

Capacity Building

An organization with capacity is like a tree with a good root system, but how do you grow healthy roots?

By Daniel Rickett

As much as missions partners know that organizational capacity is the key to sustainable ministry, they'll also quickly admit they are ill prepared to build it. And why not, the idea of building capacity in many organizations is limited to adding new functions and raising more money. As a result, formulas for increasing the capacity of Two-Thirds world partners often come down to adding money, buildings, or technology.

Missions partners can take some comfort in knowing that many American businesses function in the same way. Which is why the field of organization development has become a major industry. With the help of organization development researchers and consultants large and small companies alike are finding that to move along the path of capacity building is to discover reservoirs of innovation, and hope.

For example, in less than three years the Christian School for the Deaf in El Salvador, advanced from a local church based program to an independent, nationally networked school for the deaf. With the help of organization development consultants, the school discovered how to take their ministry to the next level of growth and achievement.

Through a series of meetings and planned interventions, the leadership team and faculty reclaimed a sense of confidence and began to achieve things that previously seemed impossible. They succeeded for several reasons, mainly the following:

- God was in it. Though people were initially skeptical, there was a sense that God was calling them forward.
- Experienced organization development consultants guided the process.
- It began on a relationship of trust that had developed over several years.
- The process built on what the school already had in the way of skills and resources.
- The people who would implement the change were also the architects of it.
- The faculty and staff of the school used their own language, idioms and metaphors to describe what they had and what they wanted.
- The entire process was seen as a learning adventure.

The purpose of this paper is to explore from an organization development perspective how missions partners can build capacity for greater impact. The Christian School for the Deaf in El Salvador illustrates that missions partners can expand organizational capacity through a combination of affirming present capabilities and focusing attention on shared aspirations.

The field of relief and development has responded to the need for organizational capacity building with books that propose techniques based on Appreciative Inquiry, (*Working with the Poor*, and *Partnering to Build and Measure Organizational Capacity*).¹ The ideas conveyed in

these publications are important because they show us how to affirm and build on what people have, energize local resources, and focus attention on new possibilities.

What is organizational capacity?

On the surface the concept of organizational capacity is plain enough. It is generally understood that an organization's capacity is its ability to influence its life and progress toward desired results. Beyond that organizational capacity is difficult to define. Explanations become necessarily oblique and drawn out.

The reason for this is that organizations are multi-dimensional. They are influenced by many variables both inside and outside of the organization. Internal variables include work structures, decision-making processes, information systems, reward systems, and human resource management practices, to name a few. External variables include societal needs, politics, religious climate, local, national, and international laws, market trends, donor interests, other organizations that vie for the same donors, international, national, and regional economies, exchange rates, tax policies, and so on. Definitions of organizational capacity tend to get complex because organizations are complex.

So what is organizational capacity? If capacity is the ability to contain, or accommodate something, what is it that an organization should be able to accommodate?

On the one hand, the quick answer is, "that depends." It depends on the purpose, nature, and context of the organization. Thus to some extent capacity will be defined differently from one organization to another. On the other hand, many organizations share a family resemblance. Successful organizations with a similar task, environment, and cultural context tend to have similar attributes.

For example, a North American missions organization must have a responsible board of directors, sound financial practices, effective fund raising, meaningful international programs, and first-rate technical and administrative skills. Without these basic capabilities the organization will have little capacity to fulfill its purpose. But that's not all it needs. There is much more to organizational capacity than technical, financial, and managerial skill.

A study of American businesses by McKinsey & Company in collaboration with Harvard Business School identified seven key factors of organizational effectiveness.² What became known as the 7-S Framework proposed that effective organizational change is the relationship between structure, strategy, systems, style, skills, staff, and shared values. Regardless of the type of business, an organization is thought to have self-renewing capabilities when all seven elements are aligned.

This is a provocative model based on the assumptions that multiple variables affect organizational effectiveness. Yet even this model doesn't fully define organizational capacity. For instance, should we not also say that a Christian organization with capacity is able to do the following?

- Discern what God is inviting it to do,
- Mobilize people in a sustained direction,
- Manage resources with integrity and efficiency,
- Learn from its environment, and
- Adjust its course in order to remain biblically faithful and missionarily effective.

These too are important considerations in the question of organizational capacity. But we are still without a neat, clean definition.

One thing is clear, organizational capacity is better conveyed through metaphors than models. The root system of a tree is helpful. An organization with capacity is like a tree with a good root system. It is a living system sustained and energized by myriad forces and factors in its environment. Whether a tree is young or old, small or large, its life is conditioned by its root system. In the same way the health and vitality of an organization is the measure of its capacity.

Another metaphor is to think of organizations as people. Like people, organizations learn, grow and change over time. They develop personalities, skills, and habits. They have talents, interests, and ambitions. Organizations experience success and failure, become distracted, forgetful, self-serving. Because organizations are the composite of the people who run them, it can be said that organizations get into trouble when they stop learning. Organizational capacity is like personal competence; it is unique to the individual yet common to the human race.

What is capacity building?

Capacity building seeks to improve the performance of work units, departments, and the whole organization. Organizational capacity building is a system-wide, planned effort to increase organizational performance through purposeful reflection, planning, and action. In particular, capacity building looks in depth at where an organization stands in comparison to where it hopes to be in the future, and develops the skills and resources to get there. Thus organizational capacity building is synonymous with organizational learning. The ultimate goal of capacity building is to enable the organization to grow stronger in achieving its purpose and mission. It asks the question, "What kinds of things do we need to do to keep ourselves healthy and vital as an organization?" and provides a variety of techniques to help find the answers.

Building organizational capacity typically involves four steps: diagnosing what is missing or needed in the organization, planning strategies to change the situation, educating personnel to carry out change, and evaluating results. As an organization engages in these activities it acquires new knowledge about organizational actions and outcomes. Organizational capacity expands when learning goes beyond solving a specific problem to gaining the skills and knowledge to solve future problems.

Diagnosis involves gathering information through the use of interviews, observations, and documents and records. Strategy planning is concerned with developing a plan for organization improvement based on these data. The process typically identifies problem areas in the organization and outlines steps to resolve the problems. Educating personnel consists of involving the people most affected by the problem in diagnostic and strategy planning steps. This

makes implementation easier as changes are not imposed upon people but rather invented by them. In some cases the educating step involves sharing the information obtained in the diagnosis with the people who are affected by the problem and helping them adopt the planned change. The evaluation step is similar to the diagnostic step. Once changes have been implemented, data are gathered to determine the effects of the planned change. This information then informs the next cycle of planning and action.

What is Appreciative Inquiry?

David Cooperrider and his colleagues at Case Western Reserve University, Cleveland, Ohio, proposed a somewhat different approach to capacity building.³ Cooperrider introduced the concept of Appreciative Inquiry, which is an organizational learning process that is simultaneously supportive and challenging. This is an interesting approach to capacity building because support and challenge are in conflict with one another. Support requires that we affirm people where they are, appreciate what they have, and build on existing strengths. Challenge is concerned with thinking outside the box, envisioning a better future, and translating that vision into reality. Support and challenge are difficult to reconcile in the same process because they require different skills. Affirming the present may inhibit change. Change may require reinterpreting the past and trying new untested strategies.

The point of Appreciative Inquiry is to reconcile these two forces. The Christian School for the Deaf, for example, had a clear vision of what they wanted students to achieve. Although at first their skill was no match for the dream, they used time to build one skill upon another until the dream became a reality. In order to build new capacity, the organization must learn. It must learn to maximize "what is," and it must learn to ignite the imagination of "what might be." Sustaining a vision for change while building upon existing strengths requires continuous inquiry into what works, what is energizing, and what lies beyond.

Appreciative Inquiry has received support from field research. A three-year study involving 100 organizations working in partnership with the Christian Reformed World Relief Committee (CRWRC) found that "Appreciative Inquiry served not only as a means of inquiry but as a practical tool for building the capacity of NGOs and communities."⁴

Using Appreciative Inquiry to build capacity

The Appreciative Inquiry approach proposes a four-stage process that includes (1) appreciating the best of what is; (2) exploring ideals of what might be; (3) agreeing on what should be, and (4) innovating what can be. The underlying assumption is that organizations move in the direction of the questions they ask. The kinds of questions organizations ask determine what they find, and what is found serves to limit or enliven creative potential. Questions lead to learning and learning is the unseen force of organizational change. Appreciative Inquiry is a process that maximizes the force of learning in organizations by asking questions that affirm the past, build on the present, and inspire hope for what might be.

Central to this process is the 4-D cycle comprised of stages in which participants Discover, Dream, Dialogue, and Deliver. Each stage is described in turn.

Stage 1: Discover

The first stage is to discover and value factors that give life to an organization, to find out and celebrate the "best of what is." Before a group can genuinely imagine a brighter future, they must first feel confident about themselves. As Christians this comes from remembering who we are in Christ and reflecting on what God intends for his people. It also comes from commemorating past achievements and identifying those factors that make people feel joyful, alive, and energized in the present. This is critical because unless directed otherwise, people tend to fixate on problems, on what is not working. In this frame of mind future scenarios are little more than gloomier versions of the present. There will come a time to test the dream against realities, but this should come later only after the power of the dream has taken hold.

The key to building confidence is in asking positive questions, like:

1. What is one of the best experiences you have had in your work with the organization?
When have you felt most alive, most engaged in your work?
2. What things do you value most about yourself, your work, and your organization?
3. What do you think is the main factor that gives life to your organization?
4. What three wishes would you make to heighten the vitality and health of your organization?

Rather than ask questions about what's wrong, Appreciative Inquiry starts with what's right. Asking questions that invite people to identify the best of what they have and what they value is the shortest route to raising confidence and cooperation.

Stage 2: Dream

Having established a sense of confidence from past achievements and present strengths, the second stage involves people in visualizing the "best of what might be." The goal is to develop a clear, optimistic image of how the ministry might look at some future point. People invest themselves when it serves some basic need or fulfills a fundamental drive. This is why it's important to create the mental space for people to dream. The key is to picture "what might be" based on the inspiration and knowledge about the best of "what is." In this way participants move beyond mere dreams to a realistic view of what a ministry can become.

Stage 3: Dialogue

Stage 3 is where individual values and aspirations begin to become community values and aspirations through dialogue. This is where the inherent conflict and creative nature of "support" and "challenge" are worked out as participants come to agreement through sharing ideas, values, constraints and concerns. This type of discussion does not just happen. It requires group techniques and activities that promote greater participation. This is also where the use of language and cultural thinking styles must be taken into account. Facilitators have to know how to steer the participants away from jumping to conclusions on one hand, and on the other hand, avoiding hard choices. At the end of this stage everyone should come away saying, "Yes, this is a vision I can subscribe to. Let's make it happen."

Stage 4: Deliver

In the final stage of Appreciative Inquiry participants identify areas in which they want to do things differently and plan next steps, based on the work of the previous stages. As in all planning processes, eventually people have to start "walking the talk." This is when people decide what action they will take and ready themselves to get underway. With the momentum and direction created by the first three stages, Stage 4 is the first step in the new direction. Just as a ship gets underway with a full sail and a strong wind, so Stage 4 is the beginning, not the end, of the process of change and development.

Key characteristics of Appreciative Inquiry

Note that the four stages embody four characteristics: appreciation, anticipation, participation, and innovation. Although each characteristic describes a particular stage, they are present in all four stages. Appreciation is what enables people to feel good about themselves and look beyond the problems and limitations of the present. Anticipation gives voice to cherished values, hopes, and dreams. Participation gives dignity and ownership to those who are invited to construct a shared future. Innovation ensures that the ideals for the future are grounded in realities. All four characteristics are essential ingredients of constructing a shared vision that is both compelling and possible.

Whether your approach is through Appreciative Inquiry, or any of more than a dozen explicit strategies,⁵ capacity building is like tending a garden. No one can make a plant grow. A plant grows according to its own internal code. The gardener's task is to work with the plant, to add water and fertilizer, and to keep the weeds away. But it is God who makes the plant grow. Likewise, an organization grows in capacity when you create the conditions that foster hope, innovation and faithfulness.

Where to get more information

In addition to Appreciative Inquiry, I rely on three explicit theories for organizational capacity building. They are (1) search strategies for whole systems improvement (Weisbord, 1987), (2) organizational learning theory (Senge, 1990), and (3) "action learning," a recent derivative of action research (Dotlich and Noel, 1998). Concepts of transformational development are also essential (Myers, 1999). These and related resources are listed below.

Marvin R. Weisbord, *Productive Workplaces: Organizing and Managing for Dignity, Meaning, and Community*, (San Francisco: Jossey-Bass, 1987).

Marvin R. Weisbord and others, *Discovering Common Ground*, (San Francisco: Berrett-Koehler Publishers, 1992).

Marvin R. Weisbord and Sandra Janoff, *Future Search: An Action Guide to Finding Common Ground in Organizations & Communities*, (San Francisco: Berrett-Koehler Publishers, 1995).

Peter M. Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization*, (New York: Doubleday, 1990).

Peter M. Senge and others, *The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization*, (New York: Doubleday, 1994).

David L. Dotlich and James L. Noel, *Action Learning: How the World's Top Companies Are Re-Creating Their Leaders and Themselves*, (San Francisco: Jossey-Bass, 1998).

Bryant L. Myers, *Walking with the Poor: Principles and Practices of Transformational Development*, (Maryknoll, New York: Orbis Books, 1999).

Peggy Holman and Tom Devane, eds., *The Change Handbook: Group Methods for Shaping the Future*, (San Francisco: Berrett-Koehler Publishers, 1999).

1. Dirk Booy and Sarone Ole Sena, "Capacity Building Using the Appreciative Inquiry Approach," in *Working with the Poor*, Bryant L. Myers, ed. (Monrovia, California: World Vision, 1999); Scott Johnson and James D. Ludema (eds.), *Partnering to Build and Measure Organizational Capacity* (Grand Rapids, Michigan: Christian Reformed World Relief Committee, 1997).
2. Peters and Waterman popularized the "7-S Framework" in the bestseller book *In Search of Excellence* (New York: Harper & Row, 1982). Robert Waterman further developed the model in the book, *The Renewal Factor* (New York: Bantam Books, 1987).
3. David L. Cooperrider and Suresh Srivastva, "Appreciative Inquiry in Organizational Life," *Research in Organizational Change and Development 1* (1987).
4. Johnson and Ludema, *Partnering to Build and Measure Organizational Capacity*.
5. Peggy Holman and Tom Devane, eds., *The Change Handbook* (San Francisco: Berrett-Koehler Publishers, 1999).

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