

# Stanford SOCIAL INNOVATION<sup>Review</sup>

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## **Transformational Capacity Building**

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➔ Nonprofits that serve communities of color struggle to survive because of systemic racial disparities and biases. To surmount these challenges, we recommend seven approaches that have emerged from our work with these communities.

# Transformational Capacity Building

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Illustration by Celia Jacobs

**G**rassroots organizations in communities of color are creating and implementing solutions to the most pressing issues that disproportionately affect their communities. From incarceration to gentrification, racial profiling to the climate crisis, nonprofits led by and for people of color consistently respond to these systemic inequities in sophisticated and effective ways that are rooted in their lived experiences and community networks.

Yet, despite this work, nonprofits of color continue to be underresourced and often struggle to survive. This struggle is more often than not interpreted as an individual

failing of one nonprofit or leader, and attributes failure to the lack of skilled management or an inability to compete for grants. A broader look at the nonprofit sector, however, shows that the failure to support nonprofits of color is part of this chronic and systemic disparity—one that undermines the positive social change that nonprofits of color can create in the United States.

A 2002 Greenlining Institute study found that only 3 percent of philanthropic dollars went to nonprofits led by people of color. By 2008, this figure had increased to only 8 percent, and the number has flatlined since, despite the continuing increase of the percentage of people of color in the US population. The decades-long underinvestment in nonprofits of color has had far-reaching consequences in the lives of communities of color, which face persistent, systemic racial disparities in areas such as housing, education, health-care access, and financial well-being.

The COVID-19 pandemic illustrates this systemic vulnerability. Communities of color across the United States—especially Black communities—are more likely to be affected by the virus, likely because of systemic racism that has limited access to adequate health care, paid leave, healthy food, and

stable housing. *Mother Jones* reported in May 2020 that Black people constituted a disproportionate number of coronavirus deaths in 18 out of the 23 states that had obtainable data and are more than twice as likely to die from coronavirus as white populations in those states. For example, in Wisconsin, Black people make up only 6 percent of the population but accounted for an alarming 40 percent of coronavirus deaths. In Michigan, Black people have suffered 40 percent of coronavirus deaths, even though they are only 14 percent of the population. This increased mortality rate, which is just one indicator of the systemic and structural racism that targets communities of color, creates traumatic rifts in the fabric of families, neighborhoods, and communities, and increases distrust of public institutions.

Nonprofits of color serving communities of color address these systemic vulnerabilities by providing basic necessities and direct services, while also gathering resources

to continue their other programming. But their ability to succeed depends on investments in them. And the dearth of relevant capacity-building services available to them is a critical component of this lack of investment.

Capacity building is the process of building and strengthening the systems, structures, cultures, skills, resources, and power that organizations need to serve their communities. Capacity builders are the individuals and organizations that work with nonprofit staff, board members, and volunteers to overcome the barriers that nonprofits face in fulfilling their missions. These barriers can be internal to organizations (such as understaffing or lack of infrastructure) or external (such as a lack of coordination among organizations providing a continuum of care).

Conventional approaches to capacity building, however, have been largely inaccessible to nonprofits of color. They also often rely on tools, workshops, and resources designed by white consultants for white-led, mainstream nonprofits. Unfortunately, these conventional approaches have had limited success when applied to nonprofits of color, and have even been harmful and disempowering to communities of color. However, a number of organizations and individuals across the country have been developing new methods for capacity building that better serve nonprofits of color. While these methods are diverse, they have some core approaches in common. In this article, we will be exploring seven approaches that work to address the pitfalls of conventional capacity building and collectively support the potential of nonprofits of color to transform all our communities.

### HOW CONVENTIONAL CAPACITY BUILDING FAILS

For most nonprofits of color, capacity-building opportunities have been largely inaccessible because conventional capacity building requires organizations to have attained a level of “readiness”—in terms of budget size, staffing, leadership, and infrastructure—beforehand. In addition, the high cost of capacity-building services and their reliance on jargon to talk about organizational and leadership development prevents many nonprofits of color from understanding how capacity building can strengthen their organizations and movements, or from seeking this form of support. Ironically, many nonprofits of color are blocked from the very resources that could help them improve their staffing, financials, infrastructure, and leadership. Other nonprofits do not even know that these services exist.

In addition, even when conventional capacity building has been accessible, it has often encouraged organizations to assimilate to standards rooted in white professionalism that place undue importance on the values of individualism, technical solutions, worship of the written word, and effectiveness. This occurs at the expense of other values that are often central to nonprofits of color, such as building trusting relationships and honoring multiple ways of sharing information, as well as measuring success by the nonprofits’ ability to allow community members to gather and meet a variety of community needs.

Kathleen Enright, CEO of Grantmakers for Effective Organizations (GEO), says that the flaws with conventional capacity building’s obsession with “effectiveness” are produced by white-dominated organizations that “have advanced ideas about effectiveness that have unwittingly perpetuated or even exacerbated inequity in the nonprofit sector.” As a result, she explains, “nonprofits deemed ‘effective’ are

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often those most skilled at navigating the thicket of hurdles, requirements, and processes put in place by philanthropy. This perpetuates a cycle in which large, well-resourced organizations amass capital while smaller ones—including many working at the community level and led by people of color—struggle for resources and consequently are often deemed less “effective.” In this case, “effective” refers not to the outcomes a nonprofit creates but instead to an organization’s ability to navigate bureaucratic complexities.

The lack of a racial justice analysis in conventional capacity building has resulted in an overreliance on “best practices” aggregated from a homogenous collection of white, mainstream organizations that overlook the fundamental need of communities of color to build power for self-determination and to reshape inequitable systems.

Take, for example, the experience a Vietnamese community organization based in Seattle had when seeking external help to develop its board. It hired a consultant who insisted that each board member become a financial donor, following the conventional best practice that healthy boards have members who all donate money to the organization. But this organization’s board was composed of refugees who had fled Vietnam’s communist government. They refused this request, because it reminded them of wartime institutions in Vietnam that claimed to serve the people but instead extorted their money and resources. However, for years, board members had generously bought food for program events and staff, volunteered their time, and used their personal reputations to improve the trust and standing of the organization in their community. None of these contributions was captured by the metric of “100 percent board giving.” Pushing the board members to fulfill this standard practice caused great discord among board members because it failed to value the different ways in which the board supported the organization.

Similarly, an organization for Spanish-speaking immigrants in Portland, Oregon, also struggled with various conventional capacity builders who worked from a “best practices” mindset that did not account for cultural barriers. The capacity builders were frustrated that their trainings had to be translated into Spanish, that some board members didn’t speak English, and that members’ children were present at trainings. Moreover, these consultants often came with preconceived plans that did not take the needs of the organization into account. Case in point: One communications consultant presented a 15-page communications plan, written in English. This proposal was not tailored to the organization’s needs and was designed to be implemented by a communications team, even though this organization had no communications staff.

Conventional capacity building's unexamined desire for nonprofits of color to conform to standards of success rooted in white professionalism pushes communities of color toward compliance with unnecessary practices, which can ultimately thwart the innovative potential of these organizations, rather than boosting it. In failing to expand its cultural frame of reference, conventional capacity building has missed an opportunity to radically reexamine how organizations can operate and achieve their mission.

### THE SEVEN APPROACHES

Over the past six years, we have had numerous conversations with capacity builders who serve nonprofits of color across the United States. They have told us of the limitations of conventional capacity building and shared their ideas for a transformational model whose success is based in building processes that create: (1) trusting honest partnerships among capacity builders, nonprofit leaders, and their staff, and (2) organizational cultures that promote the creative power of their members and can take collective action to understand and address root causes of an issue in fulfilling their mission. Based on our conversations, we have concluded that the

## Trusting relationships are essential to creating a foundation where an organization's strengths and vulnerabilities can be discussed openly.

following seven approaches are needed for transformational capacity building. These approaches are evolving practices that support the growth, self-determination, and resiliency of nonprofits of color by creating the conditions for organizations and the communities they serve to thrive.

**1. Build trustworthy and culturally resonant relationships.** Transformational capacity builders must develop a strong sense of the history, patterns of behavior, and culture of the organizations they work with. They must also understand the cultural dynamics in the communities that nonprofits of color serve. Building these sensibilities requires trust, transparency, and vulnerability on all sides.

A transformational approach typically begins with the capacity builder first showing up in community and organizational spaces before any formal capacity-building work begins. Brianna Jones, a capacity builder from Communities Rise in Seattle, explains that her organization's approach "is human- and relationship-based first." This principle, Jones says, means that "people are not expected to come into a room and get to an agenda. Instead, time is given to center relationships, create gracious space, and move at a speed that allows people to become unguarded and creative." Trust builds over time, through a genuine commitment to and interest in the nonprofit

and its community. Communities and leaders will be open to sharing information and addressing organizational issues with capacity builders only when they develop trust.

This approach sees the growth of organizations as grounded in deep trust. Deep trust is a firm belief in the reliability, integrity, and discernment of those one works with; this cultivates the ability to tackle complex issues together. Belma Gonzalez, coach and facilitator of the New Leadership Network, a cross-sector leadership cohort in California, explains that the building of deep trust between participants coincides with an organization's rate of change. "People will move at the speed of trust," she says. "If there's not true connection and trust, then it's [just] an intellectual exercise, and people will learn things, but I don't believe real change happens."

Building trusting relationships takes an ongoing investment of time and resources by capacity builders and organizations, including staffing capacity, emotional labor, and funding. These investments are essential to creating a foundation where an organization's strengths and vulnerabilities can be discussed openly without the fear that an organization (and its leadership) will be blamed or pathologized for its shortcomings. This trust building is especially beneficial during periods

of transition, stress, or crisis—from an executive director transition to an ongoing community emergency or organized response, like the nationwide Black Lives Matter's response to state violence against Black people. In these moments, organizations typically call upon their most trusted allies for support.

Capacity builders are particularly successful when they are culturally resonant with and responsive to partners. Culturally resonant relationship building means that capacity builders are able to understand and engage with organizations through their specific communities' cultural lens, cues, and practices.

Capacity builders' ability to do so can be strengthened when they embody the linguistic or ethnic makeup of the organizations that they serve and can speak from the lived experience of working in community nonprofits. A 2012 *Social Political Research* evaluation of capacity building for minority-led organizations found that the lack of "consultants who reflect target communities [or] who share an understanding of different cultures and/or tribes, norms of respect, the roles of immigration, place, and language, methods of communication, and the ways in which leadership is defined and manifested in different cultures" prevented capacity builders from providing culturally relevant services.

RVC, a capacity builder for communities of color (which employs the majority of this article's authors), experienced the power of cultural resonance in its support of the Congolese Integration Network (CIN), an organization led by and for Congolese immigrants. Although RVC had worked with CIN for years, capacity-building efforts became more successful when Sandra Amolo, an immigrant from Kenya, joined the RVC team and began working with CIN. She connected with CIN's executive director on a personal and professional level, as well as on the importance of CIN's mission. She also conducted meetings in Kiswahili, a language she shared with CIN's staff. "When CIN's executive director found out I spoke Kiswahili,

he felt like I understood their culture and got more comfortable with me asking more pointed questions,” Amolo says. “This created a level of comfort in our working relationship.” The trust and candor in their rapport allowed Amolo to address deeper organizational patterns that had been hampering CIN and to help CIN’s leadership in mapping out its future. And, as a former interim executive director of another immigrant-led organization, Amolo understood the aspirations and constraints of serving a community where the needs far outpaced the available resources.

## 2. Address underlying patterns of behavior rooted in history and culture.

Conventional capacity building relies on cookie-cutter workshops and tools. Transformational capacity building, by contrast, works to understand and address the underlying patterns and beliefs that drive behavior and creates and adapts tools to fit the needs of an organization. The goal is not only to adopt new practices but to make space for conversations about what drives existing organizational processes and, in doing so, to undo some of the traumas and limitations of an organization’s default means of operating.

Take, for instance, the relationship between Movement Strategy Center (MSC), a capacity builder and fiscal sponsor for communities of color based in Oakland, California, and Positive Women’s Network (PWN), a national membership body led by and for women living with HIV that works to strengthen the strategic power of all women living with HIV in the United States. Over the years, PWN has worked with MSC to inform budget design in a way that would allow each of its chapters across the nation to be in charge of its own budget. Through conversations, MSC realized that PWN’s budgeting process was not only a means for PWN to determine how to allocate funds and plan for the next fiscal year but also a way for PWN’s national staff to help the chapters take leadership in determining their investments. Without this understanding, conversations about budgeting, accounts, and cash flow were ineffective and uninformed by some of PWN’s core values, such as meaningful involvement and accountability.

To address this inconsistency, PWN is engaging in ongoing conversations about what types of relationships and investments the organization and its chapters want to have as a whole, including examining the impact that historic inequity and gatekeeping in financial institutions and practices had on their membership. These ongoing conversations are allowing MSC to build an understanding of PWN’s membership structure and how chapters work with organizational financial practices like MSC’s financial statements and budget process. This understanding, in turn, has helped MSC determine what training, resources, and capacity building are needed to support PWN and its chapters’ collective vision and goals. Through co-designing a process that takes into account PWN’s history and culture, MSC and PWN are actively working toward a healthy and sustainable approach to PWN’s finances.

## 3. Encourage nonprofits to be specialists, not generalists.

Conventional capacity building assumes that organizations fail to thrive because of a lack of skills and technical expertise. As such, it trains an organization’s staff to implement a uniform set of operating procedures, regardless of their size, specialty, culture, language, or mission. This approach has forced many nonprofits to divide their time and energy to learn and implement a dozen complex tasks (such as

HR, financial management, IT, fundraising, communications, data and evaluation, and legal compliance), instead of allowing them to specialize in pivotal tasks that further their mission (programs, services, community mobilization).

However, a number of capacity builders working with nonprofits of color have begun operating based on a fundamentally different premise: that nonprofits of color, just like communities of color, have been asked to do too much with too little. Instead, transformational capacity building reframes the concept of success by allowing nonprofits to specialize, outsource operations and infrastructure building, and focus on serving their community. This approach revamps how work is organized and consolidated among small nonprofits of color while also increasing the resources available to them.

Transformative capacity building emphasizes “right-sizing,” which refers to organizations’ intentionally determining the size of their budget, staff, and programs in ways that best enable them to achieve their mission. For some organizations, especially those serving communities that suffer multiple forms of marginalization—such as LGBTQ youth of color—such tailoring often means remaining small and nimble so that they can provide custom services that respond to their community’s needs.

While organizations remain small to pivot and respond quickly to crises in their communities, they often struggle with accomplishing the burdensome array of tasks required to run an organization. They also face much higher administrative burdens when applying to and fulfilling grants than larger nonprofits do, because small nonprofits tend to be eligible for grants that fund smaller dollar amounts but that have the same amount of administrative and reporting requirements as larger grants. Consequently, small nonprofits end up doing an equal amount of administrative work but receive less funding. To make matters worse, they frequently have the least access to capacity-building opportunities, because they don’t meet traditional “readiness” requirements or cannot afford the high cost of capacity building.

New approaches allow organizations that want to remain small in size or specialized in scope to still function effectively and benefit from economies of scale. Organizations such as Tides, Community Partners, Movement Strategy Center, and RVC offer more holistic fiscal sponsorship that includes centralized legal, accounting, and HR services for any organization it sponsors. In addition, some of these fiscal sponsors have integrated ongoing organizational development, strategic planning, grant writing, and management support for organizations to grow in self-directed ways. Using this model, any organization can benefit from economies of scale and specialized technical expertise that are typically accessible only to large nonprofits. This approach benefits frontline staff at organizations that capacity builders such as RVC fiscally sponsor, such as Families of Color Seattle and Mujer al Volante, who, for the first time, can access high-quality health-care benefits and retirement savings vehicles that are often lacking for small nonprofits. They also don’t need to worry about the endless legal complexities inherent in the nonprofit sector, since the fiscal sponsor addresses those.

RVC, for example, has found that providing grant-writing services to fiscally sponsored organizations has been one of the most effective strategies for increasing organizational capacity. This approach has saved the organization’s executive director time while also increasing revenue that is aligned with the organization’s mission and strategic

direction. At RVC, an investment of less than \$20,000 resulted in more than a million dollars of funding for nonprofit partners, most of which were unrestricted general operating dollars.

Ultimately, capacity-building services that emphasize right-sizing and allow for specialization are supporting nonprofits of color, especially grassroots and community-based organizations, in enjoying the benefits of a large nonprofit. Right-sizing practices relieve some of the pressure to scale in order to meet traditional capacity-building expectations based in white professionalism.

**4. Cultivate networks to generate power and change systems.** While conventional capacity building focuses on an individual organization's competitive advantage, transformational capacity building considers the larger ecosystem. Organizations are part of networks that form the basis of learning together and building power through acts of collective solidarity, such as joint advocacy campaigns and coalitions, which in turn reshape systems to be more equitable. This approach recognizes that organizations and communities of color are teeming with dedicated leaders at every level. With sufficient investment, leaders can connect, learn, and create together, intentionally cultivating relationships that go beyond organizational structures, titles, and issue areas. These relationships form networks that have more resilient and powerful community responses to root causes than any solo leader or organization can.

According to the 2016 Washington State Leadership Scan, which surveyed more than 400 people in the nonprofit sector, leaders of color rate peer engagement and developmental relationships (i.e., coaching and mentorship) as two of the most valuable avenues of support from capacity builders. To that end, capacity builders working with communities of color are nurturing networked leadership through fellowship programs, peer cohorts, and organized convenings.

Communities Rise utilizes the cohort model in its services. "In cohorts, the work happens together because that is how we [communities of color] work," Jones explains. "Even if people enter the cohort with different goals, they usually realize there are questions they are asking in common about how to reclaim resources, deepen connections, [and] support youth. They really begin sharing with each other how they do their work. Essentially, [the cohort] allows leaders to see what they are struggling with outside of isolation, as well as share and test many strategies. And increasingly we see these cohorts move from addressing direct services to confronting root causes."

These solidarity networks can generate new projects, ideas, outcomes, characteristics, and even movements. They can be especially important for immigrant and refugee groups, which can be linguistically and culturally isolated and rely on strong networks to disseminate knowledge and build power to change systems that exclude them.

Change Elemental, a national capacity-building organization, understands that building networks is fundamental to increasing the capacity for organizations led by and for communities of color. "Our practice has always been to evolve to meet the needs of the people on the ground," says Change Elemental Codirector Elissa Sloan Perry. To address this need, Change Elemental began nurturing emerging movement networks as a core aspect of its work. Doing so has also proved helpful in building cross-racial networks that create solidarity among disparate communities.

For example, in the wake of Hurricane Sandy, a variety of organizations—including churches, environmental organizations, immigrant-rights groups, and direct-service agencies—that had never previously worked together collaborated in a collective emergency response. One of these organizations, 350.org, was part of a lab focused on movement networks led by Change Elemental. As an organization working with grassroots communities of color, 350.org came to the lab wanting to keep these disparate organizations connected into the future, not only to respond to emergencies but also to advance progressive change together. 350.org's first step was to foster relationships through commemorating the one-year anniversary of Hurricane Sandy.

Rather than leading with an expert approach positing answers or relying solely on 350.org for solutions, Change Elemental prioritized networked movement building by bringing together organizations and geographies in the lab to 350.org's learning. Change Elemental then helped design a framework for 350.org to cultivate relationships and do community organizing to help combat climate change with a diverse set of partners. Within this framework, leadership development focused on bringing together multiple forms of knowledge, with practices that nurtured the humility to ask for help and be in collaborative and interdependent relationships with new people, along with the recognition that these leaders held positional power relative to certain members in their network. This approach was crucial in engaging communities of color and other marginalized communities. The Sandy Commemoration included a diverse group of participants who experienced climate change differently because of race, class, immigration status, and other social factors. Tantamount to the success of the commemoration was participants' willingness to partner with others who had different ideas about organizing around and addressing climate change.

This network building evolved into the People's Climate March in 2014. Since then, the march has occurred in multiple cities nationally and internationally for multiple years. This is just one example of how investing in network leadership has a multiplying effect and can result in positive and unforeseen outcomes.

**5. Invest in the inner well-being and growth of leaders.** Transformational capacity building acknowledges that if the people leading change are not tending to their overall well-being—their physical, emotional, and financial health—the organizations, movements, and communities they lead will suffer.

A 2017 study by The Wellbeing Project of more than 250 changemakers across 55 countries found that inner well-being is considered an essential ingredient for healthy and sustainable social-change work. "Inner work," also known as self-care or reflective practices, significantly improves the lives of changemakers, increases their ability to collaborate with others, and develops more fulfilling personal and professional relationships. This can include meditation, therapy, spiritual practices, coaching, or other group or individual processes that lead to greater self-reflection and inquiry. Despite its significance, the majority of respondents were unable to cultivate their well-being, often because of lack of resources. This assessment was also proven by the study, which concluded that organizations "played a significant part in enabling a culture that was either supportive, or dismissive, of [people's] inner well-being."

In response to the need for inner work, transformational capacity builders use practices that encourage reflection, integration, and transformation, so that support leaders become more resilient and more intentional in their work. “If leaders don’t have resilience and are operating from a place of fear and scarcity, then the objective planning work doesn’t work,” says Jyoti Patel, who consults with organizations to foster their culture and creativity. In response, Patel explains, capacity builders can design “an engagement that supports deeper transformation—thinking creatively and not just doing a four-hour workshop for something that can’t be addressed in a workshop space, but using coaching or peer coaching alongside longer-term engagements.”

Inner work is also particularly important for leaders of color who are focused on organizational and systems change, Sloan Perry adds. “When I am working with Black and brown folks, the predominant part of the work is understanding how oppressive structures have been internalized, the way we play it out on ourselves and each other, and how to heal from it to create new ways of being—or reclaim old ones—so we don’t re-create the same systems of oppression with different people on top,” she says.

Opportunities to support leaders’ inner work can be stand-alone programs or woven into everyday capacity building. Spaces for growth and introspection aim to build trusting relationships with space for candor, pushback, vulnerability, and authentic support that increases participants’ ability for self-reflection and leadership. They center power and reflect on how it operates in our collective and personal liberation by naming oppressive systems, reclaiming definitions of power not reliant on domination or exploitation, and moving toward equitable solutions. These spaces are also shaped by values such as transparency and integrity, and include practices that help leaders align with those values on personal, organizational, and community levels. Opportunities for inner work honor and cultivate other ways of knowing: intuitive, imaginative, spiritual, emotional, and ancestral, including the expressive arts. In this framework, leaders’ inner work is necessary to achieve the transformation that they desire for themselves and their communities.

#### **6. Provide simultaneous, multilayered capacity-building opportunities.**

Conventional capacity building has focused on one-off skill-building workshops or technical solutions. In contrast, transformative capacity building invests in multilayered support that increases an organization’s capacity in multiple arenas over time. The Delta Project, a coalition of capacity builders of color in Seattle, recommends that capacity builders invest simultaneously in people, place, and practice at three levels: organizational, community, and systems.

For example, the Los Angeles-based nonprofit Community Partners provides fiscal sponsorship, along with regular counsel from one of its experienced staff liaisons. It also works with leaders of foundations, corporations, and government agencies to design, build, and manage initiatives for systems-level change. MSC not only supports individual organizations to develop programmatic strategies and organizational processes but also facilitates cohorts’ focusing on embodying values

and supporting the inner growth of leaders, in order to build resilient and powerful movements. RVC gives nonprofits of color additional staff through a paid two-year, living-wage fellowship, in which fellows receive an education in nonprofits, professional development, mentorship, and coaching. Participating organizations are paired with a capacity-building coach who helps to increase and stabilize their funding to the point where they can permanently hire the fellow, and to provide additional consulting to strengthen their organizational infrastructure.

By offering multilayered wraparound services, transformational capacity builders are helping organizations of color, especially grassroots and community-based organizations, to unlock their potential while placing their attention where it is most needed—on the front lines.

#### **7. Offer direct, flexible funding for transformative capacity building.**

Chronic disinvestment in communities of color has undermined the ability of nonprofits of color to hire staff, build capacity, and achieve their purpose. The antidote to this, not surprisingly, is to give money

## **Resourcing communities of color demands an honest look at the historic exploitation of and divestment in communities of color.**

directly to nonprofits of color through multiyear, general operating grants and unrestricted individual donations. Ironically, restricted funding, even for the express purpose of capacity building, can be one of the biggest barriers to building it. Restricted funding starves organizations’ back-office operations, stunts their ability to determine their needs, and impedes their ability to quickly adjust their programming in response to community needs.

In contrast, flexible, long-term funding gives organizations the greatest freedom to use dollars most effectively, as opposed to dictating that money be only for specific uses. It also radically decreases the amount of paperwork, tracking, and invoicing that burdens staff and prevents them from doing the actual work of serving their communities. Giving multiyear grants enables organizations to plan for the long term. Small organizations that receive multiyear grants are more likely to hire essential staff—often their greatest capacity need—as they are certain that they can pay for such positions for multiple years. Moreover, flexible funding allows organizations and capacity builders to take a multilayered approach to investing in nonprofits of color—simultaneously building staffing and leadership, organizational infrastructure, programming, community support, and advocacy.

Access to multiyear general operating grants is even more important for nonprofits of color because of the intersection of the racial wealth gap and the insularity of white people’s social circles—meaning that people of color are less likely to know white

people. A 2014 Public Religion Research Institute study found that 75 percent of white people have an entirely white core social network. This, combined with the fact that white households have 17 times the net worth of Black households, means that white social circles hold most household wealth. Nonprofits of color are thus at a distinct disadvantage in soliciting funding from individual donors, because the networks of people of color are less white and have less disposable income.

Furthermore, funders should not pit programming and capacity-building investments against each other, but rather should fund both in parallel over multiple years. Funding for organizations is essential to pay for staff time, infrastructure, and programming, while funding for capacity building pays for supports such as individual coaching, organizational consulting, and network learning spaces. This combination is especially helpful for organizations that provide frontline support.

The Wilburforce Foundation is worth highlighting as one of the best models of this type of funding resource, even though it does not work expressly with communities of color. Wilburforce gives long-term, direct support to grassroots environmental organizations, some of which have been continuously funded for up to two decades—an almost unheard-of practice within progressive philanthropy. In addition, Wilburforce funds capacity building for its grantees through a longtime partnership with Training Resources for the Environmental Community (TREC). Wilburforce's sustained commitment has enabled meaningful, trusting relationships among TREC and its sponsored organizations. The trust and long-term horizon have allowed the organization to engage in diversity, equity, and inclusion (DEI) work in the environmental sector.

Resourcing communities of color requires a radical reimagining of the philanthropic sector. It also demands an honest look at the historic exploitation of and disinvestment in communities of color and their ability to build enough capacity to achieve their aspirational goals.

### A CASE FOR TRANSFORMATION

RVC's work with the Somali Parents Education Board (SPEB) in South King County, Washington, illustrates the power of transformational capacity building for communities of color. SPEB was founded in 2014 to address barriers that Somali youth and their parents experienced in the US public education system. The organization seeks to close education gaps experienced by Somali children through promoting family leadership; strong relationships among families, teachers, education administrators, and elected officials; and community advocacy capacity to improve the education system. SPEB started as an all-volunteer effort by Somali families and spent three years building relationships within its community before its official launch. It has since developed the Transforming Partnerships Institute, which brings together parents and educators to learn about and address systemic inequity in K-12 education. With SPEB's ongoing support, institute alumni form advocacy groups for families of color to seek and implement change in three major school districts and to build local, state, and national advocacy opportunities, such as meetings with lawmakers.

In 2018, SPEB joined RVC's operations support program. This partnership enabled SPEB to triple its budget, mostly through general operating funds, and transition from an all-volunteer organization to

hiring its first two staff, including Executive Director Regina Elmi. The unrestricted funding allowed SPEB to pivot quickly into a direct-service organization during the COVID-19 pandemic, when the Seattle area became a hotspot for the virus.

SPEB further accessed RVC's multilayered capacity building by adding a third staff member through RVC's fellowship program. In addition, the organization has continued building a healthy infrastructure with the support of an ongoing capacity-building coach: developing strategic frameworks, fundraising plans, and supervision and work planning supports. Recently, Elmi joined RVC's board in order to ensure that partners' voices are integrated into RVC's core governance structure.

"Our capacity-building partnerships do the back-end work while also building our staff and organizational practices," Elmi says. "Our team can focus on the things that matter most to us. We can take our time to build an organization that is really embedded in our community. Our connection to community is what keeps us accountable, driven, and effective."

Elmi acknowledges that one of the biggest areas of growth has been seeing SPEB as part of an expanding multicultural effort led by various communities of color. Being able to have peer cohort spaces and build relationships with leaders of color has been essential not only to strengthening SPEB's work—especially its advocacy work—but also to Elmi's personal growth.

"I have learned to be firm and stand my ground—because there were times folks would have dismissed me as a hijab-wearing woman of color," she says. "I have learned to reclaim my power: to be able to say, relay, and insist on what the community says and how to have their work done."

### THE ROAD AHEAD

Communities of color and the grassroots nonprofits that serve them are on the front lines of addressing the most serious issues affecting US society. While they have made incredible strides, their influence can be magnified in communities far and wide through collective changes in how the nonprofit sector, philanthropies, and capacity builders invest in them.

Funders need to better understand the importance of capacity building and provide multiyear general operating funds to grassroots organizations, investing in simultaneous, coordinated elements of capacity building, instead of single, isolated strategies. Capacity builders must acknowledge that it is time to recognize the limitations of past behaviors and approaches, based in dominant white culture, and invest in transformational capacity building that responds to the needs and strengths of communities of color. Nonprofits and their leaders have an opportunity to unlearn many unproductive and biased internalized practices, such as the hesitation to outsource back-office functions and the belief that culturally based organizational practices are inferior to those of white professionalism.

The seven approaches of transformational capacity building aim to help all relevant stakeholders make the changes necessary to support nonprofits of color and the communities they serve. Together, nonprofits of color, their leaders, capacity builders, and funders can create a path forward—one that supports communities of color to address the systemic vulnerabilities they are facing and create the profound shifts necessary for more equitable outcomes. ■