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January 15, 2007

Dear Nonprofit Leader:

The Alliance for Nonprofit Excellence (formerly The Grant Center) is very pleased to announce the enclosed Request for Proposals (RFP) inviting nonprofit organizations within West Tennessee, East Arkansas, and North Mississippi to apply for participation in the Program for Nonprofit Excellence (PNE). PNE is an exciting initiative that helps nonprofits address their greatest needs, stay responsive, and accomplish their missions in today's challenging environment.

Applications are due in the Alliance office by **Friday, March 9, 2007**. The Alliance is hosting two pre-application workshops, one on January 26<sup>th</sup> and the other on February 16<sup>th</sup>, both from 9 till 10:30 a.m. at the Assisi Foundation, 515 Erin Drive. You are invited to attend one of these sessions to ask questions and learn more about this initiative. Email [adeberry@npexcellence.org](mailto:adeberry@npexcellence.org) to register.

We look forward to hearing from you in the coming weeks.

Sincerely,

Nancy N. McGee  
Chief Executive Officer

Enclosure



## REQUEST FOR PROPOSALS

### PROGRAM FOR NONPROFIT EXCELLENCE: Supporting Nonprofits in Achieving Organizational Effectiveness

Attention Mid-South Nonprofit Leaders:

- Are you committed to your mission but hitting barriers in achieving it?
- Is your operating environment changing faster than you can adjust?
- Do you feel like all you do is try to ensure organizational survival without making much forward motion?
- Do your staff, board, funders and constituents demand higher performance and more accountability?

Faced with a tough economy, funding cuts, political changes at every level, rapidly developing technology, and growing pressure for accountability, many nonprofits are challenged to stay financially viable and true to their core mission.

If your organization is interested in learning how to stay ahead of the pack by reacting more quickly, adapting to change, and stretching to a higher level of performance by building internal capacity and external impact, the Alliance for Nonprofit Excellence (formerly The Grant Center) invites you to apply for its Program for Nonprofit Excellence (PNE). PNE will lead your organization in assessment, planning, and implementation through consulting, training and peer learning exchanges. To learn more about this exciting opportunity, mark your calendar for these important dates and read on...

**PRE-APPLICATION WORKSHOPS: Friday, January 26 at 9:00 a.m. or  
Friday, February 16 at 9:00 a.m. at the Assisi  
Foundation, 515 Erin Drive**

**REGISTRATION FOR PRE-APPLICATION WORKSHOPS: Email your name and your organization to [adeberry@npexcellence.org](mailto:adeberry@npexcellence.org) and indicate which session you will attend.**

**APPLICATION DEADLINE: Friday, March 9<sup>th</sup>, 4:30 p.m.**

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### About the Alliance for Nonprofit Excellence

The Alliance for Nonprofit Excellence was founded in 1992 by a group of concerned community leaders who recognized that the needs and challenges of Memphis far outweighed available local financial resources. Initially, the Alliance offered information, training and technical assistance in proposal development, grants management, and fundraising. Over time, the Alliance found that many of its member organizations lacked the capacity to successfully compete for national funding. As a result, it expanded its services to include resources on organizational development and launched the Program for Nonprofit Excellence in 2003. In 2005, the Alliance adopted a new mission statement: to strengthen organizations that meet community needs. In addition to its role in grant seeking, the Alliance helps organizations improve their effectiveness in sustaining the people, strategies, learning, infrastructure, and resources they need to achieve their missions.

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## The Program for Nonprofit Excellence

As society increasingly turns to nonprofits to provide services and tackle pressing social issues, it becomes critical for organizations to perform effectively. With scarce resources and more agencies vying for the same dollars, foundations and government agencies are “demanding greater accountability from nonprofits financially and programmatically, resulting in increased attention on not only *what* nonprofits do but *how* they do it.” (Paul Connolly, *Building to Last: A Grantmaker’s Guide to Strengthening Nonprofit Organizations*, 2001)

Good performance takes everyday managerial skills, good organizational systems, and the like. Performing effectively in a rapidly changing world also takes strategic thinking and the ability—and openness—to adapt to new circumstances. Nonprofits that are thriving are those that are continually listening and responding to new information, assessing their environments, and reshaping programs and services to have a greater impact.

PNE builds on the Alliance’s service to the Mid-South community by providing nonprofit institutions with the opportunity to identify and address their greatest organizational development needs and build their capacity to become highly effective organizations. Each class of PNE (there have been three to date) involves five to ten nonprofits, which are chosen through a competitive application process. Selected organizations spend up to three years as part of a learning and knowledge-sharing group, as well as working individually with a professional consultant, creating a “roadmap” for change.

Key components of PNE include:

- **Organizational assessment** to establish a common understanding among key staff and board members about the history, status, and future of the organization.
- **Organizational development consulting** to help organizations understand where and how to begin change while staying on mission and building the capacity to learn and grow. Each organization is carefully matched with an appropriate consultant who acts as a facilitator, guide, confidant, and coach.
- A **training series** led by leaders in the nonprofit capacity building movement.
- A **peer learning** model that enlists nonprofit leaders in thinking creatively, addressing challenges and concerns, generating new perspectives, and sharing support and encouragement. Skilled coaches help guide the sessions and plan and organize thematic discussions.
- **Organizational portfolio**, which includes a complete description of organizational processes, procedures, and documentation in key areas of nonprofit operations, and serves as a valuable management and fundraising tool.

PNE is unique as a capacity building initiative (see p. 5 to learn more about “capacity building”). It is particularly intensive, employing all five (5) of the components described above, not just one; extending over several years, and involving many of your organization’s leaders and staff, not just the Executive Director.

### Program History

PNE integrates the best practices and lessons learned from the sector-wide field of capacity building with the specific needs and challenges facing the local nonprofit community. The Alliance spent six months researching program models, interviewing national leaders, and working with local nonprofits, funders, and support providers to design the program.

Nine local organizations were chosen to participate in the pilot year of PNE, with seven of these continuing for two more years. From learning to harness Board talent, to sharing leadership, to creating a new vision for their roles in the community, the groups spent hours identifying and working toward their diverse goals for organizational health. Many have seen the results of their hard work with new funding strategies, human resource systems, rebuilt boards, better mission accomplishment, and repositioning in the community.

As one participating executive director stated, *“The PNE process has been both challenging and energizing. This program has helped us tremendously in defining the role of the Board of Directors; we are definitely a stronger, more stable organization because of our participation. Our assigned consultant has been top-notch and the group trainings have benefited a number of my staff members.”*

### Eligibility for PNE

Participation in the Program for Nonprofit Excellence is open to **members** of the Alliance for Nonprofit Excellence located within West Tennessee, East Arkansas, and North Mississippi.

Applicant organizations must meet the following criteria:

- ✓ Proof of 501 (c) 3 nonprofit status
- ✓ Annual operating budget of at least \$350,000
- ✓ Operational existence for at least five (5) years
- ✓ Staff of at least three full-time professional employees
- ✓ Board resolution supporting participation in PNE
- ✓ Written commitment from executive director to participate in the duration of PNE process
- ✓ Audited financial statements for the past two fiscal years
- ✓ Diverse and active board of directors
- ✓ Evidence that the organization is not currently dealing with or about to deal with a financial crisis

### Match Requirement

Participating organizations are required to match a portion of the program costs each year, calculated on a sliding scale fee determined by the size of the organization’s annual operating budget. Matches range from 15 to 40% of the costs. The total value of PNE services is approximately \$25,000 annually.

### Expectations

Selected organizations agree to participate in the evaluation of PNE and allow the Alliance to publish and disseminate evaluation findings. They agree to attend all mandatory trainings during the year and hold at least two board clinics. Each participant is responsible for organizing and ensuring good attendance at the organizational assessment meeting (see description on p. 7). The executive director should expect to devote 10-15% of his/her time to PNE-related organizational development activities; participate in the peer network meetings; work collaboratively with your PNE colleagues; and ensure that at least a third of the board and staff participate in consultant interviews.

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### HOW TO APPLY

Please submit an original and seven (7) copies of an application containing all of the items specified, including requested attachments. A copy of the proposal on CD-Rom should also be provided. **DEADLINE: Friday, March 9, 2007.**

1. Cover letter, on your organization’s stationery, signed by the executive director and board chair
2. Narrative (limit to 5 single-spaced typed pages using 12-point font). Please number the pages at the top. Answer all questions in order listed. Be candid and honest.
  - Part A. Organizational Structure, Programs
    1. Explain your organization’s history, mission, and vision.
    2. Tell about your programs, services, and accomplishments. How are they evaluated?
    3. Describe the population you serve, including demographics and socio-economic information.

4. Describe your staff's qualifications.
  5. Describe your board membership.
  6. Describe your current funding sources.
- Part B. Community, Operating Environment
1. Describe what the impact on the community would be if your organization disappeared tomorrow.
  2. Explain your board's style of governance and its interaction with staff.
  3. Describe the environment in which your organization operates, including economic, political, and societal issues affecting your field, clients, and organization.
  4. Describe any consulting contracts your organization currently has. Provide specific information about what is being provided, name of consultant, and length of engagement.
- Part C. Capacity Needs and Interests
1. Describe your organization's most critical needs related to increasing organizational effectiveness.
  2. Explain why your organization is interested in participating in PNE.
  3. If your organization is not selected for PNE, describe your plans for building your organizational effectiveness.
- Part D. Attachments
- List of current officers and board members including company/organization affiliation and position (do not include addresses and phone numbers).
  - List of senior staff.
  - Copies of last two audited financial statements.
  - Copy of most recent IRS form 990.
  - Copy of most recent strategic plan.
  - Copy of most recent annual report.
  - Copy of IRS determination letter.
  - Brochures or other attachments you feel should be included.
  - Board resolution supporting participation in PNE, and evidence that it was approved by at least three-fourths of the board.
  - Written commitment from executive director.

Deliver to: **Alliance for Nonprofit Excellence, 606 S. Mendenhall, Suite 108, Memphis, TN 38117 by 4:30 p.m. on Friday, March 9, 2007.**

### **Pre-Application Workshops**

Two pre-application workshops are being held; the first is on **Friday, January 26<sup>th</sup>** from 9 till 10:30 a.m. and the second is on **Friday, February 16<sup>th</sup>** from 9 till 10:30 a.m. at the Assisi Foundation, 515 Erin Drive. You may attend either one to ask questions about PNE and the application process. Email [adeberry@npexcellence.org](mailto:adeberry@npexcellence.org) confirming your attendance and indicating your session preference.

### **Application Review Process**

Letters will be reviewed by the Program for Nonprofit Excellence staff and Selection Committee. Organizations that appear to meet the eligibility and selection criteria will be invited to interview with the Selection Committee to discuss participation in the program. From this pool of applicants, we anticipate selecting five organizations.

### **TIMELINE**

We expect that the Program for Nonprofit Excellence will move forward according to the following timeline:

January 26, 2007	Pre-Application Workshops at Assisi Foundation, 515 Erin Drive
February 16, 2007	Pre-Application Workshops at Assisi Foundation, 515 Erin Drive

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March 9, 2007	Application Deadline
March 22, 2007	Interviews with Selection Committee
March 30, 2007	Selection of 2007 PNE Participants

### QUESTIONS?

Please direct any questions to:

Nancy McGee, Chief Executive Officer, Alliance for Nonprofit Excellence  
[nmcgee@npexcellence.org](mailto:nmcgee@npexcellence.org)

### Definitions\*

**Capacity** refers to an organization's ability to achieve its mission effectively and to sustain itself over the long term.

**Capacity building** refers to activities that improve an organization's ability to achieve its mission or a person's ability to define and realize his/her goals or to do his/her job more effectively. For an organization, capacity building may relate to almost any aspect of its work: improved governance, leadership, mission and strategy, administration, program development, fundraising, diversity, collaboration, planning, etc.

**Organizational effectiveness** relates to the capacity of an organization to sustain the people, strategies, learning, infrastructure and resources it needs to continue to achieve its mission. It is a long-term outcome that some capacity building strategies may affect.

\*Definitions provided by the Alliance for Nonprofit Management.

## Frequently Asked Questions about PNE and Capacity Building...

### When does the program start?

The Alliance will announce the selection of 2007 PNE participants on March 30<sup>th</sup>. Soon after selection, organizations will receive an orientation and will be asked to prepare for the initial assessment, which will be completed by June 30<sup>th</sup>.

### How do I know if my organization is ready for PNE?

If your leadership is willing to answer tough questions, prepared to listen, open to new ideas, and eager to embrace personal change and growth, it is probably ready to embark on the PNE process.

### How long will my organization participate in PNE?

Most organizations stay in the program for at least two years. A third year of assistance is available if necessary. The first year is the most intensive, with an initial assessment and development of a work plan taking approximately fifteen hours; one-on-one consulting ten to thirty hours per month; at least six trainings; and monthly networking sessions. Additionally, executive directors and other staff work to develop the organizational portfolio. Upon successful completion of the first year, each organization, along with its consultant and the Alliance, will determine next steps. It is assumed that during the second year, most work is done independently, but consulting, peer exchanges, and quarterly training continue. Based on a second year assessment, the organization, its consultant, and the Alliance determine the nature of the third year participation.

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**What is the time commitment expected from staff and board members?**

The executive director will be expected to make a significant time commitment, since he/she will be working directly with the consultant at least ten hours per month. He/she will probably spend additional time working independently to implement various aspects of the work plan. Other key staff members will be involved in the process as needed. PNE expects the full board to actively participate in PNE, through the assessment process, consulting, board clinics, and specific training activities. This may mean scheduling other board meetings in addition to regularly scheduled ones. The board chair will need to devote additional hours to this effort as well.

**What is the goal of PNE?**

To improve the quality of life in the Mid-South by supporting nonprofit leaders in developing healthy, sustainable organizations with the capacity to learn and grow, use their resources effectively, and meet the changing needs of the community.

**Will PNE help me raise more money?**

Raising money is not an explicit goal of PNE. Rather than focusing simply on funding needs and problems, PNE will help your organization to see the bigger picture of where it is, where it wants to be, and how to get there. The PNE process addresses much more than funding issues, although working on financial and fundraising needs will be integral.

Organizations participating in PNE can expect to emerge as more stable, effective, strategic organizations, and therefore, more competitive for funding. Although PNE is not a “seal of approval,” most funders recognize the effort and commitment that are involved in this type of initiative.

**Isn't capacity building just the latest trend, thought up by people who never worked in nonprofits?**

It's true that nonprofit reform movements seem to change as frequently as the weather. Not only that, but “capacity building” is used to refer to just about anything these days. After all, some days even a bottle of aspirin can build your capacity. When we use the phrase “capacity building”, we are referring to more systemic issues: you need the aspirin, because you were up all night doing paperwork, because you're understaffed, because you're underfunded, because you don't have time to write grants and your board can't help, etc. The national capacity building movement is actually a bottom-up movement. Although it partially comes as a response to funders and others who want to see a “higher-performing” sector, it is led by nonprofit advocates, support providers, and others that want to help nonprofits get what they need to do their jobs better. Although there aren't any cut and dried answers to how capacity building works, a body of research and experience is beginning to emerge. Across the country, successful capacity building efforts like PNE have helped nonprofits identify their needs and challenges and become more resilient, strategic, and sustainable in their ability to address them.

**What can I expect to happen? What are the measurable results?**

Each organization's goals are different. However, organizational outcomes in the first cohort group included:

- More engaged and effective board of directors,
- Stabilization of critical issues threatening sustainability;
- Significant increase in knowledge and skills in key areas of nonprofit management;
- Self-identification as a “learning organization” with ongoing capacity to improve;
- Implementation of practices and procedures for effective use of resources;
- Lower incidence of burnout among nonprofit leadership;
- Programmatic and financial transparency and accountability;

- Closer ties and more collaboration with beneficiaries, peer groups, and the community at large;
- Higher levels of mission accomplishment; and
- Competitiveness for local and national funding.

**Has PNE been evaluated?**

Yes. The Alliance contracts with an independent professional evaluator to assess the outcomes of PNE.

**Why do we have to do an organizational assessment? We already know what our problems are.**

The PNE assessment is probably different from other types of assessment in which your organization has participated. It involves the executive director, key staff, board members and other stakeholders and is aimed at establishing a common understanding about the history, status, and future of the organization. Assessments are led by an experienced facilitator who asks questions that help the group uncover information about the way the entire organizational system has developed and operated over time. In addition to initial telephone consultations with the meeting facilitator, the assessment meeting with these key stakeholders lasts three to four hours, during which time the facilitator leads the group in reviewing major management areas, reflecting on critical issues and concerns, and identifying areas in need of attention. The discussion focuses on internal operations and issues and external aspects related to changes in the field, funding trends, and climate of the community. The facilitator and executive director then work together to produce an assessment report that articulates key issues and suggests where the organization can begin to make needed changes. The assessment is critical to the PNE process, because the agency develops a flexible yearlong work plan based on the priorities that emerge. The work plan describes why the organization chooses to address certain issues, the order in which things are to be completed, what outcomes are anticipated, and the methods that will be used to move the organization where it wants to be. It incorporates a timeline, benchmarks, and a plan for assessing progress.

**Explain the consulting work. Who will my consultant be?**

The role of the consultant in capacity building is very different from the traditional role of a nonprofit consultant who is hired for a particular project or technical problem. PNE consultants lead groups in identifying and addressing their systemic strengths and weaknesses to become stronger organizations. Although many consultants have specific areas of expertise, such as board development or strategic planning, PNE consultants have been selected because of their ability to take an integrative, systemic approach to helping your organization.

Participating organizations interview three or four consultants from the PNE pool and select the best match for their organization based on fields of interest, experience, specific organizational needs, consultant strengths and weaknesses, and personal qualities and preferences. Organizations will receive training on how to select a consultant, including questions to ask, communication styles to consider, and other factors that are important to working with a consultant. All PNE consultants have experience consulting with nonprofits, and many have been nonprofit leaders at some point in their careers.

The consultant acts as a facilitator, guide, confidant, and coach as the organization embarks on its change process. The consultant helps the organization to understand where and how to begin change while staying on mission and building the capacity to learn and grow. The consultant guides the design and implementation of your work plan, facilitates planning activities, supports you in skill development, builds consensus, helps to overcome difficult problems of organizational culture, coaches the portfolio development, and participates in ongoing reflection and evaluation activities.

PNE consultants receive training, feedback and guidance from Ruth McCambridge, Strategic Advisor to PNE. McCambridge has over twenty years of hands-on experience leading nonprofits and is one of the country's leading experts in nonprofit capacity building. She is also the editor-in-chief of the *Nonprofit Quarterly*.