Private Foundations: Eight Takeaways

Overview

Foundations would seem to be ideal funding partners for non-profit organizations. They are as plentiful as the stars in the sky, and by law they're obligated to give away a certain amount of money each year. The reality, however, is quite contrary to expectations. Foundations often strictly adhere to rigid guidelines. Their missions may be progressive, but their approach is usually cautious. Comparatively few grant-makers are willing to take risks by subsidizing highly innovative programs or by making substantial awards to organizations that are not already known to them. Small nonprofits serving a limited constituency are often overlooked.

Successfully managing a grants program therefore requires care, insight, and forethought. Knowing where to turn, how to pitch your request, how much to ask for, and how to land (and remain) on a foundation's radar screen is an art that LAPA Fundraising has developed over two decades worth of experience. Our 12-Step grants management process is a service of this experience, and the articles collected for this white paper encapsulate knowledge acquired the hard way…through 20+ years of our firm's practice.

Reading these eight "take-aways" will enable you to learn more about several elements of the process and to discover what works.

We start with the basic questions of how to sort funders out and talk to them. This leads into the content question—what makes a proposal resonate with the reviewer? A good proposal delivers an argument that concludes with a funding request. Accordingly, an analysis of the "ask" comes next. A checklist to use prior to submission and strategies for keeping in touch with funders follows. Finally, we present the case of a small nonprofit that "stayed the cost" and, as a result, earned more than a million dollars in grants revenue.

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Table of Contents

The Power of Assessment: More than a Process, It's an Art!

Who do you decide to submit grants to in the first place? Maybe your agency is even questioning the idea of starting up a grants program?

Often, the work of qualifying or vetting funders occurs in the "discovery phase" of a new contract, when we seek to determine which fundraising activities would work best for a client. The vetting process is not—and shouldn't be—just a matter of diving into a data base and coming up with a list of names. Here's the procedure we follow:

• **Casting a Large Net**

We look at the nonprofit in question from a number of different angles and for each one search out funders whose priorities might be closely aligned. For example, an organization that serves a military-related cause might interest funders that award grants for veterans' issues, as well as those whose priorities include public affairs, war memorials, and national defense. All of these areas need to be checked. In addition, we found an umbrella organization called the Military Family and Veterans Organizations of America (MFVSOA). We looked at the many member organizations under the umbrella as *well as* the supporters of those charities. Literally, hundreds of private and corporate foundation funders were reviewed.

• **Meticulous Sorting**

At the same, a meticulous sorting out process ensued. Funders that were sister organizations of a specific nonprofit and existed only to raise money for that agency were quickly eliminated, as were those whose geographical priority did not encompass our client's service area, or those that support only their own in-house programs. About 52 funding prospects survived this exercise.

For the remaining 52, we carefully examined Web sites and IRS 990 forms, in addition to the prospective funder's Foundation Center Directory page, to determine the probability of funding (high, medium, low, or speculative); the expected amount of the award; and the next application deadline date, if any.

• **At a Glance**

The results enabled us to see at a glance which funders were most likely to award the largest grants and had upcoming deadlines for a LOI or proposal. *And those were the ones we turned to first.*

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Having the Conversation

The advent of online applications doesn't mean you can't talk to a funder. Many grant-makers, especially the independents and family foundations, don't have Web sites and electronic portals. Large, bureaucratic foundations that have gone paperless often have online forms that are so long and involved, you might want to talk to them, if possible, just to determine if it's worth your while to apply.

So here's what you need to extract from a phone conversation with a funder.

1. Identify the best person to talk to.
If the party on the other end of the line says, "You should speak to So-and-so, I'll transfer you," get So-and-so's direct number or extension. Chances are So-and-so is "away from her desk or on the other line," and it would be wise to call again at another time.

Or the person who received your call might say, "Maybe I can help you?" Fine. But get his name first. You might want to connect with him again if something comes up.

2. *Would the program fit their current guidelines and geographical focus?*
"I reviewed your guidelines and Web site," you should say (because the program officer will be annoyed if you didn't), "but I have a question about your current grant priorities." Now make your pitch and finish by asking if the mission or program would fit the funder's current interests. You might want to check exactly what the geographical requirements are. If they only fund in Westchester and your nonprofit is based in Manhattan but operates a program in Westchester, ask if that's okay. Remember: negative information ("No, we only fund nonprofits located in Westchester") is just as valuable as positive info.

3. How much to ask for?
You should always look at the funder's IRS Form 990 and have a dollar amount in mind before picking up the phone. But don't be afraid to ask if your suggested amount is appropriate for the funder, especially if your nonprofit is new to them. Alternatively, you can ask about their range of funding. Some program officers respond very helpfully to such questions.

4. Submitting: When and How.
Be sure to ask: "Are there any upcoming deadlines I should be aware of?" If not, "Is there one time of year that's better to submit than other times? Are there times when funds are usually more available?" Or, "When does your board meet next?" A board meeting date is a clue as to when the proposal should be submitted.

Don't forget to ask: "Do you accept hard copies?" If they do: "How many copies of the proposal and the attachments would you like?" "Can we send the proposal to your attention?" "When can we expect to hear back?" *And never ever forget to check the mailing address!!!*

Lastly, thank the person for spending time with you on the phone. We're *all* swamped with work these days.

Grants, Good to Great: How to Get Them Read

Good grant proposals are looked at; great grant proposals are *read*.

The first step to going from good grant proposals to great is to realize that when you sit down to write one you're leaving social work behind and entering an entirely new realm, the realm of the writer and reporter. Accordingly, you have to do what writers do.

What do writers do? They conduct research. They seek to compile as much information about their subject as possible. Like fishermen, they cast a wide net and sift through the catch, tossing aside all but the best specimens.

How to go about retrieving the best, most compelling information about the organization or program for which you're seeking grant support will differ from one instance to another. But to start with, you have to get out from behind the computer and explore the waters your organization navigates.

Cruising

Making a site visit and orienting yourself to the organization, its programs, and atmosphere is no doubt on your agenda, or should be. But if the program is deeply-rooted geographically, it would behoove you to take some time to explore the neighborhood, community, or city being served. LAPA was hired to write grants for a city celebrating the anniversary of its founding, for instance. Having been offered a tour with knowledgeable residents as guides, we jumped at it. The experience proved invaluable. Landmarks and resources we were unfamiliar with registered indelibly on our consciousness. Many were later referenced in the grant proposal, giving it the kind of flavor and authenticity that made the proposal come alive.

The Library

Plain old library research ought not to be overlooked, when leads surface that arouse your curiosity. Reading the promotional brochure of a client that had been providing social services for more than a hundred years, I happened to notice a reference to a magazine article written about the agency in the 1950s. Hmm, I thought. I found the issue on microfilm in the New York Public Library. It turned out to be most useful because it enabled me to understand how the organization evolved over time. That understanding went into the grant proposal and added a dimension to the narrative that would otherwise have been missing.

Reporting from the Trenches

The program director of an organization providing addiction treatment services to men in crisis invited me to spend a day at the facility and go through the program along with the clients. I was pleased to do so. Not only was I able to meet clients at various stages of treatment—from stumbling, barely articulate new arrivals to grateful, confident "upper classmen" moving toward graduation—but I personally witnessed the top-notch staff in action, finding creative ways to illustrate the barriers certain men had interposed to forestall their own recovery. That's something you won't pick up by reading a brochure.

Program directors are good people to interview to learn what makes a program work. If there are "big picture" financial issues that should be explained to strengthen the case for funding, don't hesitate to have a talk with the chief financial officer as well.

These three steps—touring the environs, following up leads in the library, and learning about the program and the organization from the folks who make it tick—are just some ways of going from good grants to great.

A Grant-Writer's Guide to Knowing How Much to Ask For

One of the best ways to determine the right amount of money to request is to ask the prospective funder. This technique works especially well if your agency has never received a grant from the funder you're querying. During your phone conversation with the program officer, just say, "What would be an appropriate request from an organization that's new to you?" Or, if you have a figure in mind, "Would $10,000 be an appropriate 'ask'?"

Some program officers are coy about such things. They might refuse to quote a figure, or they may well say, "Just tell us how much you need." But others are surprisingly chatty and helpful, and will tell you exactly how much to ask for.

But what to do if the program officer won't provide a clue, or you can't get through to a program officer?

You can:

- Go to the funder's Web site, where you might find a list of grantees and amounts awarded to each in a given year, or,

- Go to the funder's IRS Form 990 and check the list of grants paid out in the year for which the form was filed. These forms are, of course, available in the Foundation Directory and on Guidestar.

But you want to cast a discerning eye over these lists. You might find that the funder has awarded $200,000 to a certain university or hospital. If your agency doesn't have a university-sized budget and only serves a small number of clients, don't expect the funder to write you a six-figure check. Look for a nonprofit on the grants list that resembles your organization, pursues a similar mission, and is about the same relative size. If that nonprofit received only $20,000, that's the amount you should ask for.

The grants list provides a lot of useful information. It tells you what the foundation's funding capacity is and, also, reveals a pattern of funding. Study the number of grants made at the lower, middle, and higher levels and you'll see how the funder distributes its largesse. Personally, I note the range of awards and like to come down in the middle. The average figure in the spread will pinpoint the grant-maker's comfort zone. But, again, keep in mind the dimensions of your nonprofit and fit the "ask" to the size and shape of the organization you're representing.

Another and more advanced technique is to suggest a range of funding to the grant-maker and let the foundation decide how much help it wants to provide. Here's what I mean. You can say, "With $15,000, we can do this; with $25,000 we can do this, this, and that."

Determining the proper ask is not a mind-reading act. It's a matter of research and feel. Start with the research, and the feel will gradually develop.

A Checklist of Rules to Follow for Good Grants Hygiene

Grants are so highly competitive that a success average of one out of five submissions (20%) is quite acceptable. By contrast, a batting average of .200 in baseball will get you demoted to the minors or released.

We recommend that grant writers follow this checklist to make sure their applications and proposals remain competitive:

1. Are your **attachments up-to-date**? Be sure the financial statements (independent audit and/or IRS Form 990) you're submitting are the most recently available ones. Verify the Board of Directors list; members may come and go each year. Does your list of key staff members reflect the latest hires? Are your organizational and program budgets current, and do they square with the numbers in the audit and Form 990? Are you still including in your information packet press clippings that by now are way out-of-date?

2. **Strict compliance** with the funder's requirements. If the funder wants two hard copies of the proposal, or a signed statement that the Board has authorized the submission, or has stipulated that the pages of the submission should not be stapled, or that all components of the application should be submitted via e-mail on one pdf, have you noted and complied with these requirements?

3. **Save copies** of all submissions in a convenient electronic file so that you can retrieve one in seconds for future reference should the funder call.

4. **Online applications** require a checklist all their own:

- Start early so that you can complete one section at a time over several days rather than having to tackle the whole application at the last minute.
- Keep a library of previous online applications to more easily match your answers to the space constraints of the next one (500 words; 2,000 characters, etc.).
- At the initial sitting, first complete just a couple of boxes and make sure you can log out and log back in with ease, and that your answers are being saved.
- Online application portals may require passwords of different length and combinations of letters, numbers, and symbols. Keep track of which password you used for each separate funder.

5. When you receive a grant, don't toss away the **award letter**. The award letter, *not* the proposal or application, is the legal document specifying how the funds are to be used. Consequently, the award letters are what your organization's auditor needs to examine.

This checklist will help make grants management manageable!

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How to Report on Grant Progress

Have you noticed that the effort that goes into a notable achievement is often invisible? An athlete or entertainer is said to make something difficult “look easy,” suggesting that a lot of work was done “behind the scenes” to achieve that high level of performance.

Yet when it comes to fundraising/development, we often hear “The money is out there,” as if to suggest that meeting a fundraising goal is “child’s play.”

Reporting on grant progress is therefore not just a prerogative, but a necessity. LAPA takes this function very seriously. Here’s how we do it, and you too can as well:

First, we have what we call a Revenue Report, an excel spreadsheet tracking instrument modified for improvement over 20 years. In a clear, readable format, the Revenue Report is divided into sections as follows:

SECURED: grant awards received;
PENDING: proposals, LOIs, and applications pending;
PROSPECTS: prospects in initial stages of investigation;
DISQUALIFIED: prospects we have ruled out of the running for various good reasons; and
REJECTED: rejected submissions.

This instrument gives you your whole grant history—at a glance. We update the report as we go along, each time we submit a grant, hear back from a funder, or receive news in whatever form.

Second, we routinely send copies of all our submissions to all internal parties. Why? Well, on a basic level we want them to read the grant and be aware of it, but we also want to get their feedback for improving the document. And, of course, we want them to be aware of the request should the funder contact one of them directly.

Third, we provide periodic updates that add depth to the Revenue Report by highlighting the larger dimensions of our activities. These updates convey additional details about:

- New prospects recently surfaced
- Meetings sought or obtained with prospective funders
- Cultivation letters send to keep your nonprofit on the funder’s radar screen
- New contacts or relationships we’ve established with funders or stakeholders
- New fundraising strategies we’ve devised
- Lapsed funders we’ve gotten in touch with
- New materials we’ve created to accompany grant proposals
- And numerous other efforts we make to raise more money for you

Boards and executives really appreciate these reports. It makes visible what we do “behind the scenes.”

How To Secure More Grant Revenue

You secured the grant. Fantastic. Now you're submitting to other funders, you've moved on. But don't forget about the foundation that just sent you a check. Don't wait until the next deadline before resuming communication with them. This is what most nonprofits do and it's unwise.

True, that the funder and its program officer have also moved on and are reviewing new submissions, but it's still vital for your organization to remain on their radar because so much of fundraising has to do with building personal relationships. You want the program officer to champion your organization when you file a proposal for a renewal, or, possibly, remember your agency when they happen to have extra funds to distribute.

Here's what to do: about halfway through the grant year, you should send a thoughtful letter aimed at reviving your program officer's interest and good will. We call this is a *cultivation* letter.

What should it contain? An easy to read summation of the highlights of the past six months of your nonprofit's operation. For example:

- In the past six months, 20 clients graduated from our program: 12 secured permanent jobs and another 8 obtained college scholarships.
- Our Board of Directors' annual dinner yielded net revenue of $75,000.
- The boiler of our shelter broke down, and we met the challenge by creating a crowdfunding platform that within five weeks paid in full the cost of a replacement.
- Two new funders, the ABC Foundation and the XYZ Charitable Trust made awards of, respectively, $25,000 and $35,000.
- One of our clients was featured in an article in the *New York Times.* Here's the link.
- To succeed retiring medical director Dr. Jones, we hired Dr. Smith, whose qualifications and experience are as follows…
- And always be sure to welcome them for a tour or an in-person update.

You should be compiling this type of information as a matter of course. The cultivation letter is for circulating word of these glad tidings. And don't forget to invite the program officer to your special events (comp tickets are best). It's all a matter of getting and keeping their attention; believe me this effort produces results.

We've seen funders make renewed awards solely on the basis of having received a cultivation letter and without us having to formally request a renewal. Recently, within two weeks of mailing a cultivation letter on behalf of one of our clients, the recipient responded by inviting our client to submit an application for a renewal—and for more money than the initial grant! We've also seen funders remember the agency at year's-end when they had extra funds to distribute. If they have a failed grantee and hadn't yet re-allocated the award money, they might remember your agency in this connection as well.

Staying the Course: Trinity Reaps Its One Millionth Grant Dollar—and So Can You!

LAPA is thrilled to announce having raised a landmark *one million dollars* for Trinity Lutheran Church/Trinity Community Connection, one of the smallest clients we've ever worked with. But there's a huge, cautionary lesson here for the nonprofit sector.

Trinity Community Connection operates the social service programs of Trinity Lutheran Church, a neighborhood fixture on West 100th Street and Amsterdam Avenue for more than 100 years. A congregation of only about 200 people, the Church is located in Manhattan Valley, a 40-square block neighborhood of 48,983 persons between 100th and 110th Streets, and between Broadway and Central Park West, just south of Harlem. Its mission is to prioritize those who find themselves increasingly pushed to the margins and to sponsor programs to meet their needs, specifically those who are poor, lower income, undocumented, and/or homeless. These programs are offered in a non-sectarian manner. They include:

- **Trinity Place Shelter**, a transitional shelter for homeless LGBT youth and young adults.
- **Creative Learning Center (CLC)**, an after-school program for very low-income children in Kindergarten through the sixth grade.
- **Mujeres en Progeso**, a support, educational, and leadership group for adult Latina women.
- **Holidays Meals**, annual full-course Thanksgiving dinners and bacon-and-egg Christmas morning breakfasts for the Church's homeless neighbors as well as those who have a home but are in need of a solid meal.

In 2008, Rev. Heidi Neumark, pastor of Trinity Lutheran Church and executive director of Trinity Community Connection, found that the grants program she was seeking to establish to fund the Church's four major social service initiatives was taking too much time away from her program oversight and pastoral responsibilities. So she turned to LAPA and outsourced grants management to us.

It takes time to get a grants program off the ground. Like an airplane trundling down the runway, the takeoff curve is at first very flat. But Rev. Neumark was wise enough to *stay the course*. Within a couple of years, LAPA began putting together a list of steady, reliable foundation funding partners that have responded to the impressive outcomes Rev. Neumark and her conscientious program staff have been able to achieve. Meanwhile, a donor who prefers to contribute anonymously to high-performing nonprofits and who follows LAPA's client list, graciously made gifts of $20,000 or more each year for general operating support, which, in effect, considerably cut the annual cost to Trinity of LAPA's contract.

Funders often come and go, as is their wont, but the process of identifying new funders for Trinity's programs continued from year to year. In several cases, funders were so impressed with the big things this relatively little organization accomplished that they actually gave *more* than LAPA requested.

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This spring, for example, we asked a certain foundation partner for a renewed grant of $25,000 for the shelter and received a check for $35,000! That check put us over the $1 million mark raised for Trinity since the start of our engagement eight years ago.

Thank you, Rev. Neumark for your faith and confidence in us. Thank you for helping us demonstrate one of the secrets of fundraising success: *staying the course!*