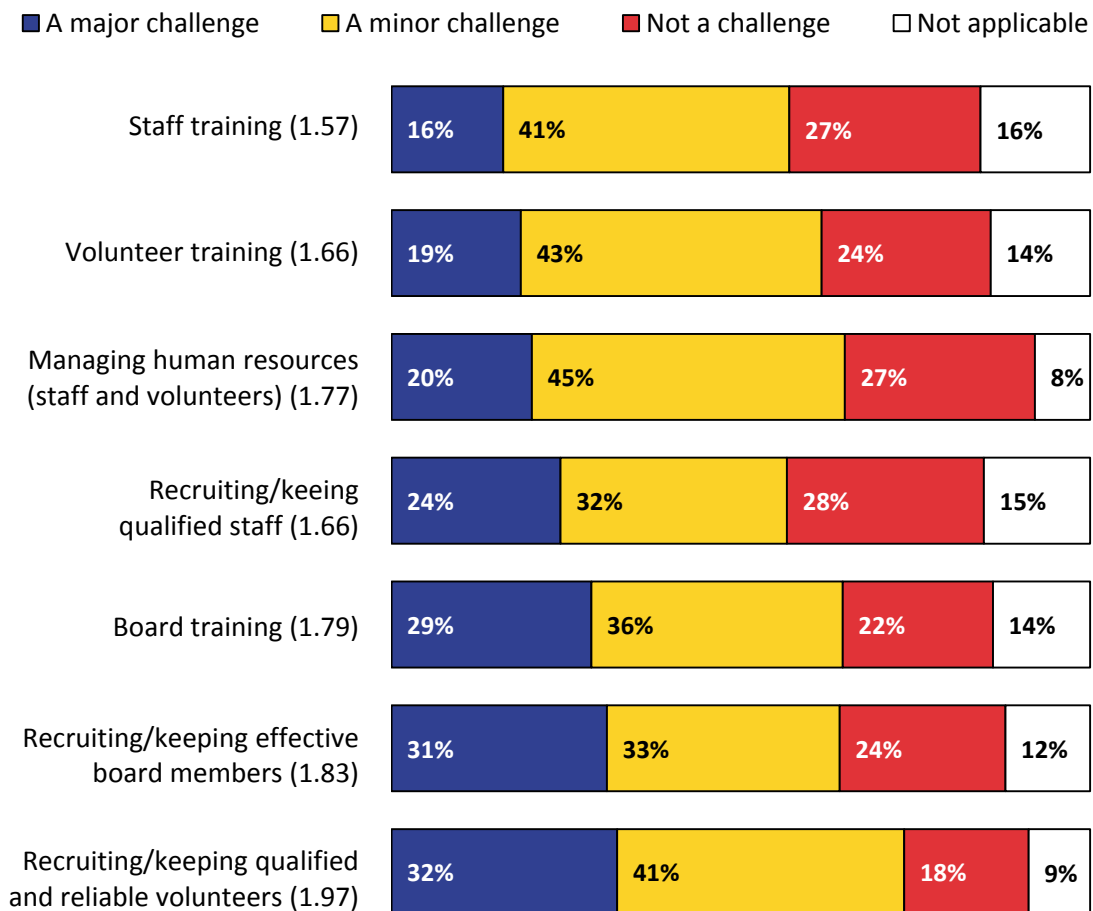


Board training and development are also considered at least a minor challenge by close to 70 percent (and a major challenge by almost a third). **Managing facilities or space** is considered a major challenge by 24 percent and a minor challenge by another 32 percent; this is perhaps not surprising since many arts/culture organizations need particular types of facilities or space to carry out their activities. Just under a fifth (19 percent) considers it a major challenge to **improve management skills** and another 52 percent consider it a minor challenge. Two other items, managing or **improving board/staff relations** and **establishing organizational culture** are considered at least minor challenges by more than half (55 and 58 percent respectively) and major challenges by 15-16 percent. Finally, as noted earlier, only 10 percent reported that **performing routine tasks indirectly related to mission or goals** was a major challenge, although more than half (54 percent) considered it at least a minor challenge.

7. Human Resources

The average challenge scores for the human resource category was the lowest for the seven broad categories considered; however, as Figure 10 shows, all nine items included in this category are considered at least a minor challenge by more than half. **Recruiting and keeping qualified volunteers** was the most pervasive challenge, considered a major challenge by almost a third (32 percent) and at least a minor challenge by almost three fourths (73 percent). **Recruiting and keeping effective board members** and **board training**, however, were only slightly behind: considered a major challenge by respectively 31 and 29 percent and at least a minor challenge by respectively 64 percent and 65 percent. Recruiting and keeping qualified staff is a major challenge for 24 percent and at least a minor challenge by 56 percent.

Figure 10: Human Resources Challenges (n=351-355)



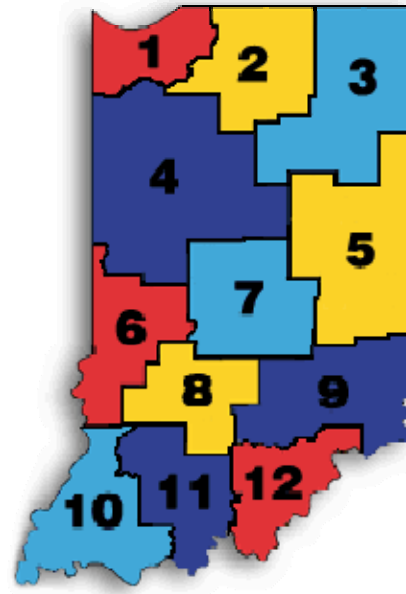
Managing human resources (staff and volunteers) and **volunteer training** are considered major challenges by about one-fifth and minor challenges by another 43-45 percent. The least challenging item is **staff training**, considered a major challenge by only 16 percent, but at minor challenge by another 41 percent.

8. Regional Comparisons

To explore whether there are regional differences in capacity building challenges or helpfulness of various types of assistance we grouped the respondents into three broad regions: (1) the Northern tier (which includes IAC regions 1 through 5, north and east of Indianapolis), (2) the Indianapolis region, and (3) the Southern tier (which includes IAC regions 6 and 8 through 12, south and west of Indianapolis). We were unable to determine the location of four respondents.

The three regional tiers have roughly the same number of respondents (140 in the northern tier, 90 in the Indianapolis region, 129 in the southern tier), thus allowing us to do some more detailed comparisons for both average capacity building challenge scores and average scores for helpfulness of assistance scores. (We will explore the impact of a full range of organizational features, including location, in our final report.)

**Figure 11:
Indiana Arts Commission Regions**

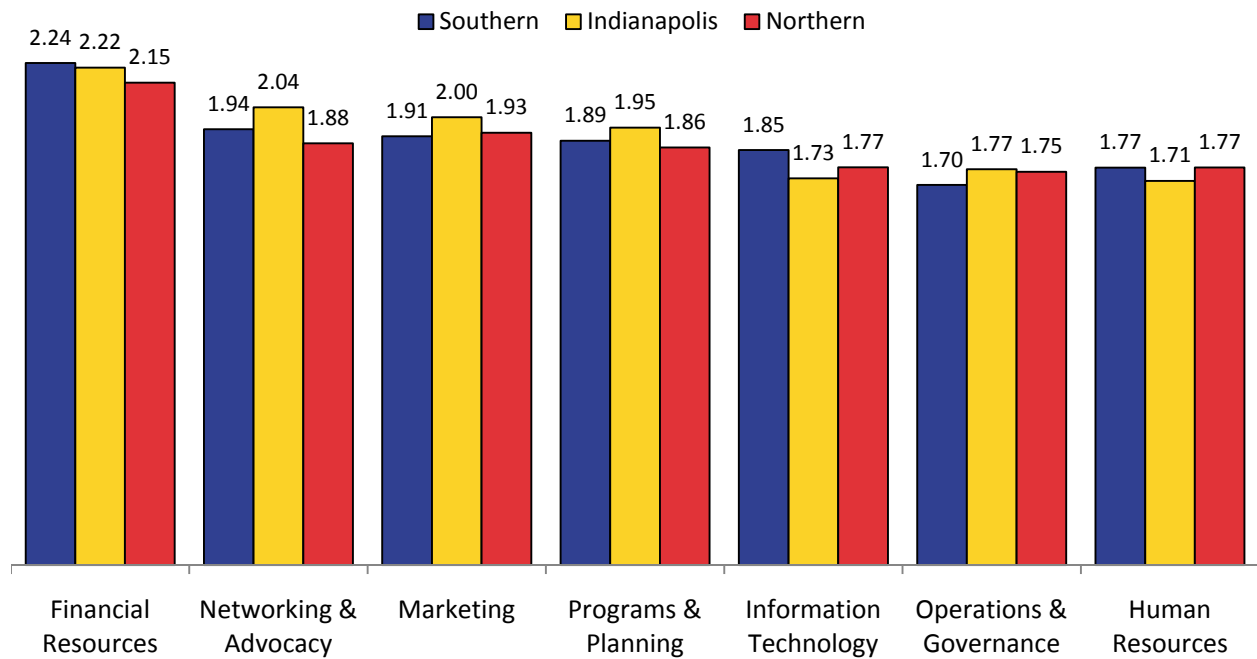


Overall, there appear to be very few regional differences. As Figure 12 shows, most of the average challenge scores for the seven areas of capacity building differ only slightly among the three regions and only one of the differences are statistically significant: Indianapolis region arts and culture organizations report greater challenges in networking and advocacy activities than northern tier organizations (2.04 vs. 1.88 on the zero to three scale). This appears to be mainly because Indianapolis organizations are much more likely to find it a challenge to enhance the visibility and reputation of their organization (2.51) than those in either the northern tier (2.31) or southern tier (2.30). Most likely, this reflects the higher density of organizations in Indianapolis and the greater difficulty of standing out in the crowd.

Detailed analysis of the specific challenge items reveals some other regional differences. Thus Indianapolis region organizations report significantly greater challenges in securing foundation and corporate support than those in the northern tier (2.61 vs. 2.41). They also report more challenges in expanding the donor base (2.63) compared to either northern tier (2.40) or southern tier (2.38) organizations. Both features are likely to be a function of the extent to which Indianapolis area organizations face greater competition from other organizations as revealed also in their reporting more challenges in enhancing the reputation and visibility of the organization.

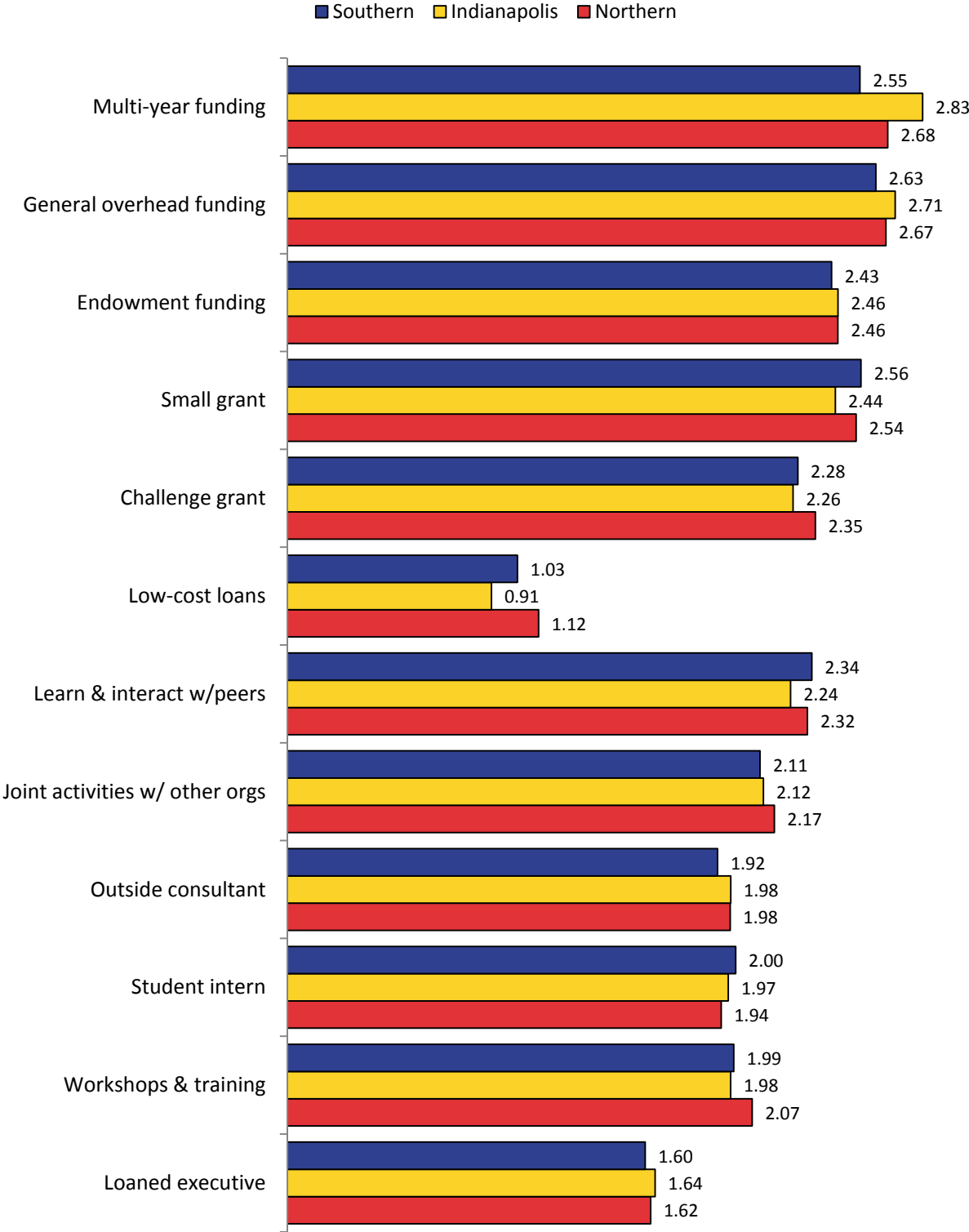
However, Indianapolis region organizations report fewer challenges in recruiting and training staff than those in the southern tier (1.48 vs. 1.78), while southern tier organizations report fewer challenges than their northern tier counterparts in establishing an organizational culture (1.56 vs. 1.80), in training and developing their boards (1.75 vs. 2.03), and in managing facilities or space (1.60 vs. 1.84).

Figure 12: Average Capacity Challenges by Region



As Figure 13 shows, there are also relatively few differences in terms of how helpful various types of assistance would be. Only two of these meets tests of statistical significance: Indianapolis area respondents appear more likely to find multi-year funding helpful compared to those in the southern tier (2.83 and 2.55 respectively). There are also differences in how helpful respondents find low cost loans, with northern tier organizations finding these more helpful than those in the Indianapolis region, but recall that a score of 1 means “not helpful” so this regional difference reflects mainly the fact that more Indianapolis area organizations considered this type of assistance to be “not applicable.” There are no differences among the three tiers in terms of how helpful respondents consider various types of assistance from IAC.

Figure 13: Average Capacity Challenges by Region



9. Broader Context

Taking a broader look at the specific types of tasks and forms of assistance to address them, we note (where comparisons are possible) that average challenge scores and average help scores for respondents to this survey are roughly on par with those we found for our first capacity building survey in 2007 (some capacity tasks and forms of assistance were not included in the 2007 survey). However, there are some differences for particular types of challenges and specific forms of assistance, which we summarize below. We note, however, that it is very difficult to interpret these differences, because we cannot determine which of three potential explanations, perhaps in combination, may account for the differences: (1) types of organizations, (2) their size and sophistication, or (3) the severe recession that has emerged since April 2007 when our first survey was completed.⁴

We find that the arts and culture organizations responding to our 2008 survey report lower overall average levels of challenges in managing human resources (1.75) and information and technology (1.79) compared to the charities responding to our 2007 survey (1.90 and 1.94 respectively). For the human resources category, more detailed analysis of the specific items shows that arts and culture organizations have lower challenge scores for just three items: recruiting and keeping qualified staff (1.66 vs. 1.89), staff training (1.57 vs. 1.91) and board training (1.79 vs. 2.04). For the information technology category, only two items are significantly different and lower for arts and culture organizations: training staff or volunteers in software or applications (1.62 vs. 1.93) and upgrading computers to support new software (1.70 vs. 2.09).

Although there were no significant differences in overall averages for any of the remaining five major categories, some individual items were different. In the financial resource category, which had the highest overall challenge scores in both surveys, the 2008 arts and culture survey reveal higher challenge scores than the 2007 survey of charities for obtaining funding or other financial resources (2.68 vs. 2.47) and for managing finances or financial reporting, (1.77 vs. 1.59), but lower average challenge score for building an endowment (2.01 vs. 2.45).

In the networking and advocacy category, arts and culture organizations reported lower average challenges for enhancing public understanding of key policy issues (2.02 vs. 2.25) and responding effectively to community expectations (1.87 vs. 2.07). In the programs and planning category, arts and culture organizations reported higher average challenge scores for attracting new members or clients (2.22 vs. 1.87 for the 2007 survey of charities). They also show higher challenge scores for two items in the operations and governance area: undertaking strategic planning (2.08 vs. 1.82) and

⁴ Respondents to the 2007 survey were all *grant recipients* of the Lumina Foundation for Education or *affiliated members* of the Indiana Grantmakers Alliance (IGA) while respondents to this survey are all *grant applicants* to the Indiana Arts Commission. Consequently, the 2007 survey focused on charities in general with a disproportionate number of education charities, while this 2008 survey focused on arts and culture organization (including some government entities). The 2007 respondents included charities that had secured grants or could afford IGA membership, while this 2008 survey included both successful and unsuccessful grant applicants. Finally, the 2007 survey was completed before the current recession began, while this survey was in the field at a time when the recession was gaining speed rapidly.

performing routing tasks related to the organization's mission (1.62 vs. 1.40), but a significantly lower score for training and developing the board (1.92 vs. 2.13).

When assessing types of assistance, we find that the arts and culture organizations in 2008 reported higher average scores on the helpful scale for most of the types of assistance considered compared to the 2007 survey of charities. This includes four of the five types of funding assistance: multi-year funding (2.67 vs. 2.41), general operating funding (2.66 vs. 2.38), small targeted grants for specific needs (2.51 vs. 2.13), and challenge grants for specific needs (2.29 vs. 1.71). Only low cost loans do not differ significantly – neither group of respondents found these helpful at all (1.03 and 1.02 respectively). The 2008 arts and culture organizations were considerably more likely to consider joint activities with other organizations to be helpful (2.31 vs. 1.16 for the 2007 charities survey), and reported higher helpfulness scores for student interns and outside consultants (1.96 vs. 1.66 and 1.96 vs. 1.73 respectively).

Note, however, that for this latter analysis, the questions are not directly comparable between the two surveys. For the 2008 arts and culture survey, we asked about the helpfulness of different types of assistance only once, after questions about how challenging specific management activities were for each of the seven major categories. In the 2007 survey, we asked about the helpfulness of the eleven types of assistance after each of the seven challenge categories. We computed the average helpfulness score for each type of assistance across the seven challenge categories for the 2007 survey in order to compare results for the two surveys, but note that there were some differences in how helpful particular types of assistance were in the 2007 survey depending which challenge category was being considered.

We caution again that comparisons between the two surveys are tentative at best. Any observed differences or similarities may be artifacts of differences in the timing of the surveys, the types of organizations included in the two samples, their success in securing grant support, or – in the case of helpfulness of different types of assistance – in the context in which the questions were asked.

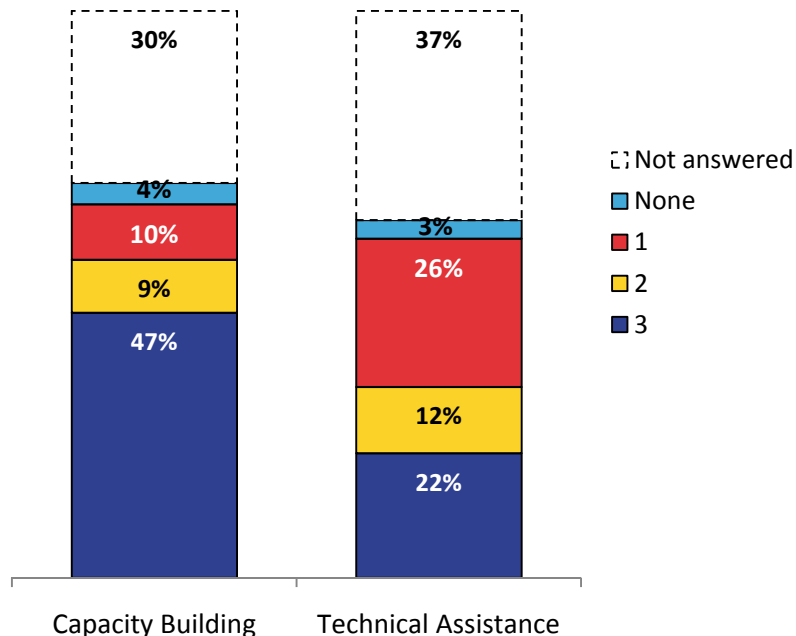
V. CAPACITY BUILDING & TECHNICAL ASSISTANCE: ARTS AND CULTURE AGENCY VIEWS

We asked respondents to describe (1) their three most significant **capacity building** challenges and the best ways to address each of these, and (2) their three most significant **technical assistance** needs and the best ways to address these. We used the responses to these two open-ended questions to assess how Indiana arts and culture organizations themselves define these two key concepts.

1. Extent of Capacity Building and Technical Assistance Needs

[The analysis below is preliminary and will be updated when the last group of open-ended questions have been coded and reviewed.] As Figure 14 shows, almost half the organizations (47 percent) described three capacity-building challenges when given the opportunity to do so, 9 percent described two, and 10 percent described just one. The rest includes 4 percent who said they had no such challenges and another 30 percent who did not answer this question, but did answer later questions in the survey. Since they saw the question (or they would not have answered subsequent questions), we assume their capacity-building challenges, if any, were not serious enough to encourage respondents to describe the challenges.

Figure 14: Number of Challenges Reported by Each Organization (N=214)



By comparison, many fewer organizations (only 22 percent) used the opportunity to describe three technical assistance needs, another 12 percent described two, and 26 percent just one. Overall, 60 percent described at least one technical assistance need, while 66 percent described at least one capacity-building challenge.

1. Three Most Significant Capacity Building Needs

We turn next to the descriptions our respondents provided about their three most significant capacity building needs and the best ways to address them. We consider first the type and degree of details provided in these descriptions before examining the specific types of needs involved. Finally, we look at how respondents think these needs can be addressed most effectively.

Comprehensiveness of Views. Capacity building generally involves specific efforts to strengthen various organizational components. We therefore examined the extent to which our respondents include any references to **organizational changes** or need for **resources** when describing their three most significant capacity-building needs and the best ways to address them. We coded every set of descriptions (a specific need and the best ways to address it) in terms of how much detail were included with regard to these two dimensions.⁵

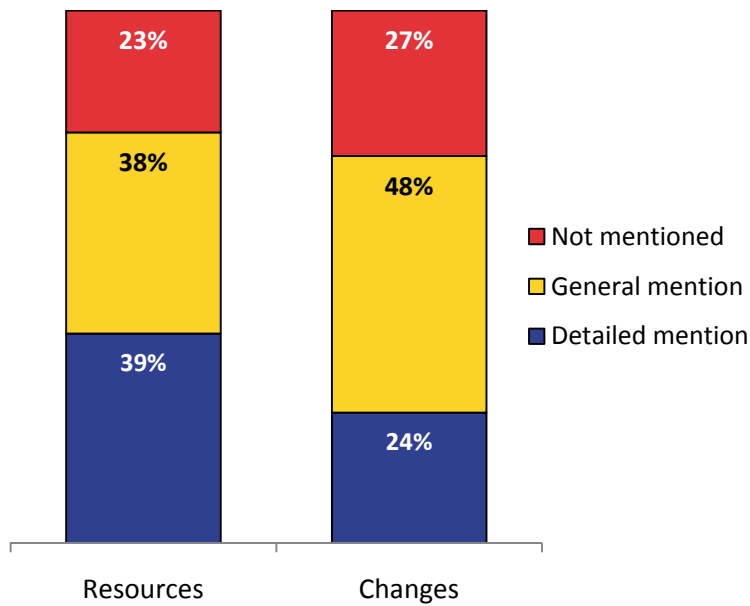
Altogether, our respondents describe 388 major capacity building needs⁶ (recall that each respondent could describe up to three needs). As Figure 15 shows, the respondents provided more detail on the types of resources needed than on the organizational changes that might be involved. In fact, while almost two-fifths (39 percent) of the descriptions include at least some details on the type of resources needed (e.g., computing, or marketing, or facilities/venues), only 24 percent have a reasonably well articulated understanding of capacity building as involving organizational changes (e.g., create interactive website or, or research potential audience interests, or secure funds for specific equipment or building repairs).

Most of the rest provided only general descriptions. Thus 38 percent of the descriptions included some general type of resource, such as staff or funding, with no indication of what type of staff or funding. Almost half (48 percent) of the descriptions included some general reference to organizational components, such as marketing or website, but with no indication of how this particular component need to change. The rest (about a quarter) provided so few details that we were unable to code the responses on these two dimensions. It is perhaps not surprising that respondents find it easier to describe the specific types of resources they need than the specific changes their organization should make, but this discrepancy is consistent with the lower priority given to operations and governance challenges in the analysis presented in Chapter III above.

⁵ For the first 41 respondents, two coders independently coded responses to all opened-end questions about capacity building and technical assistance needs and helpful way to address those needs in order to confirm that we have well-established criteria for coding these questions. Agreement between the coders meet accepted standards of inter-coder reliability (Cohen's Kappa = 0.61 or higher using SPSS 14.0 statistical software).

⁶ This number is based on our preliminary coding efforts. We have still some descriptions to code, so the total number of descriptions will increase and the patterns reported below will shift accordingly.

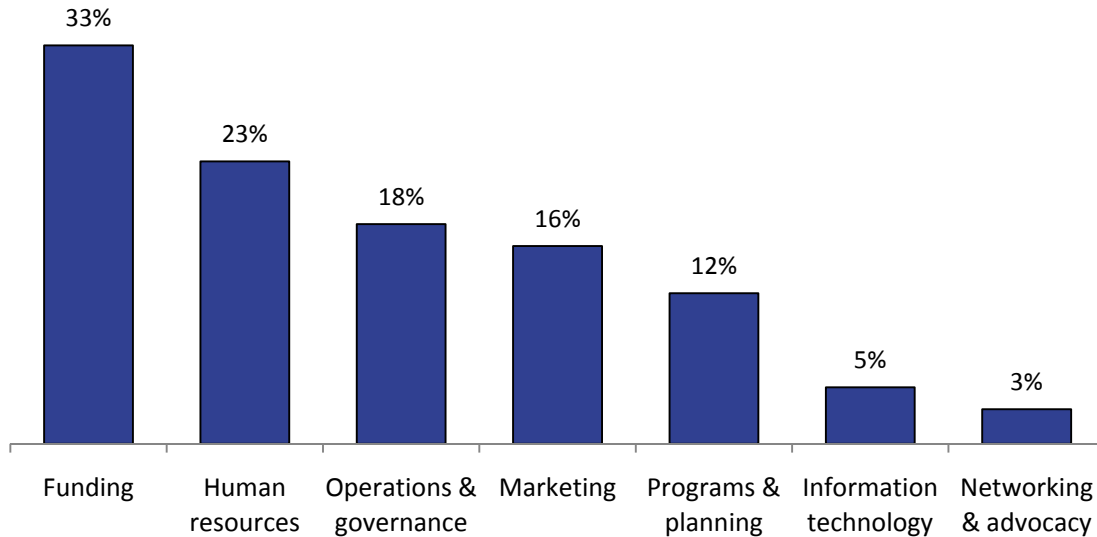
**Figure 15: Detail Level of Capacity Building Responses
Resources and Changes (N=388)**



Specific High Priority Capacity Building Needs. To examine which specific needs our respondents identify as their own three most significant capacity-building needs, we used an expanded list of the items included in the closed-ended questions used for our analysis in Chapter III, where we asked whether specific organizational activities presented major, minor, or no challenge. Here, however, we simply consider whether a particular need or activity is included in the three most important capacity-building needs described by the respondent and then compute the percent of all descriptions that contain a reference to a given need. Figure 16 shows how these descriptions align with the seven broad categories considered earlier (Table B.1 in Appendix B shows the detailed categories captured in these descriptions). Note that a given description might include references to several needs, so these percentages add up to more than 100 percent.

As Figure 16 shows, one-third of the descriptions included references to some form of funding as one of the three most important capacity-building needs, more than any other category (this was also the category that had the highest average challenge score in the analysis in Chapter III above, see Figure 1). However, compared to our earlier analysis the rank order changes significantly for the remaining categories. While challenges related to human resources rank second in terms of how prevalent they are when organizations describe their own challenges (23 percent of all challenges), this category was dead last when respondents were asked to give their overall assessment of this category. As Figure 13 shows, almost a fifth (18 percent) of the challenges included descriptions related to operations and governance (the third highest category), while this was next to last in Figure 1. Some aspect of marketing was included in 16 percent of the descriptions, third overall (it was also ranked third in Figure 1), followed by programs and planning challenges (12 percent). Information technology was included in only 5 percent of the descriptions and networking and advocacy by only three percent (the latter ranked 2nd when we sought an overall assessment earlier).

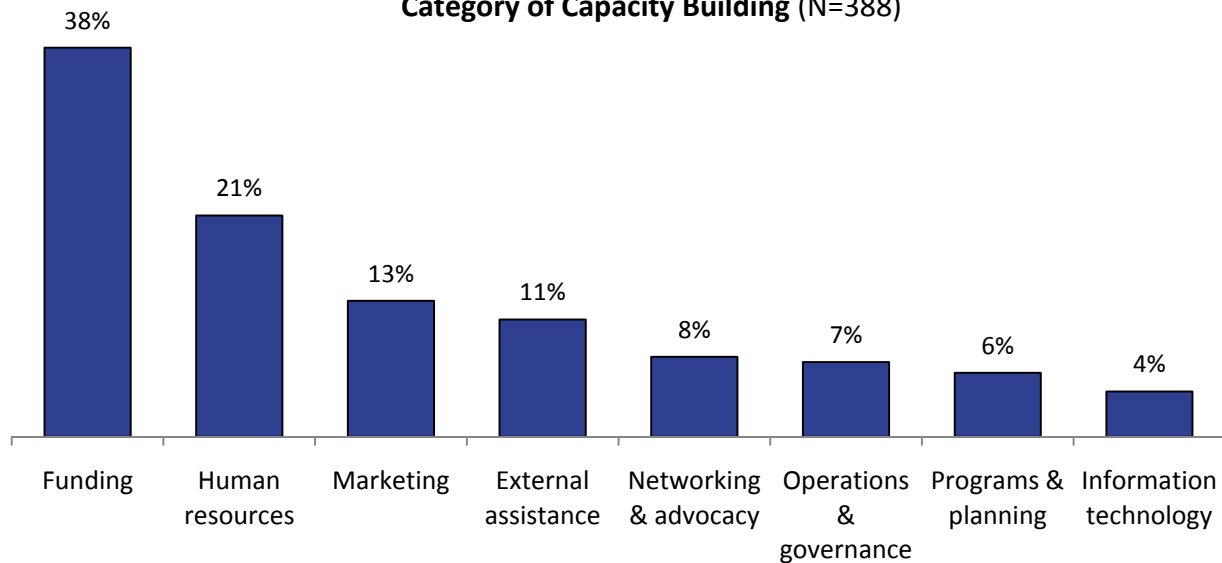
Figure 16: Percent of Significant Capacity Building Descriptions by Category of Capacity Building (N=388)



Helpful Ways to Address Capacity Building Needs. We also asked our respondents to describe the most helpful ways to address each of their three most significant capacity building needs. To do so, we rely mainly on the coding categories we developed for our 2007 report, although we added a new code to capture challenges in getting boards to maximize their potentials that were not articulated in the 2007 survey. As in 2007, many descriptions of what would be helpful included references to specific types of capacity building efforts so we use a modified version of the seven categories derived from our capacity building inventory. We include the five types of funding assistance with other financial resources and combine references to consultants, student interns, workshops, or loan executives into a category of “external assistance.” This last category also includes references to joint activities, although this is not really external assistance.

Figure 17 shows the result (the detailed codes are available in Table B.2 in Appendix B). Because a given description might include references to several types of help, these percentages add up to more than 100 percent. Not surprisingly, given the results summarized above, some reference to funding was mentioned by almost two-fifths of all descriptions of what would be most helpful to address capacity challenges, more than any other category of assistance. Some form of human resource help (e.g., staff with specific types of skills) was next, included in 21 percent of all descriptions. Marketing and some form of external assistance (consultants, workshops, interns, and the like) were each included in more than one-tenth of the descriptions (13 and 11 percent respectively). References to networking and advocacy, operations and governance, or program and planning forms of assistance were included in 6-8 percent of all descriptions, while only 4 percent of the descriptions included any references to information technology.

Figure 17 : Percent of Significant Capacity Building Solutions by Category of Capacity Building (N=388)



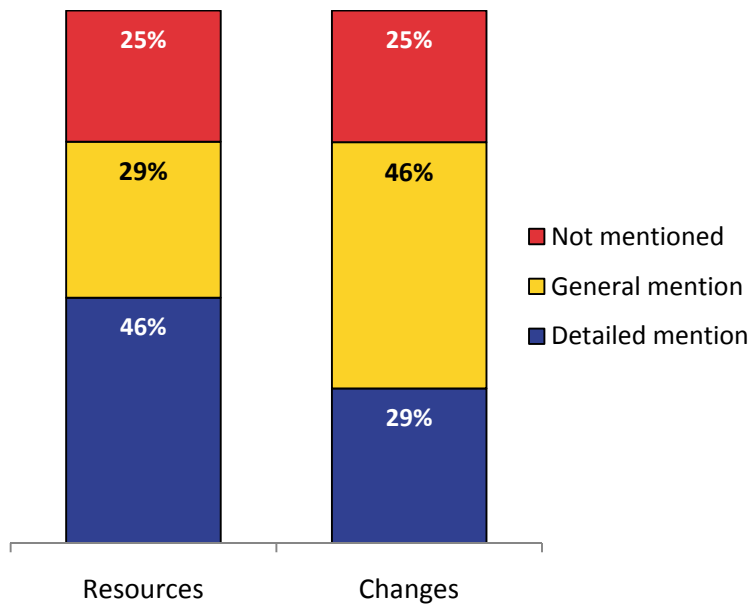
3. Three Most Significant Technical Assistance Needs

We turn next to the descriptions our respondents provided about their most significant technical assistance needs and the best ways to address them. We again consider first the type and degree of details provided in these descriptions before examining the specific types of needs involved. Finally, we look at how respondents think these needs can be addressed most effectively.

Comprehensiveness of Views. We again consider whether survey respondents include any references to **organizational changes** and need for **resources** when describing their three most significant technical assistance needs and the best ways to address a given need. We coded every set of descriptions (a specific need and the best ways to address it) in terms of the level of detail that was included with regard to these two dimensions.

Figure 18 shows the results. As in the case of capacity building needs, the descriptions are more likely to include details on the resources than on the organizational changes needed. More than two-fifths (46 percent) included details on the types of resources needed to address the technical assistance need, while less than a third (29 percent) included details on changes the organization might need to make. We found general references to resources in 29 percent of the descriptions and general references to organizational components in 46 percent. The rest of the descriptions included so few details that we could not determine whether resources or organizational changes were considered at all (25 percent for each dimension).

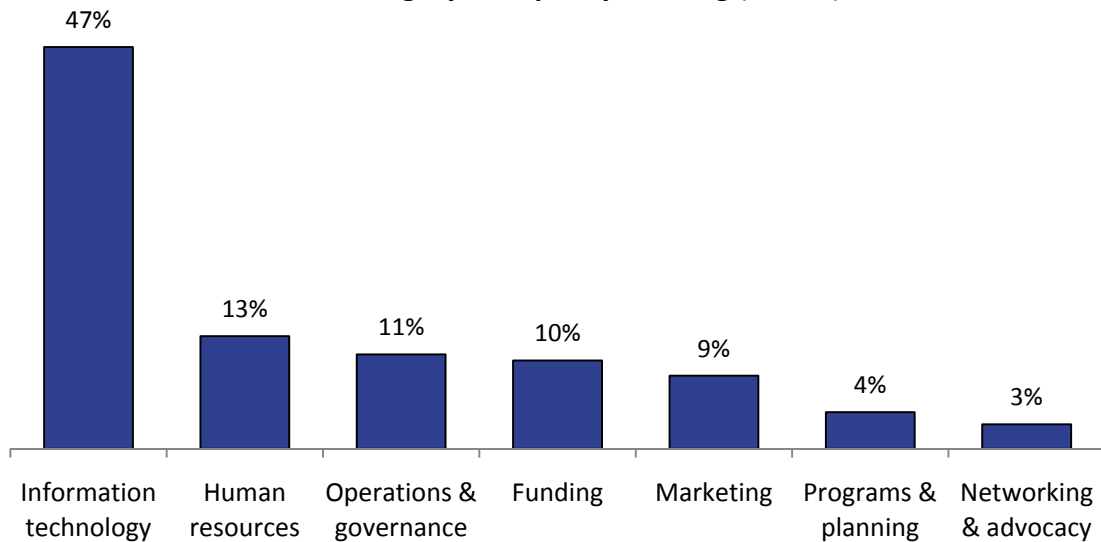
**Figure 18: Detail Level of Tehcnical Assistance Responses
Resources and Changes (N=280)**



Specific High Priority Technical Assistance Needs. To examine the specific needs identified by our respondents as their three most significant technical needs, we again used the expanded list of closed-ended questions used in our analysis in Chapter III. As in the case of our analysis of capacity building, we simply indicated whether a particular need or activity was included in descriptions of the three most important technical assistance needs and then computed the percent of all descriptions that contained a reference to a given need. As before, a given description might include references to several needs, so the percentages add to more than 100 percent

Figure 19 shows the results. Clearly, respondents think mainly in terms of information technology when asked to describe their three most significant technical assistance needs. Almost half (47 percent) of the descriptions included references to some type of IT needs, more than three times as many reference some type of human resource technical assistance needs, the second most frequent type of need mentioned (13 percent). Operations and governance, funding, or marketing related technical assistance needs were included respectively in about a tenth of the descriptions (9-11 percent). Only 4 percent of the descriptions included references to various types of program and planning technical assistance needs while 3 percent had references to networking and advocacy needs.

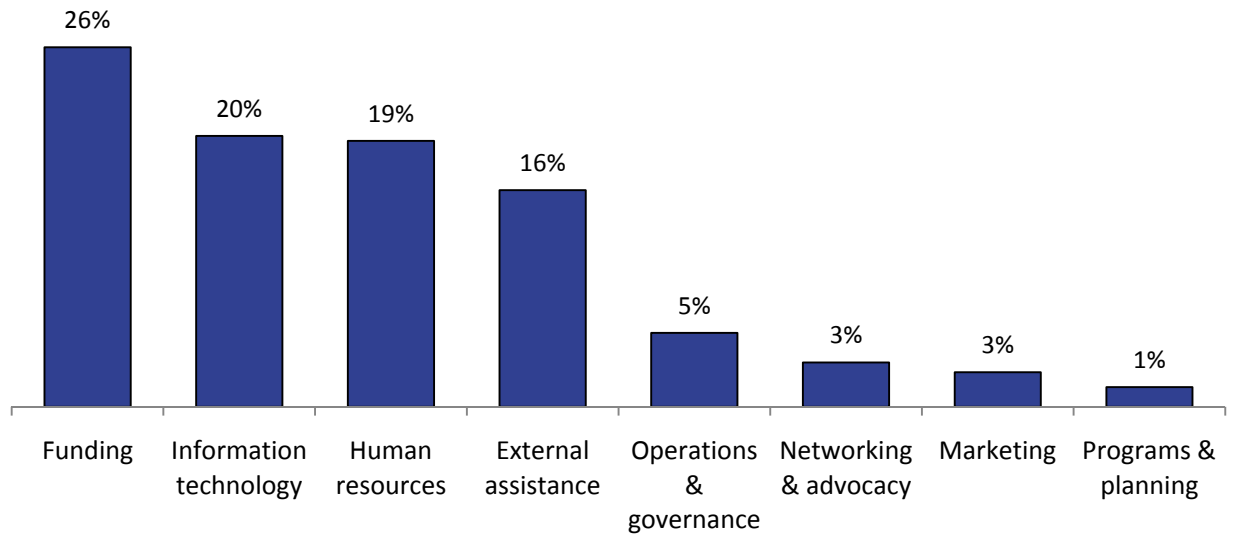
Figure 19: Percent of Significant Technical Assistance Needs by Category of Capacity Building (N=280)



Helpful Ways to Address Technical Assistance Needs. As in the case of the three most important capacity-building needs, we also asked our respondents to describe the most helpful ways to address each of their three most significant technical assistance needs. As before, we combined our inventories for types of assistance and types of capacity since the help descriptions included both types of information. We again simply indicated whether a given item is included in the most helpful way to address the needs and compute the percentage of all descriptions that contained a reference to that type of help. Because any one description might include references to several types of help, these percentages add to more than 100 percent.

Figure 20 shows the results of this analysis. Various types of funding support is again the most pervasive type of assistance identified as helpful in the descriptions – referenced by more than a quarter (26 percent), although that is a smaller share than the 38 percent we found for descriptions of helpful assistance for the most important capacity-building needs. This is followed by references to information technology assistance (included in 20 percent of the descriptions); this is as we would expect, since information technology is included in almost half of all descriptions of the three most important technical assistance needs. Almost as many (19 percent) of the descriptions include some references to human resource assistance (about on par with what we found in descriptions of help to address capacity-building needs – 21 percent), while 16 percent include references to some external assistance, such as consultants or workshops (compared to 11 percent for descriptions of helpful assistance to address capacity-building needs). The remaining four types of assistance for technical assistance (operations and governance, networking and advocacy, marketing, and programs and planning) are included in no more than 5 percent of all the descriptions.

Figure 20: Percent of Significant Technical Assistance Solutions by Category of Capacity Building (N=280)



VI. SUMMARY AND RECOMMENDATIONS

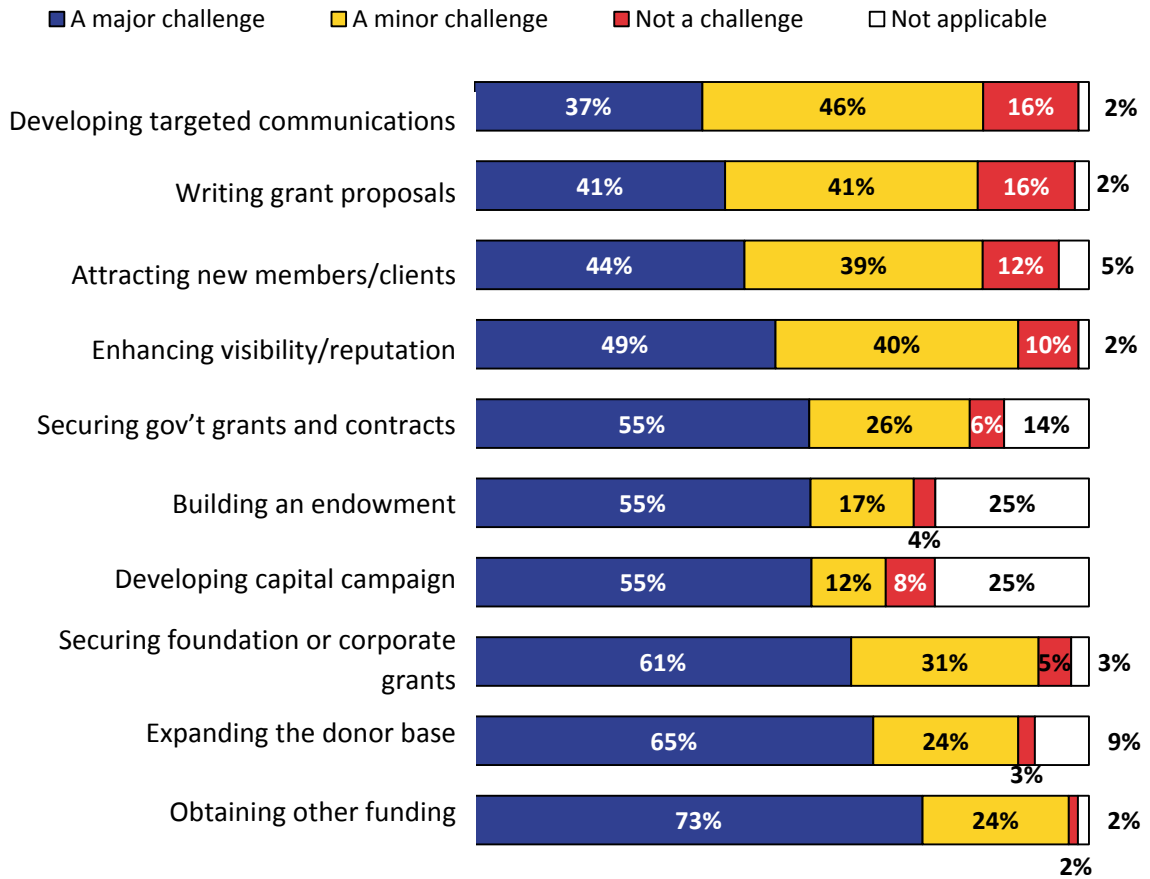
In this section, we first briefly summarize our key findings about the extent to which responding organizations report major challenges across all categories of capacity building. We then turn to a more explicit consideration of what nonprofits said would be most helpful to them and highlight those we believe are of particular relevance to funders.

1. Major Capacity Building Challenges

Focusing on the extent to which particular types of capacity building present major challenges, we find that seven of the top ten challenges all relate to securing various forms of funding (including the top six) with the remaining three indirectly related to funding. As Figure 21 shows, obtaining other funding is a major challenge to 73 percent, followed by expanding the donor base (65 percent), securing foundation or corporate grants (61 percent), and developing a capital campaign, building an endowment, or securing government grants and contracts (all 55 percent). Writing grant proposals is a major challenge to 41 percent. The remaining three items in the top ten (numbers 7, 8 and 10) are at least indirectly related to securing financial resources: enhancing the visibility or reputation of the organization (a major challenge for 49 percent), attracting new members or clients (44 percent) and developing targeted community communications (37 percent).

A review of the next ten major challenges (identified by 29-35 percent of the respondents) shows greater spread among the seven broad capacity-building categories (see Figure 22). These include two information technology related tasks: creating comprehensive and interactive websites (a major challenge for 35 percent) and creating, updating, and effectively using databases (31 percent), as well three items related to board issues: training and developing the board (32 percent), recruiting and keeping board members (31 percent) and board training (29 percent). Two networking and advocacy issues are also included: strengthening relationships with key policy makers (33 percent) and enhancing public understanding of policy issues (32 percent). Also included in the second top ten is strategic planning (a major challenge for 33 percent), recruiting and keeping volunteers (32 percent) and conducting effective special events (29 percent).

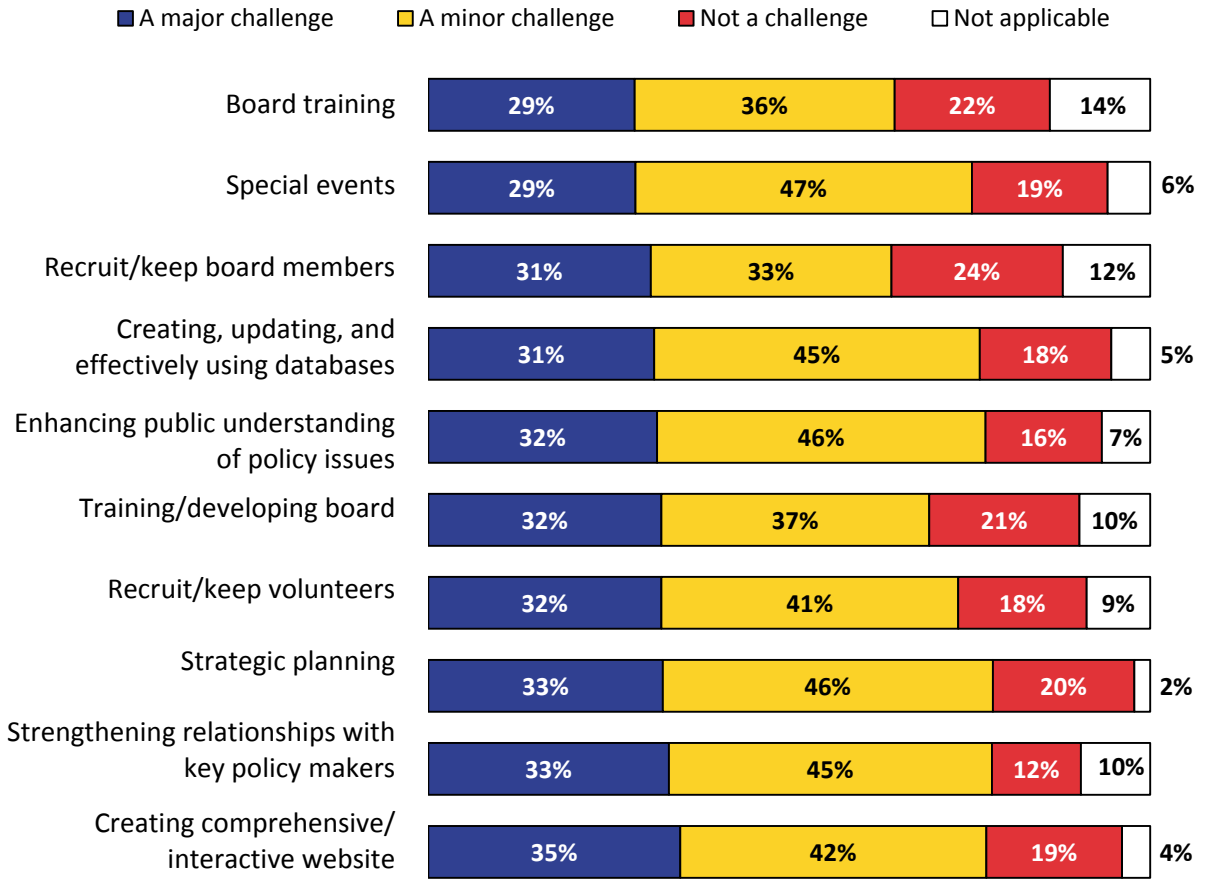
Figure 21: Ten Top Major Challenges (n=333-359)



2. Major Types of Assistance in Meeting Capacity Building Needs

As we noted earlier (see Figures 2), there is widespread agreement that funding assistance appears to be the most helpful way to address the challenges, followed by peer learning support and technical assistance. Among the specific types of funding assistance we examined, multi-year funding and general overhead funding are ranked as most helpful overall with more than 80 percent of respondents considering these as “very helpful” when asked for an overall assessment of specific types of assistance. When asked about helpful assistance from IAC, operations and project funding were both considered very helpful by about the same percentages. Finally, when asked to describe what type of assistance would be most helpful in addressing the organization’s own top three capacity building or technical assistance challenges, some reference to funding was included in respectively 38 and 28 percent of the descriptions.

Figure 22: Second Top Major Challenges (n=333-359)



Peer learning is considered very helpful by 44 percent when asked about their general assessment of this type of assistance, but is rarely included in descriptions of the most effective ways to address their own top capacity building or technical assistance challenges. Finally, workshops and training opportunities and access to outside consultants are considered very helpful by respectively 33 and 29 percent of respondents when asked for a general assessment, and by 35 percent when asked about workshops and training opportunities provided by the IAC. However, all types of external assistance, including consultants, student interns, loaned executives, and workshops or training, were included in only 11 percent of descriptions of what would be helpful to address the organizations own top three capacity building challenges and in 16 percent of descriptions for addressing technical assistance challenges (many of which relate to information technology).

C. Summary and Recommendations

Based on our analysis of what respondents view as the most helpful types of assistance to meet various types of capacity building and technical assistance needs, we identify four priorities for the Indiana Arts Commission and other funders in the arts and culture field.

- Top Priority: Funding Assistance. More than 80 percent see multi-year funding and general overhead as very helpful. We recommend that Indiana funders give serious consideration to providing this type of support to arts and culture organizations seeking assistance with capacity building needs. Such funding provides maximum flexibility for arts and culture organizations and allows them to shift focus as new challenges emerge. Endowment funding, small grants and challenge grants targeted at particular areas of capacity building are also likely to be very useful. We suspect, based on results from our 2007 survey, that some of these types of funding support may be more helpful for capacity-building challenges that are more clearly defined, such as marketing, as opposed to operations and governance.
- Second Priority: Peer Learning. The opportunity to interact with and learn from peer organizations is seen as very helpful by 44 percent of respondents. Thus, we recommend that arts and culture funders give serious consideration to creating structured opportunities for peer interactions and information sharing among executives and others in key arts and culture management positions, such as marketing directors, volunteer managers, special event coordinators, grant writers, and the like.
- Third Priority: Joint activities with other organizations. More than 32 percent indicate that joint activities with other organizations are very helpful, with 85 percent finding it at least somewhat helpful. We therefore recommend that funders and other community leaders explore ways to facilitate collaborative activities among arts and culture organizations, while also recognizing that there are potential costs and constraints associated with such efforts.
- Fourth Priority: Support for Technical Assistance. Outside consultants, student interns, and workshops and other off-site training are viewed as very helpful by about three in ten or more of respondents and at least somewhat helpful by three-fourths or more. Workshops and training provided by the IAC were also seen as very helpful for more than a third. Thus, we recommend that funders give particular attention to identifying and supporting high quality consultants, student internship programs, and training opportunities for arts and culture organizations.

APPENDIX A

SAMPLING AND SURVEY PROCEDURES

Because IAC is primarily interested in knowing more about Indiana arts and culture organizations that look to it for support, our original sample consisted of all 1,792 organizations that have sought funding from the IAC or any of its regional partners since 2003. This approach excludes organizations that have not sought such funding, but includes those that provide arts and culture programming as part of their activities, although not necessarily as their primary purpose (e.g., public schools or churches). We included the latter, since IAC is interested in knowing how capacity-building challenges for them may differ from “true” arts and culture organizations.

To administer the survey, we used a web-based format hosted by Vovici.com and made use of the company’s Feedback tools. To maximize response rates, we provided several incentives. We offered to provide a summary of our final report to all those who completed the survey and expressed an interest in receiving the summary. We also offered 12 organizations, selected at random from those completing the survey, the opportunity to have their organization featured for one month on the IAC’s website. Finally, we experimented with an additional incentive by randomly selecting one-half of the organizations to receive a customized report that would allow each organization to compare its own “challenge scores” to other similar organizations. We thought this extra incentive would increase response rates; it did not. We will provide customized reports to all organizations that completed the survey, regardless of whether the respondent was part of the special incentive segment.

We also promised full confidentiality to all respondents and assured them that the IU School of Public and Environmental Affairs has sole responsibility for the survey, that no one at the IAC or any other organization will have access to the responses or raw data, and that no survey respondent will ever be identified by name. Consequently, we report only aggregate responses and then only if there are enough answers to a given question that no one can identify which organizations may have provided any answers

We employed a so-called “multi-mode administration” of the survey. In late July 2008, IAC sent letters to all respondents with valid postal addresses to announce the survey and alert organizations to a forthcoming email message from our project team about how to complete the survey. IAC also asked organizations to alert IAC staff to changes in their contact information. In early August 2008, we began inviting potential respondents to participate in the survey by sending emails to successive waves of organizations for whom we obtained and verified contact information.

Each wave received up to four email messages with information on how to access the survey, as well as a phone call to remind respondents about the project and offer any help they might need in completing the questionnaire. Most contacts were spaced one to three weeks apart.

In all, the IAC sent: 1,355 letters; in turn, we sent 945 invitation email messages, 838 follow-up email

messages, and 741 first reminder email messages. We followed these with 762 phone calls and 621 final reminder email messages. We ceased contacting any organization that completed the survey, refused to participate, or indicated its ineligibility to participate (e.g., the organization is a for-profit organization, is located outside of Indiana, or has dissolved its arts and culture programs). Also, because some organizations did not register their full contact information with the IAC, not all organizations received all types of contacts. For example, we only called organizations for which we had phone numbers. In cases where contact information was missing or invalid (e.g., wrong phone numbers or outdated email addresses), we sought to obtain as much contact information as possible in order to invite organizations to respond to the survey or encourage them to complete it. After the study concluded, we also sent additional follow-up emails to approximately 160 organizations that had left out answers to a few critical questions so we could include them in the full analysis.

By the time we terminated data collection in late December, 2008, 280 organizations had completed the survey, 102 had completed portions of the survey, while 22 organizations refused to participate and 973 had not responded despite repeated invitations, for an overall response rate of 27.7 percent. The remaining 415 organizations in the original sample consist of 42 that are duplicates of other organizations, 70 that are ineligible for the survey, and 303 for which no valid contact information could be located. The latter includes arts and culture organizations that may no longer exist as well as a number of public schools, churches, public libraries, foundations, senior citizens centers, city halls, and fraternal organizations where we were unable to find anyone that knew about any arts and culture programs.

APPENDIX B

DETAILED CODING CATEGORIES FOR OPEN-ENDED QUESTIONS

TABLE B.1
SPECIFIC ITEMS INCLUDED IN DESCRIPTIONS OF MOST SIGNIFICANT CAPACITY BUILDING NEEDS OR MOST SIGNIFICANT TECHNICAL ASSISTANCE NEEDS

Included in Descriptions of Three Most Important Needs	% of Capacity Building Need Descriptions (n=388)	% of Technical Assistance Need Descriptions (n=280)
Financial Resources		
Obtaining funding or other financial resources	<u>9.0%</u>	1.4%
Funding for programs	<u>6.7%</u>	0.7%
Funding for operations	<u>5.9%</u>	2.1%
Donations from individuals	4.6%	0.7%
Foundation and/or corporate grants	3.6%	0.4%
Funding for an endowment	3.1%	-
Expanding fundraising	2.8%	0.4%
Increasing funding sources	2.3%	-
Developing a capital campaign	2.3%	1.4%
Grant (not specified)	1.3%	2.1%
Government grants and/or contracts	0.5%	-
Undertaking special events	0.5%	-
Managing finances or financial accounting	0.3%	1.4%
Any financial resources needs	32.7%	10.4%
Human Resource		
Adding/increasing staff	<u>6.7%</u>	1.4%
Recruiting/keeping qualified staff	<u>5.9%</u>	<u>6.1%</u>
Recruiting/keeping qualified and reliable volunteers	4.1%	1.1%
Staff training	3.6%	2.9%
Recruiting/keeping effective board members	3.6%	-
Board training	3.1%	1.4%
Managing human resources (staff and volunteers)	2.1%	0.7%
Helping the board achieve their full potential	0.5%	-
Volunteer training	0.3%	-
Any human resource needs	23.2%	13.2%

Included in Descriptions of Three Most Important Needs	% of Capacity Building Need Descriptions (n=388)	% of Technical Assistance Need Descriptions (n=280)
Operations & Governance		
Managing facilities or space organization uses	<u>14.7%</u>	3.2%
Securing/repairing equipment	3.1%	7.1%
Performing routine tasks indirectly related to the mission	0.8%	0.7%
Managing or improving board/staff relations	0.5%	0.4%
Improving management skills	0.3%	0.4%
Establishing organizational culture	-	-
Any operations & governance needs	18.0%	11.1%
Marketing		
Targeted communications with the community	<u>8.0%</u>	4.6%
Enhancing the reputation and visibility of your organization	<u>6.4%</u>	3.2%
Defining constituency groups	3.9%	1.4%
Communicating with members or clients	2.8%	3.2%
Accessing research or information on programs & services	1.3%	0.4%
Assessing community needs	0.5%	-
Adjusting programs or services to meet changing needs	0.3%	-
Any marketing needs	16.2%	8.6%
Programs & Planning		
Attracting new members or clients	3.4%	-
Delivering high quality programs/services	3.1%	1.4%
Expanding programs/services	2.6%	0.4%
Undertaking strategic planning	2.3%	2.1%
Developing a mission and vision	0.5%	-
Meeting the needs/interests of current members/clients	0.5%	-
Implementing strategic plan	0.3%	-
Focusing on mission and vision	0.3%	-
Evaluating or assessing program outcomes or impact	-	0.4%
Any programs & planning needs	12.4%	4.3%

Included in Descriptions of Three Most Important Needs	% of Capacity Building Need Descriptions (n=388)	% of Technical Assistance Need Descriptions (n=280)
Information Technology (IT)		
Knowing how technology helps achieve your mission	1.3%	<u>5.4%</u>
Identifying tech tools/resources for service delivery	1.0%	<u>11.4%</u>
Upgrading computers to support new software	1.0%	2.5%
Creating a comprehensive and interactive website	1.0%	<u>13.6%</u>
Creating, updating, and effectively using databases	0.5%	<u>7.9%</u>
Getting IT assistance	0.5%	3.9%
Training staff/volunteers in software/applications	0.3%	4.6%
Communicating IT needs to decision-makers or funders	-	-
Any information technology needs	4.6%	47.1%
Networking & Advocacy		
Forming or maintaining relations with other entities	2.3%	1.1%
Learning best practices from other organizations	0.3%	1.4%
Enhancing public understanding of key policy issues	0.3%	-
Strengthening relationships with key policy makers	-	0.4%
Responding effectively to community expectations	-	-
Any networking & advocacy needs	2.8%	2.9%

Note: Any percent value that is underlined was included in at least 5 percent of all descriptions.

TABLE B.2

SPECIFIC ITEMS INCLUDED IN DESCRIPTIONS OF MOST HELPFUL WAYS TO ADDRESS CAPACITY BUILDING NEEDS OR TECHNICAL ASSISTANCE NEEDS

Included in Descriptions of Most Effective Ways to Address Needs	% of Capacity Building Help Descriptions (n=388)	% of Technical Assistance Help Descriptions (n=280)
Financial Resources		
Funding for operations	<u>7.5%</u>	<u>5.7%</u>
Obtaining funding or other financial resources	<u>7.2%</u>	<u>8.9%</u>
Donations from individuals	<u>6.2%</u>	0.7%
Grant (not specified)	<u>6.2%</u>	3.6%
Funding for an endowment	4.6%	1.4%
Funding specified for programs or program development	3.4%	0.4%
Developing a capital campaign	3.1%	1.4%
Multi-year funding	2.6%	0.4%
Expanding fundraising	2.1%	-
Foundation and/or corporate grants	1.5%	-
Small grants	1.0%	3.2%
Undertaking special events	1.0%	0.0%
Assistance writing grant proposals	0.8%	0.7%
Government grants and/or contracts	0.8%	-
Increasing funding sources	0.8%	0.4%
Challenge grants	0.5%	1.4%
Managing finances or financial accounting	0.3%	1.8%
Low cost loans	-	-
Any financial resources assistance	37.6%	26.1%

Included in Descriptions of Most Effective Ways to Address Needs	% of Capacity Building Help Descriptions (n=388)	% of Technical Assistance Help Descriptions (n=280)
Human Resources		
Recruiting/keeping qualified staff	<u>6.4%</u>	<u>5.7%</u>
Recruiting/keeping effective board members	4.4%	1.1%
Board training	3.9%	2.5%
Staff training	3.9%	3.2%
Adding/increasing staff	3.6%	2.5%
Recruiting/keeping qualified and reliable volunteers	2.3%	4.3%
Managing human resources (staff and volunteers)	2.1%	0.7%
Volunteer training	0.8%	0.7%
Improving management skills	-	0.4%
Any human resource assistance	21.4%	19.3%
Marketing		
Targeted communications with the community	<u>6.4%</u>	1.4%
Enhancing the reputation & visibility of your organization	<u>6.2%</u>	1.8%
Communicating with members or clients	2.8%	-
Defining constituency groups	1.5%	-
Accessing research or information on programs & services	1.3%	-
Meeting the needs/interests of current members/clients	0.5%	-
Adjusting programs or services to meet changing needs	0.3%	-
Any marketing assistance	13.1%	2.5%
External Assistance		
Joint activities	4.9%	1.8%
Training or other workshops	3.4%	<u>6.1%</u>
Outside consultant	2.3%	3.9%
Student intern	0.5%	1.4%
Any external assistance	11.3%	15.7%
Networking & Advocacy		
Forming or maintaining relations with other entities	<u>5.2%</u>	1.8%
Strengthening relationships with key policy makers	1.3%	-
Learning best practices from other organizations	1.0%	1.1%
Enhancing public understanding of key policy issues	0.5%	0.4%
Responding effectively to community expectations	-	-
Any networking & advocacy assistance	7.7%	3.2%

Included in Descriptions of Most Effective Ways to Address Needs	% of Capacity Building Help Descriptions (n=388)	% of Technical Assistance Help Descriptions (n=280)
Operations & Governance		
Managing facilities or space organization uses	<u>5.4%</u>	1.4%
Establishing organizational culture	1.0%	0.4%
Securing/repairing equipment	0.8%	3.2%
Managing or improving board/staff relations	-	0.4%
Performing routine tasks indirectly related to the mission	-	-
Any operations & governance assistance	7.2%	5.4%
Programs & Planning		
Undertaking strategic planning	2.1%	1.1%
Delivering high quality programs/services	1.5%	-
Attracting new members or clients	1.5%	0.4%
Expanding programs/services	0.8%	-
Evaluating or assessing program outcomes or impact	0.5%	-
Focusing on mission and vision	0.3%	-
Developing a mission and vision	0.3%	-
Assessing community needs	0.3%	-
Implementing strategic plan	-	0.4%
Any programs & planning assistance	6.2%	1.4%
Information Technology (IT)		
Creating, updating, and effectively using databases	1.5%	1.4%
Creating a comprehensive and interactive website	1.3%	<u>6.1%</u>
Upgrading computers to support new software	1.0%	0.7%
Knowing how technology helps achieve your mission	0.8%	1.8%
Getting IT assistance	0.3%	<u>5.0%</u>
Identifying tech tools/resources for service delivery	0.3%	4.3%
Communicating IT needs to decision-makers or funders	-	-
Training staff/volunteers in software/applications	-	3.9%
Any information technology assistance	4.4%	19.6%

Note: Any percent value that is underlined was included in at least 5 percent of all descriptions.

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