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BARR-KLARMAN ARTS CAPACITY BUILDING INITIATIVE
Executive Summary of Final Evaluation
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ORGANIZATIONAL CONTEXT

The Barr-Klarman Arts Capacity Building Initiative (“BKI”) was created and funded by the Barr Foundation (“Barr”) and The Klarman Family Foundation (“KFF”) and managed by nonprofit research and consulting group TDC. Launched in early 2012 by the Barr Foundation, with The Klarman Family Foundation joining in partnership shortly thereafter, the Initiative sought to support the artistic quality and long-term strength of select arts and cultural institutions in Boston. BKI served 30 organizations across three cohorts – 1) large/mid-size, 2) small/mid-size and 3) youth arts mastery organizations. The Initiative focused on four capacity areas:

1. Role of effective capitalization;
2. Diversifying audiences;
3. Defining and achieving arts mastery outcomes with youth;
4. Growing cultural competency and proficiency.

Over five years, the Initiative invested over \$22 million through multi-year grants, knowledge-building activities, and technical assistance. At the time of the Initiative’s design, both foundations were in an early phase of building their arts programs and were also new to collaborating with each other, so while the Initiative had broad goals and principles, it also retained an approach of adaptation to changing needs and learning along the way.

Evaluation Purpose and Methodology

The purpose of the evaluation is to help Barr and KFF:

- Document the Initiative, its components and grantee experience;
- Set the Initiative within the field context of other arts capacity building and capitalization programs;
- Provide qualitative feedback on grantees to complement TDC’s quantitative analysis of grantee capitalization¹;
- Identify lessons from the Initiative to inform Barr and KFF in their future work and in sharing their lessons learned with the broader philanthropic field interested in capacity building and capitalization in the arts.

ORGANIZATIONAL CONTEXT

During the course of the Initiative, there were numerous significant organizational factors that affected grantees:

Organizational diversity - There was a great deal of diversity in organizational age, size, complexity, and mission, which also meant a wide diversity of organizational structure, developmental challenges, economic model, governance and audiences. Some of this diversity likely added richness to the Initiative experience, while other aspects would have ideally resulted in greater customization of the Initiative’s content and approach. For example, performing arts organizations have a very different income model than community development corporations and community based youth arts organizations. Similarly, organizations that are rooted in artists and audiences of color are likely to view audience diversification or cultural competency from a very different starting point than organizations of traditional Western European art forms. Most significantly, organizations in the Initiative also spanned different lifecycle stages of lifecycle development – start-up, growth, maturity and turnaround, representing different developmental needs at the various lifecycle stages.

Internal Turnover - A disruption in senior leadership, even when planned, can interrupt a grantee’s ability to build or sustain capacity. A surprisingly high 43% of the BKI grantees (13 of 30) experienced turnover of executive leadership

¹ This evaluation did not include an assessment of capitalization progress for individual grantees or any of the cohorts. That work is being conducted separately by TDC. This evaluation also did not attempt to track individual grantee outputs or outcomes proposed in individual grants.

during the Initiative. Additional grantees experienced changes in artistic leadership, substantial departmental leadership changes, executive sabbaticals and artistic leader research trips during this period.

Facilities Changes – Over half (57% or 17 of 30) of Initiative grantees experienced facility moves or crises during the program or are anticipating moves now. Additional moves planned for the coming year may have an impact on capacity gains during the Initiative, although this remains to be seen. From another perspective, grantees undergoing facility changes now may have benefited from lessons learned through the Initiative.

Capital Campaigns - When an organization is engaged in a capital campaign, it can be an all-consuming endeavor. Given that and larger concerns about available funding in the Boston area, as well as the Initiative's focus on both capitalization and audience, it is worth noting that 73% (22 of 30) of Initiative grantees have been involved in capital campaigns during this period or are readying to embark on one. If we add up all dollars collected from these campaigns and remaining targets (noting that some campaigns have yet to set their targets), the total is already almost \$570 million. Some grantees specifically reported that their approach to these campaigns changed as a result of the Initiative, also influencing the facility and capitalization projects the campaigns were designed to support.

Taken as a whole, this paints a picture of Initiative grantees with a wide range of business models and complexities, target audiences, organizational experience and core capacity-building needs, as well as situational challenges clamoring for attention. Because of this:

- Some of the grantees spent much of their time and attention on understanding the new ideas presented and setting the stage to implement them sometime in the future.
- Some saw the new ideas as “aha” moments and spent time and resources cleaning up existing organizational structures, systems or situations and/or adding new staff or system capacity in preparation for changed outputs and outcomes.
- Some appreciated the ideas as clarifying but not necessarily “new” and used the financial and technical assistance to support change they may have already begun to pursue in targeted areas.

This resulted in varying levels of progress made toward program and individual organizational goals, as well as a broad range of perspectives on the experience of participating in the Initiative.

EXTERNAL CONTEXT

As we think about a program like the Initiative, it is important to understand the environmental context in which it was implemented. There are always environmental factors that accelerate or hinder progress or lead to unexpected consequences for participants in capacity building programs. This was particularly true for grantees.

Boston Arts Environment & Economy - The Initiative launched in 2012 just as the U.S. was beginning to recover from a period of economic downturn. The 2008-2009 recession hurt arts organizations across the country, and its negative impact only began to turn upward in 2012. In 2016, The Boston Foundation released a report comparing the funding for cultural nonprofits in Boston with that of ten other metropolitan centers (based on 2012 data). With a higher than average number of arts organizations per capita and an arts economy dependent on individual giving, Boston's arts organizations felt the recession's impact acutely. The report also reinforced in hindsight the underpinnings of the Initiative, e.g. the needs of mid-sized organizations, and foreshadowed some of the difficulties Initiative grantees

experienced along the way, such as the relatively high cost and demand for facilities, as well as limited institutional and public funding.

Boston Creates: Cultural Plan - Following the 2014 election of a new mayor with a deep public commitment to the arts, the Boston arts community engaged in an 18-month cultural planning process. The process included representatives from Barr, KFF and 10 Initiative grantees in leadership roles, and there was participation from numerous other Initiative grantees. As implementation of the cultural plan has begun, the City has already committed over \$3 million in new dollars to the sector. While this is hailed as a positive development, it corresponds in time with the end of several funder initiatives and shifts in funder focus and strategy in Boston.

Boston Philanthropic Environment - Another interesting factor to consider in looking at the Initiative is that numerous Initiative grantees have been participants in other capacity building initiatives over the past decade until now. All the following initiatives were cohort-based programs that included specific capacity building components and funding.

- In 2015, the **Bloomberg Philanthropies** launched its Arts Innovation and Management program in six cities. Providing over \$30 million across two years, this program included participation in the AIM management program led by the DeVos Institute of Arts Management and matching funds equaling 20% of the annual grant amount. Given its scope, timing and the fact that 15 BKI grantees participated, this program had perhaps the greatest influence on the environment and Initiative grantees during this period.
- Other arts capacity building programs that coincided with BKI:
 - **Linde Family Foundation's** Arts Education Initiative included 12 BKI grantees;
 - **Wallace Excellence Award** included 11 BKI grantees;
 - **Hunt Alternatives Fund's** ARTWorks for Kids included 10 BKI grantees;
 - **Massachusetts Cultural Council's** YouthReach included 10 BKI grantees.
- Finally, various other programs have touched Boston arts and culture over the years, including initiatives of The Boston Foundation, the Ford Foundation, Doris Duke Charitable Foundation, and the Kresge Foundation among others.

Some of this work, e.g. Wallace, may have improved readiness among Initiative grantees. Some of the work, such as Linde and Bloomberg, may have complemented the Initiative while at the same time added time burdens for some grantees and possibly even confusion for the nine Initiative grantees that were in the three different capacity building cohorts at the same time. Finally, the emphasis on youth arts programs (whether explicitly part of the program or an unintended consequence of grantee selection) across four of the other programs created and reinforced collaboration among these organizations, which was likely positive, but for the purposes of this evaluation makes it difficult to isolate the impact of one cohort-based program from another.

Additional Funding from Barr and KFF – Both Barr and KFF continued other funding relationships with many of the Initiative grantees throughout this period of time. While this was undoubtedly positive in many ways, it injected additional millions in investment in a subset of Initiative grantees and potentially:

- Blurred the boundaries in the minds and planning of grantees between the Initiative and other Barr or KFF support, such that grantees viewed them as one and the same for the purposes of this evaluation.

- Affected the success of individual grantees by providing additional technical assistance not competitively available to others in the cohort or additional funding to implement programs described in the Initiative grant proposals.
- Deepened the direct connection between foundation staff and certain grantee staff.

It is worth noting some of the additional support was part of another capacity building program begun by Barr, taken on by The Boston Foundation, and returned to Barr to sunset in 2012.

ASSESSING THE INITIATIVE OVERALL

The Initiative clearly had successes in contributing to positive capacity building and capitalization shifts at the grantee organizations. Grantees reported what appear to be positive, measurable changes related to organizational staffing with new hires, acquisition and implementation of new systems, changes to board recruitment, and facilities. These, of course, are the organizational building blocks necessary to support new or expanded quality art and increased audience reach.

TDC will assess the capitalization progress of the Initiative grantees as part its work. However, through this evaluation, organizations reported changes in financial areas including:

- Exceeding specific fundraising and capital campaign goals in dollar amount and in number of new donors;
- Reaching or exceeding earned revenue growth goals;
- Generating surpluses that cover capital investments or that improve capital position;
- Developing reserves that helped cover unexpected changes during the Initiative itself;
- Seeding new reserve funds that are on track to reach their goals.

In the area of audience diversification, grantees also reported progress such as:

- Meeting program participant growth goals, or being on track to reach them;
- Conducting audience/participant surveys using newly developed capacity or systems;
- Developing new marketing plans.

ASSESSING THE FOUR CAPACITY AREAS

In general, participant feedback and progress were positive for the four capacity areas: capitalization, audience diversification, youth arts mastery and cultural competency.

Capitalization - All Initiative grantees expressed some level of success or change in capitalization but their understanding of that change, need for the education in this area, overall progress, and confidence in the future varied. Among executives, board and staff members surveyed, 85% agreed they have an increased understanding of capitalization and 76% agreed their organization has begun to implement new capitalization strategies.

A core goal of the Initiative was that grantees would be better capitalized to enable them to be more responsive and nimble to take risks in their art and operations. In this area, grantees reported gains such as:

- An increase in earned income during the Initiative consistent with strategic goals;
- Expanded budget that allowed for expansion of staff;
- Changed board understanding and discussion of capitalization, its use and accumulation;
- Budget model shifts that are now resulting in operating surpluses.

Whether or not the results of this work show gains against the Initiative/TDC's capitalization framework (e.g., shifting from one capitalization stage to another or sustaining a changed capital position), the gains reported signal that many grantees gained more sophisticated capitalization knowledge and practices within the organizational lifecycle stage they were in.

The grantees that were ready to advance their capitalization position directly (in contrast to earlier steps of becoming aware of it, planning for it, or gaining internal buy-in) during the Initiative had one or more of the following characteristics:

- Had already received substantial capitalization grants;
- Had completed planning or assessment work with the Nonprofit Finance Fund;
- Had recently completed a strategic plan or goal-setting process related to financial needs;
- Had a leadership transition resulting in increased interest and attention to capitalization.

Audience Diversification² - Like capitalization, the focus on audience diversification was well received overall by grantees. Among executives, board and staff members surveyed, 80% agreed they have an increased understanding of audience diversification, and 80% agreed their organization has begun to implement new audience diversification strategies. While some organizations were able to dive into the audience diversification work relatively quickly, others began the process with real limitations in their ability to understand or make progress related to their audience composition, let alone diversification. Some lacked access to good data or even the structure or expertise to collect or analyze data. Grantees who were most ready for making change in the area of audience diversification:

- Had already received assistance related to audience or participation (e.g., Wallace Foundation initiative); and/or
- Had recently completed a strategic plan or goal-setting process that encompassed audience diversification.

Youth Arts Mastery - Although the Initiative started out with both a Youth Arts Mastery cohort of organizations *and* a capacity building focus area of youth arts mastery, this changed during implementation of the program. Over time, it became apparent that the capacity-building needs of the Youth Arts Mastery cohort aligned with the capacity and capitalization needs of the small-mid cohort. In addition, the original youth arts mastery capacity building focus area was limited to a single event in 2014. For all practical purposes, then, the Initiative ended up utilizing the same program components in the other three main capacity areas for all three cohorts. Thus, this evaluation's findings and feedback related to the Youth Arts Mastery cohort are integrated with the other two cohorts.

Cultural Competency - There were both positive and negative responses to this aspect of the program. Among our survey respondents, 91% agreed that they have an increased awareness of cultural competency because of the Initiative, 89% said they were able to integrate what they learned about cultural competency into their work, and 64% said their organization or board has shifted its practices or thinking related to cultural competency. Many grantees said that they had already been moving in this direction before the Initiative. Those who critiqued activities in the cultural competency capacity area were generally from organizations that already knew the material and were pursuing relevant goals and/or minority-serving organizations that were already champions for cultural competency.

ASSESSING THE PROGRAM COMPONENTS

As we looked at individual program components of the Initiative used across the four capacity areas, we saw that some program components were more effective than others.

² In regard to audience diversification, the starting and end points for each grantee varied so widely in numbers, goals, and even access to data that measuring progress in this area fell outside the scope of this evaluation.

Multi-Year Grants - Perhaps unsurprisingly, the program component most consistently lauded by grantees was the core operating support. Aside from the obvious value of the grant dollars themselves, we also found that the investment provided grantees the following:

- Flexibility to experiment with programming ideas;
- Breathing room or “bandwidth” to focus on organizational development;
- Catch-up on needed systems changes;
- Additional staff, the absence of which had been holding them back;
- Reserves that helped them respond to unexpected events during the Initiative;
- Additional credibility in the field;
- Ability to pay more attention to the needs of the sector more broadly.

Education and Knowledge-Building - In our surveys, when asked about the content of the Initiative as a whole, 100% of executives and 90-100% of staff respondents agreed or strongly agreed with the following statements:

- The content was valuable to me.
- The content was valuable to my organization.
- I have seen the organization integrate the content into its work.

When board members were asked similar questions, specifically listed below, 96-100% agreed that content was appropriate and valuable, and 80-85% agreed that application has started:

- In general, it was appropriate for a board member to attend.
- The content was valuable to me in particular.
- The content was valuable to my organization.
- I have seen the board integrate the content into its work.
- I have seen the organization integrate the content into its work.

Cohort Model and Networking - When asked if it was helpful to be part of a cohort, grantee responses ranged widely, from “*tremendous to be in the room*” and “*absolutely*” to “*nope.*” On the positive side there are numerous examples of new collaborations among Initiative grantees. In addition, smaller organizations appreciated the opportunity to interact with larger organizations and to know that their challenges were not unique. Colleagues enjoyed the ability to see one another when they often do not have the time to do so. However, there were critiques as well:

- Some of the larger organizations questioned the underlying assumption that they do not know each other;
- Some wanted more or different segmentation of the groups. For example, some larger organizations felt that they ended up helping the smaller groups more than benefiting from the cohort themselves;
- Some felt that the people in the room changed too often or were too varied in the level of their roles at their respective organizations. For example, tenured leaders felt that sometimes the mix of individuals did not allow them the ability to interact with peers.
- Some felt that the cohort(s) needed to have or develop a common purpose and experience in order to come together.

Interestingly, as the Initiative is ending, there are some voices calling for continued convening.

Support for Artistic Risk-Taking - The Initiative integrated artistic risk into its capitalization curriculum toward the end of the Initiative. It also invited grantees to apply for competitive grants that would provide risk capital to test or implement

creative or artistic opportunities, ideas or experiments that could be considered “risky” or unsupported by an organization’s existing business model. Grantees appreciated this education component of the Initiative and the competitive funding opportunity that came with it. When executives, board and staff were asked if they agreed with the statement, “My organization (the board) has an increased openness to risk-taking because of this work,” 57% agreed, 24% disagreed and 18% did not know. It is worth noting that organizations in each of the three cohorts questioned the Initiative’s definition of risk, structure for the grant fund, and/or focus in this area generally. Because the Initiative’s artistic risk component came late in the program timeline, there may have been insufficient time to gain grantee buy-in or insufficient education about the Initiative’s concept of artistic risk-taking and how/why the Initiative was promoting it.

Engaging Board Members - We saw evidence of positive board engagement in this evaluation’s interviews and surveys, as well as in Initiative documentation. Board members who offered feedback were positive about their participation and its impact on their organizations. Engagement seemed to increase when the Initiative went to the organization, e.g. board presentation, rather than asking board members to come to Initiative activities. That said, two types of organizations within the Initiative seemed to have had difficulty engaging or keeping their board members engaged in Initiative activities: the large/mid cohort and community development corporations. For the large/mid cohort, board members found the information to be too basic for them as professionals. This was problematic in some instances where executive staff spent their own political capital to get board members to Initiative workshops or meetings.

LESSONS LEARNED

Placing the Initiative in Field Context

As part of this evaluation, we scanned field literature for lessons learned from other relevant nonprofit capacity building programs, particularly in the arts. This helped situate the Initiative’s evaluation within a broader field of philanthropic learning and related program/grantmaking design. It also helped identify which aspects of the Initiative’s results may be attributable to program design, organizational lifecycle stage of the grantees, leadership, external Boston environmental factors, and/or the typical challenges and benefits of capacity-building in the arts.

Our field scan of evaluations of capacity building programs shows that the Initiative achieved good results but there were missed opportunities. The Initiative’s lessons learned are consistent with the same lessons other capacity building and capitalization programs and their philanthropic sponsors have learned over time and with which the field continues to struggle. Part of this struggle comes from lack of active sharing, discussion and coordination among foundations in the field about capacity building programs. Both Barr and KFF had nascent arts programs at the start of the Initiative. Barr’s interest was the broader arts and capacity building landscape, and KFF was more narrowly focused on youth music education. While this could be an argument for the value of the Initiative’s practice of learning and adjustment along the way, there is an even stronger argument to make that precisely because of their inexperience in arts funding and capacity building, Barr and KFF would have benefited from a more robust research and program design phase before launching the multi-million dollar program. The nonprofit arts capacity building field had already been active for over 20 years before the Initiative, and there were experienced practitioners, thought leaders and evaluations that could have helped Barr and KFF design a leading edge program.

Although the Initiative itself has concluded, we hope the following lessons learned will inform Barr and KFF’s work moving forward, as well as how to contribute to broader philanthropic field learning about building capacity and capitalization in the arts.

Lesson 1: Readiness is an important leverage point for program success.

Core questions at the beginning of our evaluation targeted grantee readiness and factors that may have helped or hindered their success. Delving into the perspectives of the grantees, our analysis, and findings from similar initiatives, we believe the discussion about the importance of readiness needs to be unpacked:

- First, what are the **eligibility** requirements of the program? Factors here may relate to the goals of the initiative targeting a particular mission orientation, arts discipline, organizational size or developmental stage, audience served, and/or community or art form role.
- Second, does the program design **fit** the needs of the intended participants and vice-versa? Are the strategies and tactics used in the program tailored to the developmental needs of the intended participants? Are they off-the-shelf and take a general approach and thus would be best to target a more narrowly drawn cohort of organizations? Or are the program components amenable to customization and, if so, to what degree?
- Finally, is an applicant organization **ready** for change in general, ready to hear the specific messages and guidance for change? Has the organization self-identified (as opposed to being foundation-identified) as wanting or needing change? Is the organization's staff and/or board leadership stable enough to maintain focus on the hard and consuming work of capacity building without undermining mission?

The Initiative preliminarily identified factors that affected an organization's ability to accomplish their goals in the Initiative: unrestricted net asset thresholds, earned revenue (versus foundation-driven) economic models, substantial organizational or leadership transitions, and the impact of capital campaigns. If we reflect on the differences between eligibility, fit and readiness, the first two factors listed are related to the strategies and timeline for change and therefore *fit*, while the latter two are more likely to be questions of *readiness* because they can be all-consuming distractions to capacity building efforts.

Readiness of participants is important to the success of a program like the Initiative. Frequently, discussions that screen for applicant readiness for capacity building programs such as this often focus on whether or not an organization is in the midst of a crisis or is at the appropriate developmental stage. While both are important considerations, as we looked at the Initiative's grantees we started to see that some appeared to be "primed" for change when the Initiative began, regardless of developmental stage. Initiative grantees most primed for change had experienced one of the following processes³:

- Newly completed strategic plan or assessment;
- Newly completed financial assessment or assistance;
- Prior participation in capacity building program or investment;
- Dynamic change in leadership.

Readiness for a capacity building program can also be developed or at least enhanced through an up-front comprehensive, facilitated organizational development assessment process that:

- Provides clarity for the organization of its starting point and challenges as confirmed by an outside expert;
- Develops collective buy-in within the organization about those challenges;
- Creates a point of comparison that one organization in a cohort can use in relation to another, one that deepens self-awareness;

³ Because they were primed for change, some grantees with plans or goals already in place reported they would still be making progress in the four capacity areas even if the Initiative had not existed, albeit much more slowly.

- Provides a baseline for future conversations that can move in concert with the program;
- Provides a framework for assessing and agreeing upon progress.

Readiness can also be developed during a capacity building program if expectation for that as well as specific strategies and tools are built into the program design from the get-go. It is important to acknowledge that working with organizations that are not ready will mean a longer timeline for change to occur (which may or may not fall within the program's own timeline) and/or may affect the degree or amount of change that can occur. Some of the Initiative grantees had "clean up" to do or needed to lay new groundwork before they could get to the task at hand.

Lesson 2: Customization can complement off-the-shelf approaches.

There are numerous reasons to design a capacity building program using off-the-shelf approaches in areas such as training, convening design and facilitation, and other program components and activities. These reasons include cost and time efficiency, reliance on previously identified field best practices and approaches (e.g., time-tested approaches to capitalization or board development or nonprofit business models), as well as aligning one's capacity building program with a certain respected philosophy or methodology, usually embodied by the provider chosen by the sponsoring foundation. These are all excellent and valid reasons. However, off-the-shelf approaches and tools would ideally be complemented by customization strategies once program launch illuminates the different starting points of program participants. For the Initiative, more customization in the following areas would have been helpful:

- Completion of a comprehensive organizational assessment of each grantee at the beginning of the program for shared understanding within the organization and between the organization and the Initiative of key capacity and capitalization issues to address; use of the assessment to create an individualized plan for capacity and capitalization goals and the organizational development needed to reach them.
- Acknowledgment of the stage of organizational development of each grantee and the implications for that on capacity and capitalization goals and on the process to achieve those goals. The needs and dynamics facing start-up, growth and mature organizations are quite different from one another. Recognizing this could have helped individual organizations more and could also have created opportunities for different kinds of cohort-based learning in the program.
- Adding custom elements to group workshops and individual technical assistance in ways that addressed specific needs, provided greater support for economic model changes, and adapted timelines accordingly; providing additional training and/or technical assistance support for those with further ground to travel; providing assistance in creating plans to sustain capitalization gains for those who made quick progress during the program.
- Recognition that the "outlier" types of organizations in the Initiative, e.g. arts programs embedded in larger non-arts institutions, required special customization in training and technical assistance because their program and economic models are so different from typical arts nonprofits.

Lesson 3: Listening and co-creating with grantees can help philanthropy maximize its own investment in organizational and field-wide change.

Lessons from the field of philanthropic capacity building programs emphasize the importance of grantee input and buy-in for success among senior staff and board leadership. The assumption behind this is that these decision-makers are key to envisioning and leading change in their own organizations and communities.

While it is clear that the Initiative made efforts along the way to gather information from the grantees and encourage feedback, those efforts were at times fragmented or came from different voices in an organization from very different

vantage points. As a result, the Initiative drew conclusions that may not have been shared by leaders of the organizations themselves. There were moments when grantees felt they were not heard or that assumptions made about them by the Initiative did not align with their reality. Some of this may have been addressed with greater customization of program components or a different cohort breakdown. Some of this could have been addressed with a different design process of the Initiative, one that presented assumptions for discussion and tested design against the wisdom of the group, both at the beginning of the program and as elements were implemented along the way. Grantee input and co-creation on design and implementation may slow the timeline for initiatives such as this but are consistent with field learning and best practices. It increases the chance that learning will go deeper into the organization with more rapid integration, and thus likely to result in more sustainable change.

Lesson 4: Sustainability can be nurtured even after the program ends.

We would all like to believe that once change occurs, we can check off that box and declare success. However, for a change to be sustainable it first needs time to become integrated into the culture, practice and structure of the organization, which can easily take several years to happen. Second, the change needs to be time-tested as “real.” We want the change we saw in one year continued for a second and a third so that it is clear that it was not a one-time occurrence in the data or a response to an event. Third, sustainability of change often depends on a specific (and sometimes fragile) internal infrastructure, individual leadership or project champion, or an external network of factors or relationships.

Any capacity building program should be cautious about declaring impact at the grantee level too soon and consider sustainability as part of its exit strategy at the close of the program. If a foundation views program participants as part of a larger arts eco-system it cares about, whether that eco-system is defined according to geography, arts discipline, role in the community or art form, then the long view of sustainability will inspire ways for the foundation to support positive directions in that larger eco-system that the program sparked or accelerated. Beyond the end of a capacity building program, some foundations choose to continue individual support of organizations that made good progress during the program. However, contributing to sustainability of program participants can go beyond ongoing grant support; it could entail providing structure to continue peer or cohort dialogue, supporting ongoing evaluation of participant progress and reflecting that back to them for their own learning, or providing technical assistance to help grantees troubleshoot as they move forward. These are all examples of continued good stewardship of the foundation’s original investment.

RECOMMENDATIONS

Based on this evaluation, several recommendations emerge for Barr and KFF to consider in future programming and grantmaking, particularly related to capacity building.

Recommendation 1: Identify the “sweet spot” for philanthropic investment.

Depending on their own mission and strategic interests, arts funders often identify targets of philanthropic investment through descriptive categories such as budget size (e.g., “small to mid size”), arts discipline (e.g., “dance” or “visual arts”), role in the community (e.g., “neighborhood- or community-based” or “major institutions”), or leadership (e.g., “next gen” or “women-led” or “organizations of color”). While this kind of initial categorization works fine in many ways, when a funder has an interest in cohort-based capacity building, there are additional levels to work through to find a “sweet spot” to maximize the funder’s investment of money, time and effort.

For capacity building efforts, it is important to understand the stage of organizational lifecycle development. As numerous capacity building initiatives have shown over time, the “sweet spot” for maximum efficiency and effectiveness has often been identified as growth stage organizations that are of similar complexity and based on similar program delivery economic models. However, initiatives can also focus cohorts within other developmental stages, e.g. start up or

turnaround or mature stage, again with similar complexity and program delivery models. Doing so allows the program to focus on predictable developmental challenges and common operational or mission language for full group activities and interactions, then customization can focus more on an individual organization's specific strengths and weaknesses as it relates to capacity building. The Initiative's experience reinforces this conventional wisdom. While all organizations in the Initiative made progress, the grantees that responded most immediately and positively to all elements were those in the growth stage. Grantees that struggled often needed to lay groundwork first, and grantees that pushed back desired more advanced approaches.

Lastly, there may be other ways to target capacity-building cohorts based on a particular critical juncture or challenge they have in common. Examples of this might be founder transitions, facilities growth, network-based growth models, all-volunteer organizations, to name a few.

Recommendation 2: If you can't fully screen for readiness, be prepared to adapt.

Even with a deep readiness screening and customization, no initiative can screen for all eventualities or prevent organizational or environmental crises from occurring during implementation. Organizations are still made up of individual people, there are many things over which we do not have control, and sometimes our assessments of the starting point may simply be wrong. Therefore the goal should not be to create a perfect screening process or criteria. Instead, capacity building initiatives need to consider (preferably in advance) how they will adapt when any of this happens. To borrow from another capacity building initiative that has been running for many years, how will the initiative "*lean in when organizations are struggling*"? For example:

- Will we provide a pool of dollars or consulting time as a rapid response intervention to crisis, or will we create a mechanism for sidelining an organization to another round of the program or another program?
- Will we add more training or consultation for those who turn out to be at a different stage of development than thought to help them "catch up" with others in the group? Or will we exempt some organizations from program activities that they do not need so that resources can focus on those organizations with more acute issues?
- Would we be open to placing the initiative on hiatus or undergoing a deep re-design to address an unexpected development in the larger environment, e.g. economic crisis, natural disaster, political shift that affects cohort members?
- How will we ensure that we have real-time feedback at all times so that we can see problems coming and plan appropriately?

One of the biggest lessons learned in this evaluation is to invest in the program research and design process up front that explores these questions and in a continuous evaluation process that provides real-time feedback from participants and partners and opportunity for real-time program adjustments.

Recommendation 3: Allow customization to enhance core program strategies.

It may sound in some of this discussion as though we advocate for using totally different strategies for smaller/less developed organizations compared to larger or more mature ones. This is not the intent, for indeed the core strategies in the Initiative were relatively universal. Rather the guidance is that:

- Program curriculum may need to be adjusted for members of the cohort that are more advanced or less developed than the average participant.

- Different organizational models may require different language, measurement or indicators of success. For example, CDCs may talk about finance differently from performing arts organizations that are focused on ticket sales. Arts education programs and arts presenters may require different revenue models for success even when they are located in the same community, leading us to expect possibly different ratios.
- Different dollar amounts and timing of grants may have different impacts on organizations. For example, a large infusion of dollars may be precisely the right thing to jump start a new endeavor, or it may embolden an organization to grow too quickly, setting it up for future crisis. Some organizations may be able to wean themselves off of operational grant support within a timeframe that is simply impossible for others.
- Finally, as in medicine there is generally a “dosage” element to consider. Some will need more attention, time, and dollars because of personal styles, organizational idiosyncrasies, or depth of building/clean-up/correction needed.

4. Acknowledge that capacity and capitalization are not only interrelated but there is generally a sequential or “pipeline” nature to building them.

Organizations are microcosms of complex interrelatedness, and capacity building programs should anticipate that change in one important aspect of an organization will reverberate in other areas of the organization. Layer on top of this the different capacity and capitalization characteristics and needs associated with various organizational lifecycle stages, and it becomes clear that a thoughtful program should coordinate its capacity and capital building strategies.

This holds true in a larger sense as well when looking at a cohort of organizations or even more broadly at the ecology of arts organizations relevant to a funder. A capacity building and capitalization program may choose specific strategies and/or specific types of organizations based on what part of the pipeline it wants to build in the broader landscape. Funders also need to be aware of the “receiving” end of the pipeline. For example, although a funder could invest in leadership development of next generation arts leaders, there may be no leadership jobs or entrepreneurial opportunities for them after the program. Similarly, a funder could invest in arts organizations’ capacity to pursue high net worth individual donors, but the pool of high net worth individual donors may not have changed even though the competition has now risen between organizations with increased fundraising capacity. The interrelatedness of capacity building and capitalization, whether within a single organization or in a larger arts ecology, requires a funder to look for important leverage points it wants to and is able to affect.

5. Set a timeline for change, then expect it to take longer than that.

At five years, the duration of the Initiative was certainly well within the industry standard for capacity building programs. If one considers that:

- Planning and budgeting for an organizational change might happen in one year;
- Fully implementing a change strategy might take up to three years; and
- The outcomes of each change might become apparent one year following the action and show a directional trend by the third year,

then a single cycle might take four to six years (the field often describes it as taking three to five years in strategic and business plans). If this goes smoothly, a five-year initiative should be adequate. However, an organizational crisis, significant external shift, or turnover may simply put a change process on hold. Loss of predictable funding or unexpected facility needs can quickly absorb the positive effects of capacity and capital gains, making it appear as though an organization is back at square one.

For the Initiative:

- Staggering the start of each focus topic over time meant that some grantees had five years to work on an area and others a little more than one year, depending on when the grantee entered the program.
- Adding staff to create capacity for change, discovering that data or systems were inadequate, facing an unexpected facility need, and/or focusing on executive turnover meant that some organizations needed time before they could successfully implement audience diversification strategies or change revenue streams.
- The end of multiple arts funding initiatives in Boston within a relatively narrow period of time means that financial gains made with those funds available may be lost or slowed down as organizations look to replace those funds.

It is for these reasons that a capacity building program such as the Initiative may never seem long enough to grantees, even when it provides a reasonable window for funder engagement. There are several ways for a funder to mitigate this through program design up front:

1. Decide on a timeframe for investment and be realistic about what can be accomplished within that timeframe.
2. Aligned with the funder's broader strategic interests, identify the characteristics of organizations best positioned to effect the desired change within that timeframe with the resources available, and select for those characteristics.
3. Build in an exit strategy and budget that assume that one or two opportunities or lessons learned from the program will be worth investing in after the main program concludes, particularly any that would encourage the sustainability of positive change that resulted from the program, e.g. new networks, successful models and approaches that were highlighted during the program, new leaders who emerged, or new or enhanced cross-sector collaborations or relationships, to name a few.

CONCLUSION

Overall, the Barr-Klarman Initiative benefited Boston area arts nonprofits by helping them continue to build their organizational capacity and capitalization position. As Barr and KFF's response to a difficult economy and a changing arts landscape, the Initiative, as operated by TDC, was generous and open-minded about working with its grantees. This evaluation clearly showed positive changes and progress among the grantees toward their capacity and capitalization goals. Areas of improvement largely centered around program design, which was sound at its core but missed several opportunities both to fine tune during program implementation around customization as well as cohort dynamics. The Initiative's program design also missed out on ways to innovate that would have potentially contributed new learning to the field of philanthropy about capacity building and capitalization in the arts. That said, most grantees are in a more positive position at the end of the Initiative than at the beginning in terms of knowledge, ability to plan, organizational infrastructure and dynamics, and capitalization. In this way, the Initiative has contributed to strengthening Boston's arts organizations as they continue to meet the ongoing changes in the external landscape as well as the continuing economic challenges. Lastly, at the end of the Initiative, both Barr and KFF are benefiting from deepened relationships with a wide and diverse group of arts organizations, have increased their knowledge about philanthropic investment in capacity building and capitalization, and enjoy a strong partnership developed through their close work and collaboration on the Initiative.