Expanding Organizational Capacity: The Human Capital Development Initiative

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Community development practitioners have long struggled to cultivate sound human resources policies in a field that has not historically adopted modern human resources management techniques. While community-based organizations (CBOs) have established models to revitalize distressed communities, further progress will depend on the availability of talent and the use of good organizational practices. To highlight some of the organizational issues facing CBOs, Anglin (2000) observes that many community development organizations "operate outside the norms of good organizational practice. Accounting is haphazard. Boards are weak and lack the diverse skills needed to guide an organization. Many are frustrating places to work because leaders are unable to nurture talent."

Eisenberg (2000) adds that CDCs sometimes are "undercapitalized, overextended, and poorly managed." Often, CBOs find themselves stretched thin, under pressure from funders to expand programmatically without substantially more resources. To succeed, the field must overcome high job-turnover rates, burnout, and impending succession among senior leaders, some of whom founded organizations and led them for many years.

The loss of key leaders can cost community organizations dearly in terms of productivity and missed opportunities, and the quick replacement of such employees is conducive to higher staff morale. As CDC founders age, concerns arise about succession planning, forcing some organizations to turn their attention to that issue. The migration of better-trained staff away from the industry, however, continues to plague the field: many find jobs outside the industry, especially with private developers and local governments. Some in the field believe that CDCs pay lower salaries and benefits than competing sectors. Although the limited existing compensation studies show this to be untrue, the perception of low wages remains. In addition, some community organizations receive criticism for not having staffs representative of the demographic makeup of the area they represent—such as maintaining a predominantly White staff in minority areas.[1] Rodriguez and Herzog (2003) say, "At the executive level, CBOs do not represent, in terms of race and ethnicity, the people they serve. The number of non-Caucasian executive directors range from 9% to 37%."

A large-scale attempt has been under way to increase levels of human capital, a central component of organizational capacity. This experiment has taken place through the Human Capital Development Initiative (HCDI), which is part of the National Community Development Initiative.[2] The $8-million demonstration project promoted human capital initiatives at the local level, working mostly through community development partnerships affiliated with the Local Initiatives Support Corporation (LISC) and The Enterprise Foundation and nationwide through broad programs under the sponsorship of the CDC industry's trade association, the National Congress for Community Economic Development (NCCED). HCDI addressed human capital issues in four areas: (1) recruitment and retention, (2) education and training, (3) career development, and (4) human resources management and compensation.

Beginning in 1999, a team of researchers at the Center for Urban Policy Research (CUPR) assessed the HCDI.[3] This paper draws from that assessment, summarized in Devance-Manzini, Glickman, and DiGiovanna (2002). CUPR developed several criteria to identify promising HCDI practices and programs. CUPR looked for programs that significantly and measurably expanded or enhanced the overall operating capacity of the CDCs; the political and professional standing of the CDCs; the skills and abilities of CDC staff; and CDC recruitment and retention, understanding of human resources and compensation issues, career development, education, and training. CUPR also looked for programs that were transferable to CDCs in other cities and had the potential to leverage HCDI dollars or draw and capitalize on other available resources. This paper summarizes results from the assessment and presents some reflections for further research and policy considerations.

RECRUITMENT AND RETENTION

HCDI sites looked for new ways to recruit people and to retain those already working in the field. Local community development partnerships (CDPs) focused on hands-on learning experiences (through internships, fellowships, work-study programs, and AmeriCorps) and marketing efforts to expand understanding of community development and attract talented people to the field. CDPs in Atlanta, Cleveland, and Washington, D.C., developed internship programs and reported that these efforts resulted in an appreciable number of successful placements. Atlanta and Cleveland estimated that approximately half of their interns subsequently accepted work in CDCs or in a related field.

Recruiting focused on the neighborhoods in which the CDCs work, institutions of higher education, and related industries and professions. Placements associated

with the academic minor developed with Howard University in Washington, D.C., showed great promise, for example. HCDI placed particular emphasis on the recruitment of women and people of color. Nine of the ten CDPs helped the CDCs recruit new people. The NCCED carried out national recruitment and retention efforts through a number of programs and organizations.[4]

EDUCATION AND TRAINING

HCDI provided training in leadership and management skills at all staff levels and for board members. Participating CDCs identified their specific needs and the initiative furnished programs through single sessions or a series of workshops. HCDI provided access to established training institutes and skill-development programs, as well as single-topic training sessions and workshops. The program delivered formal education (for example, certification and degree programs) in traditional classrooms and through distance learning. The local intermediaries provided technology and other resources to the CDCs. All of the partnerships sponsored educational or training programs.[5] The sites adopted good training models from both the non-profit and for-profit sectors or customized training to meet CDCs' needs.

Although CDCs understood the value of training, they also feared that as staff became more proficient, they might depart for other jobs. It became clear, however, that staff highly valued training opportunities, as well as the opportunity to network with peers. Thus training also helped increase job satisfaction. In time, the CDCs began to recognize the importance of coupling training and skill development with advancement opportunities either within the CDC or within the local network of CDCs.

TRAINING MODELS

The local intermediaries identified general training needs (basic skills, technology, and so forth) and found consultants with CDC experience to help their CDCs. For example, Boston's partnership hired experienced consultants to conduct workshops on supervisory training and career development; Seattle worked with a local consultant to customize board and executive training needs; Chicago, Boston, and Seattle provided individuals and organizations with small scholarships to attend training. Mentoring also took place by pairing senior and junior staffers—although this model required a considerable time commitment.

CAREER DEVELOPMENT

HCDI supported professional development to help practitioners strengthen important skills. They marketed the field and promoted it through publicity about the HCDI programs and through brochures, job fairs, and referrals. They also used other publicity vehicles such as programs at colleges and universities, Web sites, and job banks. The CDCs offered one-on-one counseling and personal-skill-assessment strategies to community development professionals. All of the partnerships promoted the community development field as a career option.[6]

CAREER COUNSELING

Targeted one-on-one career counseling was a primary component of Boston's Career Paths initiative and a secondary component of Philadelphia's Career Action Program. Individual counseling sessions with experienced career counselors enabled CDC employees to develop tailored career plans and identify training needs to prepare them for the next step on the career ladder. This type of career counseling produced two major benefits. First, participants reported that the programs restored their confidence in community development as a feasible career. By identifying individual career ladders, CDC employees discovered they did not have to leave the field to enjoy greater responsibilities and job satisfaction. Second, this targeted approach—particularly in the case of Boston's Career Paths—resulted in real gains in the number of minority candidates moving from entry-level to management-level positions.

INTEGRATING CAREER DEVELOPMENT INTO ORGANIZATIONAL CULTURES

Boston's collaborative linked the education of CDC senior managers with the development of entry- and mid-level staff; as a result, Boston CDCs raised the perceived value of career development among participating CDCs. Supervisors worked with staff participating in Career Paths to help implement their career plans. The Boston partnership aided this process by providing CDCs up to $1,000 in matching funds for individual training needs—admittedly a small sum, but one that caused CDC directors and boards to take the process seriously. The coordination of these programs helped CDC directors provide enhanced opportunities for employees *within* their organizations, thereby reducing the likelihood of employees leaving.

Both strategies were relatively expensive. Individual counseling costs both money and time. Nevertheless, the demonstration projects produced concrete, positive results—especially in increasing the representation of minorities in CDC management positions and retaining talented employees within the field.

HUMAN RESOURCES MANAGEMENT AND COMPENSATION

Human resource management consists of programs designed to increase a CDC's capacity to recruit, hire, manage, and retain competent staff. Management practices include building career ladders within CDCs, assessing individuals and departments, determining compensation and benefits, and performing other functions. To increase capacity in this area, the partnerships sponsored organizational assessments and human resource audits, compensation studies, diversity training, and other human resource programs.

ORGANIZATIONAL ASSESSMENTS AND HUMAN RESOURCE AUDITS

Organizational assessments are external reviews designed to improve an organization's performance, staffing, and practices in human resources management. Human resources audits consist of evaluations of human resources practices and can provide more attractive workplace conditions. The partnerships used audits to build CDC capacity by creating and upgrading state-of-the-art personnel systems to ensure that hiring and firing, as well as compensation and benefits, are managed in a legal, professional, and productive manner.

In addition, CDCs tried to improve board retention and functioning through training so that board members knew more about hiring practices, organizational management, leadership, oversight, financial management, and other board functions. Comparative studies of compensation and benefits helped CDCs measure their human resources environments against those of comparable positions in other fields, increasing their ability to attract and retain employees. In addition, improved human resources programs helped CDCs recruit and retain a more diverse workforce, which included more community residents, and increase the political and network capacity of CDC leaders.

COMPENSATION STUDIES

The intermediaries carried out surveys of employees' salaries and benefits to get a better understanding of how they compared to those in related fields (social work, education, government, and so forth). These compensation studies were conducted in Chicago, Portland/Seattle, and St. Paul. For instance, the St. Paul study compared salaries and benefits offered at different CDCs and related them to the salaries and benefits offered by other kinds of nonprofit organizations.

Despite the prevailing belief that CDC salaries fall below those for competing jobs, a number of the compensation studies found that many CDC jobs were in the same salary range as other nonprofit jobs in the region. The partnerships used the studies in different ways. Chicago and St. Paul developed presentations for funders to educate them about variations in salary levels. CDCs in Cleveland used the survey results for internal reviews of compensation costs and program overhead costs. More than 50 percent of St. Paul's active CDCs, funders, and other key community development partners got involved in discussions of these findings.

HUMAN RESOURCES DEVELOPMENT

Quantum Leap (QL), an initiative of Cleveland's Neighborhood Progress, Inc. (NPI), addressed the ways CDCs do business and adapt culturally. QL sought to increase the organizational capacity of Cleveland's CDCs with a combination of intensive technical assistance and training related to organizational and human capital issues, including financial systems, recruitment, and board training. QL represents the most comprehensive approach to organizational change of all the HCDI sites. The fundamental approach known as the "Jubilee Method" requires that people learn within their own organizational environments by talking to their colleagues and through self-discovery. Quantum Leap's methodology includes customized "in-culture" training of individual staff and in-group classes. NPI also ran best-practices workshops on subjects of interest to community groups (for example, asset management and fundraising). To increase volunteerism, QL carried out board recruitment and training activities. QL also helped CDCs conduct executive searches and trained executive management and boards to perform those functions in the future. Through these actions, QL helped recruit, evaluate, and place several executive- and management-level positions during the demonstration.

CONCLUSION

The HCDI initiative started slowly, with considerable experimentation over the first 2 years. Once the programs were in place, however, several lessons were learned about this sort of capacity building. First, nonprofits interested in improving human resources management should do so in an integrated manner. That is, instead of approaching the various aspects of human capital development in isolation (recruitment, retention), they should understand that each element is related and should be approached as part of one, integrated problem, not as an individual concern.

Second, collaboration with actors outside the CDC field proved useful. In St. Paul, for example, partnering with other nonprofit entities to complete its compensation study provided additional funding as well as depth and comparative value; similarly, Seattle's Community Development Partnership (CDP) found outside groups useful in its human resources audits. Third, changing workplace culture is difficult, time consuming, and expensive. For example, CDC leaders struggled to believe that human capital issues should be part of everyday operational concerns; we found that some leaders feared making such investments because of the possibility that well-trained employees would leave for other organizations. Moreover, in looking at the overall accomplishments of HCDI, the costs were high relative to the expenses involved. Because this was an experiment, however, with actors relatively new to the field of human capital development, the field should be hopeful that future work will come at lower costs, once good models are better known.

One final observation: the HCDI and the participating initiatives went forward with limited use of information and experience from other fields. The organizational development literature is quite substantial, and community development need not recreate the wheel. Going forward, funders and other stakeholders should support initiatives informed by experiences and experiments from both the nonprofit and for-profit sectors. This initial upfront research and development will save time by avoiding paths that either cost too much or yield little return on investment.

Throughout the HCDI demonstration, CDPs found ways to collaborate and use existing resources to meet their goals. Many of these linkages would not have occurred without a dedicated program of similar scale and magnitude. In the end, the local partnerships learned that developing human capital in the community development field depends far less on devising new strategies than on identifying and harnessing existing resources and adapting them for local use. Importantly, HCDI called much-needed attention to the field and armed CDPs with the funding and support necessary to tease out these elements, networks, and resources. The challenge for community development stakeholders is to sustain the momentum gained from the first round of HCDI demonstrations by providing other communities with the tools to identify the elements necessary to support their own integrated human resources strategies.

NOTES

[1] Intermediary staff members at both the national and local levels say that the relatively large proportion of white staffers is due to the need for "well-trained profes-

sionals" and that they are training as many minority staffers as possible. We discuss such efforts later in the context of the Human Capital Development Initiative. Seessel (2003) discusses the paucity of minority staff among national funders and intermediaries.

[2] We report here on the first round of the HCDI, which ended in 2002. A second round is under way.

[3] The Center for Urban Policy Research of Rutgers University assessed the HCDI from 1999 to 2002.

[4] For example, the Emerging Leaders Program (ELP) brought together undergraduate and graduate students and recent college graduates from around the country to learn about the field. The Community Development Internship Program (CDIP) offered graduate public policy students the chance to gain on-the-job experience at CDCs during the summer. The Community Development Leadership Association (CDLA) provided information, job postings, and other community development resources to alumni of the NCCED student recruitment programs to keep them connected to the field. The NCCED published a community development career guide (Brophy and Shabecoff 2001) to provide examples of career and job opportunities, education programs, career planning, and other valuable information on careers in community development.

[5] NCCED developed a series of "how to" publications for the NCCED Community Development Toolbox. The first two publications of the series were on management self-assessments and recruiting techniques. NCCED (along with the National Consortium for Community-University Partnerships) tried to establish core competencies and standards for community economic development practitioners by providing the basis for curriculum development and training programs.

[6] NCCED promoted the field through distribution of its publications (for example, newsletters and a career guide), information provided on its website, internships and training, the ELP, the CDIP, the CDLA, and a listserv for CDLA participants.

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