MCKINSEY CAPACITY ASSESSMENT TOOL

Acronym: Community Investment (CI)

The Sample Organizational Capacity Assessment below is an extract from the McKinsey Capacity Assessment Tool.* As presented below, the template can be used by a company to assess the capacity of potential partners and/or as an input when developing a company's capacity building plan (see Chapter 5 for more details). The company can also develop its own assessment based on the full description of the tool and the related capacity framework.

Capacity Components	Ranking (Interpret the text loosely; keep in mind that you are trying to score the organization on a continuum of "1" to "4.")			
	Clear need for increased capacity	**Basic level of capacity in place**	**Moderate level of capacity in place**	**High level of capacity in place**
Overall strategy	• Strategy is either nonexistent, unclear, or incoherent (largely set of scattered initiatives) • Strategy has no influence over day-to-day behavior	• Strategy exists, but is either not clearly linked to mission, vision, and overarching goals, lacks coherence, or is not easily actionable • Strategy is not broadly known and has limited influence over day-to-day behavior	• Coherent strategy has been developed and is linked to mission and vision, but is not fully ready to be acted upon • Strategy is mostly known and day-to-day behavior is partly driven by it	• Organization has clear, coherent medium- to long-term strategy that is both actionable and linked to overall mission, vision, and overarching goals • Strategy is broadly known and consistently helps drive day-to-day behavior at all levels of organization
Goals/ performance targets	• Targets are nonexistent or few • Targets are vague, or confusing, or either too easy or impossible to achieve • Targets are not clearly linked to aspirations and strategy, and may change from year to year • Targets largely unknown or ignored by staff	• Realistic targets exist in some key areas • Targets are mostly aligned with aspirations and strategy • Targets may lack aggressiveness, or be short term, lack milestones, be mostly focused on "inputs," or are often renegotiated • Staff may or may not know and adopt targets	• Quantified, aggressive targets in most areas • Targets linked to aspirations and strategy and mainly focused on "outputs/outcomes" with some "inputs" • Typically multiyear targets, though may lack milestones • Targets are known and adopted by most staff	• Limited set of quantified, genuinely demanding performance targets in all areas • Targets are tightly linked to aspirations and strategy, output/outcome-focused, have annual milestones, and are long term • Staff consistently adopts targets and works diligently to achieve them
Funding model	• Organization highly dependent on a few funders, largely of same type (e.g., government or foundations)	• Organization has access to multiple types of funding e.g., government, foundations, corporations) with only a few funders in each type, or has many funders within only one or two types of funders	• Solid base of funders in most types of funding sources • Organization has developed some sustainable devenuegenerating activity	• Diversified funding across multiple source types • Organization insulated from potential market instabilities (e.g., fully developed endowment) and/or has developed sustainable revenue generating activities
Performance Measurement	• Very limited measurement and tracking of performance	• Performance partially measured and progress partially tracked	• Performance measured and progress tracked in multiple ways, several times a year	• Well-developed and integrated system (e.g., balanced scorecard) used for ensuring organization's performance and progress on continual basis

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Fundraising	• Generally weak fundraising skills and lack f expertise (either internal or access to external expertise)	• Main fundraising needs covered by some combination of internal skills and expertise, and access to some external fundraising expertise	• Regular fundraising • Needs adequately covered by well-developed internal fundraising skills • Occasional access to some external fundraising expertise	• Highly developed internal fundraising skills and expertise in all funding source types to cover all regular needs • Access to external expertise for additional extraordinary needs
Partnerships and alliances development and nurturing	• Limited use of partnerships and alliances with public sector, nonprofit, or for-profit entities	• Early stages of building relationships and collaborating with other for-profit, nonprofit, or public sector entities	• Effectively built and leveraged some key relationships with a few types of relevant parties; some relations may be precarious or not fully "win-win"	• Built, leveraged, and maintained strong, high impact relationships with variety of relevant parties • Relationships deeply anchored in stable, long-term, mutually beneficial collaboration
Local community presence and involvement	• Organization's presence either not recognized or generally not regarded as positive; few members of local community constructively involved in the organization	• Organization's presence somewhat recognized, and generally regarded as positive within the community; some members of the community constructively engaged with the organization	• Organization reasonably well known within the community, and perceived as open and responsive to community needs; members of the community (including a new prominent ones) constructively involved in the organization	• Organization widely known within the community, and perceived as actively engaged with and extremely responsive to it; many members of the community (including many prominent members) actively and constructively involved in the organization (e.g., board, fundraising)
Organizational processes use and development	• Limited set of processes (e.g., decision making, planning, reviews) Use of processes is variable, or processes are seen as ad hoc requirements • No monitoring or assessment of processes	• Basic set of processes in core areas • Processes known, used, and truly accepted by only portion of staff • Limited monitoring and assessment of processes, with few improvements made	• Solid, well-designed set of processes in place in core areas • Processes known and accepted by many, often used • Occasional monitoring and assessment of processes, some improvements made	• Robust, lean, and well designed set of processes (e.g., decision making, planning, reviews) in place in all areas • Processes widely known, used, and accepted • Continual monitoring and assessment of processes, and systematic improvements made
Staffing levels	• Many positions are unfilled, inadequately filled, or experience high turnover and/or poor attendance	• Most critical positions are staffed (no vacancies), and/or experience limited turnover or attendance problems	• Positions are almost all staffed (no vacancies); new turnover or attendance problems	• Positions are all fully staffed (no vacancies); no turnover or attendance problems
Staff	• Staff drawn from a narrow range of backgrounds and experiences; interest and abilities limited to present job; little ability to solve problems as they arise	• Some variety of staff backgrounds and experiences • Good capabilities, including some ability to solve problems as they arise	• Staff drawn from diverse backgrounds and experiences, and bring a broad range of skills Most are highly capable and committed to mission and strategy; eager to develop and assume increased responsibility	• Staff drawn from very diverse backgrounds and experiences, and bring a broad range of skills Most staff are highly capable in multiple roles, committed both to mission and continuous learning • Most are eager and able to take on special projects and collaborate

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Decision-making framework	• Decisions made largely on an ad hoc basis by one person and/or whomever is accessible; highly informal	• Appropriate decision makers known; decision-making process fairly well established and process is generally followed, but often breaks down and becomes informal	• Clear, largely formal lines/systems for decision making, but decisions are not always appropriately implemented or followed	•Clear, formal lines/ systems for decision making that involve as broad participation as practical and appropriate along with dissemination n/ interpretation of decision
Physical and technological infrastructure*	•Inadequate physical and technological infrastructure, resulting in loss of effectiveness and efficiency (e.g., insufficient workspace, limited number of telephone facilities) •Limited/no use of computers or other technology in day-to-day activity	• Adequate physical and technological infrastructure that can meet organization's most important needs (e.g., basic telephone and fax facilities accessible to most staff) Equipment sharing is common; satisfactory use of IT infrastructure • A number of improvements could help increase effectiveness and efficiency (e.g., individual voicemails, individual desks)	• Fully adequate physical and technological infrastructure for the current organizational and communication needs Solid hardware and software; high usage of IT by staff • Infrastructure does not impede effectiveness and efficiency	•Physical and technological infrastructure well tailored to organization's current and anticipated future needs •Well designed and thought out to enhance organization's efficiency and effectiveness •Reliable telephone and fax facilities accessible by all staff •Networked computing hardware with up-to-date software applications used regularly by staff

* Accessible at www.vppartners.org/learning/reports/capacity/capacity.html