

# Identifying Capacity Gaps Within Your Organization

By Rob Faulk, Partner

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The visitor had just walked into the house when he looked up and asked, “What’s the deal with the ceiling stain?” His friend looked up, smiled sheepishly, and confessed, “I was going to fix that when the leak first occurred, but I got busy with life, and now I don’t even see it anymore. It’s just become part of the house that isn’t noticed. I guess we consider it normal now.”

Many organizations have developed “ceiling stains” in the form of behaviors that are simply accepted as “the way we do things around here” — but that in fact are neither normal nor healthy. In reality, these behaviors may be indicative of organizational capacity gaps that could be preventing the organization from achieving the outcomes of its mission.

## Does Your Organization Have Any “Ceiling Stains”?

The best way to identify any capacity gaps in your organization is to look for behaviors that are not typically seen in healthy organizations or that seem out of the norm. Examples include:

- A board that is deeply involved in making operational decisions despite the presence of qualified and engaged management
- Excessive turnover or shifting of under-performing employees from job to job without addressing the performance issue
- Leadership that is detached from the rest of the organization, or an organizational structure in which the lines of communication aren’t clear

## Why It’s Important to Address These Behaviors

A capacity gap can be defined as a significant disparity between an organization’s goals and objectives (as expressed in its vision and mission) and its actual or potential ability to achieve its vision and mission. In other words, **an organization with capacity gaps is lacking in key areas that are likely to prevent it from achieving its vision and mission.** And because of those gaps, the staff and volunteers develop “workarounds,” behaviors designed to achieve their goals despite the organization’s shortfalls.

Capacity gaps can occur in one or more significant areas, including the organization’s philosophies, board, leadership, financial management, employees, cross-functional cooperation, information technology, fundraising, and program effectiveness, among others. The behavior examples provided above could be indicative of capacity gaps such as:

- A board that is poorly trained or lacks sufficient experience to understand its role
- An ineffective hiring process
- Poor communication from leadership to the rest of the organization

Because every organization is unique, there are countless potential capacity gaps that can exist within organizations.

## Addressing the Gaps to Achieve Your Vision and Mission

Identifying behaviors that would appear strange to an objective outside observer may require having a third party take a look at your organization. To use the analogy at the start of this article, they need to walk into your organization’s “living room” and ask about the ceiling stain. It is often easier for a third party to not only identify any unusual behaviors but to ask potentially sensitive questions about the conditions that gave rise to the behaviors. CapinCrouse has developed a methodology for identifying such behaviors and looking into the organization to understand and address the capacity gaps that may exist. If you’re interested in learning more about our Nonprofit Organization Capacity Assessment service, please email [info@capincrouse.com](mailto:info@capincrouse.com) or contact your engagement team.

Organizations that wait too long to address their “stains” are unlikely to achieve their vision and mission, and may even face irrelevance. Conversely, moving quickly to discover and address capacity gaps will enable your organization to work more effectively toward accomplishing its goals.

## About the Author

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Rob has more than 35 years of financial leadership experience in serving both for-profit and nonprofit entities, as well as more than eight years of direct ministry experience as Executive Pastor and CFO of large churches. He previously served with a Big Six accounting firm, where he was the lead manager on the project that developed the COSO Internal Control framework. Rob holds an MA in Ministry Management from Azusa Pacific University Graduate School of Theology.

## About CapinCrouse

As a national full-service CPA and consulting firm devoted to serving nonprofit organizations, CapinCrouse provides professional solutions to organizations whose outcomes are measured in lives changed. Since 1972, the firm has served domestic and international outreach organizations, universities and seminaries, foundations, media ministries, rescue missions, relief and development organizations, churches and denominations, and many others by providing support in the key areas of financial integrity and security. With a network of offices across the nation, CapinCrouse has the resources of a large firm and the personal touch of a local firm. Learn more at [capincrouse.com](http://capincrouse.com).

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