Introduction to Grantmaking

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About Me

• Nonprofit & Philanthropic Consultant
• Started working with foundations through youth philanthropy programming
• Have worked with 15+ foundations and philanthropy serving organizations
• Served as a program officer at a community foundation
• BA in Philanthropic Studies; MS in Nonprofit Management; MS in Higher Education Administration; PhD Student in Leadership Studies (Nonprofit & Philanthropic Leadership) – Research is focused on community engagement through community foundations and institutions of higher education.
Room Poll

• Who’s here today?
  • Type of foundation
  • Geographic location
  • Type of position
  • Years in the field
  • Background
WARNING!

This training is a snapshot version of a two day training workshop!
These slides WILL be available!
Community Foundations by the Numbers

• According to Foundation Center (2014), there are 789 Community Foundations in the United States. A majority of them are in the Midwest (Indiana, Ohio, and Michigan)

• Total Giving by Community Foundations – 6,509,495,806

• Total Assets Held – 82,033,638,418

• Total Gifts Received – 9,198,196,491
## Total Foundations

<table>
<thead>
<tr>
<th>YEAR EST.</th>
<th>NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1900-1919</td>
<td>205</td>
</tr>
<tr>
<td>1920–1939</td>
<td>356</td>
</tr>
<tr>
<td>1940–1959</td>
<td>2,537</td>
</tr>
<tr>
<td>1960–1969</td>
<td>1,857</td>
</tr>
<tr>
<td>1970–1979</td>
<td>1,267</td>
</tr>
<tr>
<td>1980–1989</td>
<td>4,471</td>
</tr>
<tr>
<td><strong>1990–1999</strong></td>
<td><strong>10,143</strong></td>
</tr>
<tr>
<td>2000–2009</td>
<td>8,602</td>
</tr>
<tr>
<td>Period</td>
<td>Key Events</td>
</tr>
<tr>
<td>-------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1910–1930</td>
<td>First private/community foundations</td>
</tr>
<tr>
<td>1930–1950</td>
<td>Corporate giving tax incentives</td>
</tr>
<tr>
<td>1950–1970</td>
<td>Tax Act; GE Fund matches employee contributions; United Negro Appeal founded</td>
</tr>
<tr>
<td>1970–1990</td>
<td>Growth of philanthropic infrastructure organizations, social venture philanthropy</td>
</tr>
<tr>
<td>1990–2010</td>
<td>Buffet, Google; The Great Recession; identity-based philanthropic groups</td>
</tr>
<tr>
<td>2010 - 2020</td>
<td>Donor choice, Big Data</td>
</tr>
</tbody>
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Charity vs. Philanthropy

• Some foundations practice charity: The direct relief of suffering and social problems.

• Other foundations practice philanthropy: Seeking out root causes of social problems in order to find solutions.
Charity in Practice

- Is closely aligned with the majority of reasons for giving (right thing to do, makes me feel good...)
- Is immediate
- Fulfills important needs
Toxic Charity

• “I have worked with churches, government agencies, entrepreneurs, and armies of volunteers and know from firsthand experience the many ways ‘good intentions’ can translate into ineffective care or even harm.”

Bob Lupton
Author of Toxic Charity
Philanthropy in Practice

• Creates “impact”
• Is often measurable
• Can be more permanent
Practicing Philanthropy

• Identify your niche
• Review the literature
• Scan the field
• Consult those most affected
• Make learning grants
A Note on Grantmaking Language
Defining Your Grantmaking Strategy

Goal.

Impacting women and girls through charitable donations, funding, and teaching philanthropy.

Strategy.

Women's Fund creates options and opportunities for women and girls through effective distribution of grants, philanthropic engagement, and education of current and potential donors.
Grantmaking Strategy & Guidelines

• Defines how the grantmaking goals will be met
• Includes determining eligible:
  • Activities
  • Recipients
  • Grant sizes
• Based on:
  • Foundation’s model for how change happens
  • Foundation’s values
  • Practical considerations (e.g., geography)
• Not always called “strategy” but focus areas, priorities, etc.
Five Grantmaking Models

1. Responsive
2. Strategic
3. Proactive
4. Collaborative
5. Initiative
1. Responsive Grantmaking

We meet community needs.

We’re giving back to the community that helped build our business.
2. Strategic Grantmaking

We have a defined impact in mind.
3. Proactive Grantmaking

We’re inviting & going deep with a group.
4. Collaborative Grantmaking

- Co-Learning
- Shared Goals
- Aligned Co-Funding
- Pooled $ & Process
- Aligned Measures
5. Leadership Initiative

More than money to solve the problem.
The Grantmaking Process

1. Accepting Proposals
2. Reviewing Proposals
3. Making Decisions
4. Managing the Grant
5. Measuring Success
Five W’s Included in Strong Grant Guidelines

Who is eligible to apply
What are the application requirements/procedures
Where to go for more information
When applications are due and decisions made
Why the foundation gives (mission, goals, priorities, and strategies)
Guidelines Should Match Grant Types

- Operating & Sustainability Awards
- Match & Challenge
- Emergency Relief
- Program
- Capital Scholarships
- Discretionary
Accepting Proposals

Three main components:
- Format of application
- Timing of application
- Information requested
Format of Application

• Letters of inquiry/concept papers/pre-application
• Unsolicited proposals/open requests for proposals (RFPs)
• Solicited RFP/competitive process
• Invitation only
  • Internal process
• Hybrid
Timing of Application

• Open
• Calendar (Annually, Quarterly, Monthly)
• Goal-Specific Deadlines
• Hybrid
Information Gathered

• Proposed project/implementation plan
• Finances
• Organization’s history and track record
• Governance
• Executive leadership and staffing
Good Acceptance Policies

• Match your grantmaking goals
• Are respectful of applicant
  • Match the size and intent of the grant
  • Ask only for information relevant to the grant purpose
• Reach and engage appropriate nonprofits
  • Reach an appropriate number of applicants
  • Reach appropriate types of applicants
Proposal Processing

• Proposal Review
  • Initial or full review practices
  • Conducting due diligence
  • Analyzing financial statements
• Requesting Additional Information
  • Written requests
  • Site visits
Sorting and Scoring

PROPOSAL

Good Idea/Good Proposal

Bad Idea/Good Proposal

Good Idea/Bad Proposal

Bad Idea/Bad Proposal
Full Review

• In conducting a full review, it is helpful to have a **system and criteria**.
  • They must be suited to foundation culture.
  • They must be suited size and purpose of grant.
  • It can be time consuming to conduct a full review and while conducting the review, there is trade-off between thoroughness and efficiency that needs to be balanced.
Beyond the Application: Additional Information-Gathering Strategies

• Your own organization’s files of application forms
• Conversations or emails with the grantseeker
• Visit to the grantseeker’s website and social media
• Internet research, including relevant sites such as Guidestar
• Conversations with representatives from community
• Conversations with other funders
Financial Review

• I’m not qualified to provide this advice!
• But here are some thoughts...
  • Cash on hand doesn’t mean anything!
  • Conduct a calculation to determine liquidity (Unrestricted Net Assets – Monthly Expenses / 12)
  • Not all organizations get an audit, not should they be required to
  • Many organizations struggle to produce financial reports since they are not using the correct accounting software
Site Visits – Why?

• Reading vs. seeing
• Clarify “between the lines”
• Face-to-face with Exec Dir, program staff, clients, board
• Better context
What Grantees Want To Know

• We spend a lot of time preparing for site visits
• There’s a lot of anxiety!
• This is our moment to help you understand the “heart” of our work and provide important context
• We’re often left wondering “now what?”
Potential Pitfalls

• Power dynamics
• “Dog and pony show”
• Time-consuming for grantees, cost to foundation
• Raises expectations
Site Visit Tips

Before

During

After
Before

• Schedule w/ at least 2 weeks advance notice (disclaimer!)
  • Do your homework
• Eliminate the guessing game! Be specific:
  • Who do you want to meet?
  • Who from foundation is coming?
  • How much time do you have?
  • What do you want to see?

*Bonus: provide specific questions for discussion in advance
During

Remember: You set the tone!
During

• Ask open-ended questions
  • “Tell me a little about…”
• Tough on issues, easy on people
  • “What challenges are you experiencing…”
• Remember this is only a moment-in-time
• End with:
  • “anything you’d like to talk about that we didn’t discuss?”
  • next step overview
  • disclaimer!
After

- At minimum, send a note of thanks + next steps reminder + disclaimer
- Follow-up: unanswered issues, questions
- Record notes in grantee file
- Self-reflection
  - DO NOT REFLECT IN THE PARKING LOT!
For The Sake of Time...

You prepare the proposals for review
Your committee reviews them
Your board approves them
#MovingOn
Types of Funding Recommendations

• Do not fund
• Fully fund the proposed project/no stipulations
• Fully fund with stipulations
• Partially fund project—maybe to “test” the proposal
• Provide technical assistance to better prepare the organization for future funding
• Funding something different
Communicating Your and/or Your Committee’s Recommendations

• Understand that your personal communication style is important communicating your recommendations.
• Determine the best method for communicating your recommendations.
• Balance between the amount and type information you deliver.
Communicating a “Yes”

• Be clear what yes means—amount, terms, etc.
• Be clear about negotiations/stipulations.
• Express any important concerns, but do not give a laundry list.
• Honor them with a personal phone call.
• Put it in writing.
• Invite questions. Express thanks.
Before “No”

Words to Use:
• If we fund
• Should we support...
• In case this grant is funded
• Possible action would include...

Words to Avoid:
• When we fund
• I will support
• I think this is a great proposal
Raising Expectations

- You call them to get their thinking on the field.
- Site Visits
- Asking for a lot of revisions to a proposal
- Taking a long time to do the review
- Applicant is a friend and former colleague
- Referrals to other funders
Best Practices in Communicating “No”

• Empathize, but be firm.
• Refer to goals and guidelines.
• Be prompt.
• Be polite and sensitive to the power differential.
• Put the decision in writing.
Reasons for Saying “No”

• **Categorical No**: It doesn’t fit the guidelines.

• **Policy No**: It fits guidelines, but not the foundation’s approach.

• **Personal-judgment No**: It fits guidelines and approach, but success or suitability is in doubt.

• **Really-good-but-someone-was-better-and-we-only–have-so-much-to-give-away No.**
Ways to Minimize the Misery

• Preface everything!
• Educate & understand the decision makers.
• Clearly articulate what you do and don’t fund.
• Be realistic about your expectations.
• Answer grantseeker calls, if you tell them to call with questions about the decision.
• Try not to inadvertently raise expectations!
For The Sake of Time...

• Grant Agreement
  • Is the written document that specifies the responsibilities of foundation and grantee, and grant terms and conditions
  • A contract between both parties that is signed by both parties

• Monitoring Grants
  • To confirm that the project is in compliance with IRS regulations, laws, and the terms and conditions of the grant
  • To assess the progress of the project being funded
  • To ensure the success of the project

• Post Grant Reports
  • Match the report length to the grant size
  • Consider what you want to know, how you want it reported, and what you do with a post grant report once it hits your desk
Contact Me

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