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Grantsmanship and Fundraising Practices

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### Abstract

This paper discusses various issues and challenges facing philanthropy and nonprofit organizations in the United States of America. The writer believes that effective grant writing abilities are necessary for leaders in higher education and those who possess these skills will be able to lead more efficiently. The paper will present effective fundraising strategies and discuss management techniques employed by veterans in the nonprofit sector. Additionally, descriptions of each of the nine major areas associated with foundation funding are summarized, and certain grantsmanship practices are highlighted. Finally, this paper will discuss seven basic components necessary for writing a successful grant proposal.

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## Grantsmanship and Fundraising Practices

### Introduction

For many individuals, the grant writing process is mercurial and oftentimes overwhelming. Moreover, grant writing workshops and classes are difficult to find in graduate programs and colleges, and few educators at all levels of academia have the training necessary to write successful grants. As economic issues facing higher education continue to hinder many areas that require funding sources aside from student tuition, higher education leaders with grant writing and fundraising skills will be in greater demand. Effective leaders in higher education should not only develop their grant writing and fundraising skills but should also stress the importance of these skills to those students who are interested in academic careers. In 1987, a few universities and colleges started to offer undergraduate courses in philanthropy as a preliminary step in generating more awareness of the sector's history as well as its significance in the United States of America (Cohen & Young, 1989). Today, an organization known as *The Council on Foundations* offers grant seekers professional development opportunities and programs to help further the sector's professionalism and management practices.

With ever-increasing economic challenges, funding sources continue to dissipate throughout the country for those individuals and groups seeking grants. This paper will focus on methods relating to grantwriting management and discuss challenges that fundraisers and grant writers face throughout the nonprofit sector. In addition, this paper will outline necessary components of a well-composed grant as well as highlight specific strategies that can effectively ensure a higher degree of funding success.

In the United States of America, there are three distinct sectors of employment. Business and government are the first two sectors, and nonprofit organizations are known as the third sector. Other names associated with the sector include voluntary sector, nonprofit sector, not-for-profit, independent sector, and philanthropic sector. With increasing economic challenges faced throughout private and nonprofit sectors, fundraising has become more competitive and has approached a state of crisis. Salamon (1997) identifies various reasons for diminished funding opportunities available to grant writers which include government spending cutbacks; a constricted view of legitimate charitable purposes; proposed changes in tax policy, a lack of public understanding about what nonprofit organizations do and how they operate; and increased competition from for-profit organizations (p. ix). Grant seekers such as students, researchers, universities, colleges, k-12 schools, symphonies, hospitals, museums, and citizen advocacy groups depend upon the availability of grants. The following discussion will outline various challenges facing the nonprofit sector.

### Challenges Facing Philanthropy

Throughout its history, the nonprofit sector has faced negative public judgment and has suffered various characteristic imperfections. Many have criticized the sector for being elitist, maintaining inefficient public accountability, and having a lack of responsiveness. Salamon (1999) states, “The upshot has been a crisis of legitimacy for America’s nonprofit sector that has manifested itself in declining public confidence, growing demands for greater accountability, challenges to tax-exempt status, questioning of the sector’s advocacy role, and a growing unease about a whole range of pay and prerequisite issues” (p. 180). Clearly, challenges facing philanthropy seem overwhelming

yet, the sector continues to evolve and adapt by re-examining management strategies and techniques.

Philanthropic and fundraising groups have more recently addressed some of these issues by using refreshed management approaches, which have proven to be both creative and successful. Seltzer (1989) mentions several differences between grant seeking efforts of the past and grant seeking endeavors maintained currently. He asserts that wealthy philanthropists of the past did not sit on foundation boards and grant seekers generally were “awestruck by the encounter with wealth and power” (¶ 2). Today, many foundations have alleviated this problem by recruiting staff members, volunteers, and governing board members from grantee and philanthropist pools. This practice brings the grantee closer to projects and services that need funding, and fosters greater interest and familiarity with the foundation’s mission.

Fundraisers understand the need for closer ties with their communities and grantees. Many nonprofit organizations have begun publishing annual reports documenting revenue expenditures, and these reports may contain public information regarding grant writing application processes. Moreover, many organizations maintain highly visible relationships with grantees by developing social opportunities with creative approaches and inclusive fundraising events. With fierce competition for foundation dollars, grant seekers must continually stay abreast of innovative methods for acquiring funds. Successful grant seekers and nonprofit organizations understand the value of grantsmanship practices and comprehensive management strategies.

Recently, those who fund grants have started to assess how they can improve funding practices. Many wealthy philanthropists such as Bill Gates, George Soros, and

Ted Turner are interested in social welfare endeavors. Today, many innovative programs are being funded by philanthropists who are concerned with “capacity building rather than their traditional focus on funding individual programs” (Firstenberg, 2003, p. xii). Grant writers with programs that concentrate on capacity building or the potential for growth within their organizations will have more success than those who need funds for smaller, individual projects. This new funding practice is described as venture grantmaking. Lately, wealthy philanthropists are concerned with building nonprofit enterprises that help individuals on a large scale instead of funding projects that only affect a small percentage of the population. Although, grant seeking is competitive in nature, funders with a concern for social welfare continue to seek out ways in which they can improve communities and are doing so with a business sensibility. The following information explains how one can successfully seek and acquire granting opportunities. Additionally, this paper outlines various best practices found throughout the nonprofit sector that have sustained desirable funding outcomes for grant seekers and nonprofit organizations.

### Grantsmanship

For many nonprofit organizations, grants are a source of revenue for projects and operating expenses. Grants come in many sizes and oftentimes, building and nurturing relationships with funders is paramount for successful fundraising management. Grants can be acquired via three specific areas, which include foundations, government, and corporations. Weinstein (2002) suggests that grantwriting is not the nonprofit organization’s main source of funding but rather that “82 percent of all contributions come from individuals, bequests account for another 6 percent, corporate philanthropy

accounts for approximately 5 percent, and foundation support approximates only 7 percent of private sector annual contributions” (p. 203). With this in mind, grantwriting strategies are a necessary component to the survival of many nonprofit organizations.

The grant proposal is essentially a contract between the nonprofit organization and the funder. This contract generally includes stipulations for the nonprofit organization to follow, and the document serves as a roadmap for how the funder can measure results and establish accountability. Grantwriting opportunities are very competitive, and in most cases, there are usually many applicants vying for limited funds.

Many colleges, universities, health organizations, and human service centers rely heavily on contracts and grants provided by the government for research, operational expenses, and providing services to the public or the needy. “In addition to research, the federal government funds a wide array of programs-ranging from art exhibits, to after-school programs for children at risk, to job placement programs, to programs that benefit zoos” (Weinstein, 2002, P. 204). Although grants are highly competitive, the government gives billions of dollars away every year to many important research agencies and nonprofit organizations. Generally, grants provided by the government are explained in detail via a request for proposal or RFP. RFPs include pertinent information such as a description of the task needed, a schedule or specified time frame, instruction requirements and application process, submission deadlines, and criteria for evaluation. Nonprofit organizations can request to be placed on government agency lists to receive notification of RFPs that they are interested in pursuing. Building relationships with agency employees and those individuals who make granting decisions is an important aspect of desirable fundraising practices.

RFPs can be a major source of funding for many nonprofit programs, and extensive information regarding government grants can be found at a website called *The Catalog of Federal Domestic Assistance*. This important website contains information on federal grants provided by the government, and the Internet website is [www.gsa.gov/fdac](http://www.gsa.gov/fdac) (p. 204). In addition, most local and state government departments and agencies have information regarding granting opportunities. Nonprofit organizations can request to be placed on RFP lists according to their needs and mission. Along with government grants, foundation support is another main source of grant funding for nonprofit organizations and grant seekers.

Foundation funding consists of nine major areas, which include public charities, general purpose, special purpose, family, community, corporate, private, philanthropic, and operating. One of the largest resources available for foundation support is called *The Foundation Center*, and this organization can be located on the Internet at [www.fndcenter.org](http://www.fndcenter.org). Individual grant seekers and nonprofit organizations can find information regarding granting opportunities at this website as well as helpful literature, professional development classes, specialist consultation, and the most up-to-date fundraising strategies and practices available. Moreover, relevant grantor details, contact information, and website links are updated regularly and can be accessed via *The Foundation Center* website.

The following information contains descriptions of each of the nine major areas associated with foundation funding. A public foundation or public charity is an organization that is classified as a 501 (c)(3). This type of entity is not recognized as a private foundation mainly based on two reasons. At least a third of the organization's

support is publicly sponsored by qualified sources and gifts, or it supports other public charities as its main function. If the latter, the entity is known as a supporting organization.

The next type of foundation is called general-purpose, and its function is to award grants in various areas of interest. These foundations are generally independent, private entities. Another governing body is known as the special-purpose foundation. This organization is a public entity that funds grants with special or select interests such as diabetes research or at-risk students in K-12 public schools. The succeeding organization is known as the family foundation, and this entity is governed by a family whose members serve on the board of directors. Grant funds are primarily obtained by members of one family, and these individuals are the deciding factor in how funds are awarded and distributed.

A community foundation is an organization that is publicly supported and makes grants for educational, religious, social, and other types of charitable missions in an assigned region or community. Weinstein (2002) outlines three specific areas relating to community foundations, which include:

1. Funds are derived from many donor sources.
2. Retention of donations as endowment usually is encouraged.
3. Income from endowment/corpus is used to make grants (p. 205).

This type of foundation can be researched via *The Foundation Center's* website, and information regarding local cooperating collections from each state is listed.

A corporate foundation is an entity that is founded by corporations to support philanthropic interests such as funding areas where the corporation is headquartered or

where it has local branches. The corporation's area of interest can be limiting and generally confines grants to causes associated with the corporation's self-interests and profit margins. The next entity is known as a private foundation and a 501 (c)(3) group. This organization obtains revenue from earnings on its investments, and it funds grants to other charitable organizations rather than executing its own programs (Weinstein, 2002, p. 206). This type of organization primarily receives funding from one main source.

Trusts and corporations generally create the next type of entity, which is called a philanthropic foundation. These organizations are created with contributed funds by a family, an individual, a community, a corporation, or for the maintenance of a 501 (c)(3) group. Finally, the last of the nine major areas associated with foundation funding is the operating foundation. The Internal Revenue Service classifies this type of foundation as private, and these entities mainly consist of endowments and funds. Although, unlike private foundations, these types of organizations generally support their own programs, and their main focus lies in managing research, promoting social welfare, or participating in programs that the charter or governing body deems appropriate (p. 206). Sometimes these foundations may fund minor, exterior grants, but their overriding agenda is to support their own initiatives.

Each of these types of foundations can be researched at most universities with foundation research materials and libraries. When conducting a foundation center search for grant funding opportunities, it is important to note that one's project should be closely aligned to the foundation's interests and mission. For instance, if one has a project that researches medical advances in cancer treatments for first stage patients; one should

petition only those foundations that fund medical research versus those that fund reading strategies for at-risk students.

Another invaluable resource for foundation grant seekers is a book called the *Foundation Directory*. This printed source contains extensive foundation related information and is used considerably by fundraising veterans and consultants. Finally, successful grantsmanship involves the coordination of a well-written grant proposal. A form of persuasive writing, the grant proposal should accommodate the requirements of the benefactor. Useful grant writing strategies can be outlining in seven specific sections as they relate to the grant proposal.

### The Proposal

Some organizations are very specific about guidelines and formats for proposal submissions, while others are not as rigid. Grant writers need to submit accordingly and should include all the necessary components of an effective grant proposal. Leading grant writers in the nonprofit sector such as Locke, Spirduso, and Silverman (2000), Miner and Miner (2003), Weinstein (2002) and Brown and Brown (2001) each emphasize the importance of composing an effective grant proposal that should include specific components. The letter proposal can be outlined in seven essential components that are necessary when persuading foundations and corporations.

The letter proposal is written in letter format and submitted to those organizations that do not have specified grantwriting requirements. On some occasions, the letter proposal can be accepted and grants may be awarded. On other occasions, the letter proposal serves as a basic introduction, and organizations may require more details to be submitted in an expanded document. Oftentimes, a granting organization may require a

completed application form. In these instances, the letter proposal may serve as an introduction letter for one's cause and can be more helpful describing one's needs versus only submitting the required application form. In any case, the letter proposal should be submitted regardless of whether the grantor requires an application, mainly because it can express one's program more effectively than only sending an application.

In practice, the letter proposal may be much more difficult to write than an expanded proposal since every word must carry weight and meaning with less room for wordiness or an abundance of explanation. According to Miner and Miner (2003), the following segment outlines the essential elements of a successful proposal:

Part One: Summary - a one-sentence proposal overview.

Part Two: Appeal - the rationale for approaching the sponsor.

Part Three: Problem – the description of a need or gap.

Part Four: Solution – method for solving a problem.

Part Five: Capabilities – one's credentials to solve the problem.

Part Six: Budget – specific request for funds.

Part Seven: Closing - a check-writing nudge to the sponsor (pp. 63-64).

Each of these sections need to be concise and clear while covering the granting organization's submission guidelines and requirements. Part one of the proposal must summarize the entire submission in one or two brief sentences. This beginning section of the proposal should outline five main components that include self-identification, organizational uniqueness, sponsor expectations, budget request, and project benefit (p. 64). These components need to be framed in the order outlined above and stated in the first few sentences of part one.

The appeal of the proposal or part two must explain the purpose for the appeal to the granting organization. This section is where the grant writer discusses why he or she is requesting funds from the sponsor. It is beneficial to discuss the values the grantor holds in high regard and how those values relate to the grant writer's project. In addition, it is important to discuss the specific research the grant writer has identified that prompted the submission. Simply stated, the grant writer needs to detail why he or she is requesting funds from the sponsor.

Part three of the proposal outlines the specific problem that the grant writer needs funded. This section requires discussion of the problem while summarizing the long-term implications of the project. The grant writer needs to address the organization's mission statement and/or purpose statement in this part of the proposal. The project must address the sponsor's agenda and should fit into the organization's overall mission and purpose. If a grant writer has accomplished his or her research appropriately, the sponsor's overall mission will directly relate to the grant writer's project. Moreover, researching an organization's granting history will lead to successful funding of a designated project. If the grant writer is blindly submitting proposals without prior research, funding may be rather dismal.

The grant writer should understand the audience he or she is writing for and realize that those reading the proposal may not be well-versed in statistical jargon. Part three of the proposal generally includes all corresponding surveys, statistics, reasoning, and quotations. Whenever possible, one should add easy-to-follow tables, charts, and graphs if statistical information needs to be included. This practice helps the reader understand the information easily and with less frustration. Keep the audience in mind

when composing the proposal. Grant writers should be wary of confusing information in the proposal, and understanding how to address the audience is paramount to successful writing technique.

Part four of the proposal is where the grant writer describes the approach to the problem or the objective of the proposed project that needs funding. This section of the proposal should outline and discuss specific methodology that will be used throughout the project and should justify why the methodology was chosen. Miner and Miner (2003), suggest using “a one-page attached time-and-task chart” to framework the methodology that will be used in the project (p. 68). Furthermore, part four should discuss the expected outcomes of the designated project and how the problems will be solved and addressed with expertise.

Part five of the proposal is known as the capabilities section. This area is where the grant writer establishes credentials, expertise, knowledge, and authority to successfully carry out the tasks outlined in the project. This section will summarize three main components, which include the credibility of the grant writer, the credibility of his or her organization, the credibility of the proposed project, and the project’s key supporting staff. The next section of the proposal will outline how much money is needed.

Part six of the proposal details specific dollars amounts that the grant writer is requesting for the project, and this amount should be stated in definite terms. In addition, the budget section should outline how funds will be used throughout the project in meaningful terms such as “hours of instruction, numbers of students, or healthy patients” (Miner & Miner, 2003, p. 70). These authors suggest spreading the funds over time, such

as several years, if the expenses seem too high. Furthermore, the authors suggest that the grant writer communicates whether the proposal or similar proposals will be submitted to other funders.

The final section of the proposal is part seven which includes persuading the organization to agree to the terms of the proposal and to delivering funds in a timely manner. The grant writer should identify a point person within the funding organization's hierarchy so that timely consideration is established as well as an open line of communication between the grantor and grantee. The following material outlines various fundraising strategies detailing seven components necessary for writing a successful proposal. Furthermore, these strategies can be effectively incorporated into many established philanthropic and fundraising programs.

#### Fundraising Strategies

With the growing instability of economic factors affecting for-profit and nonprofit sectors, grant writers with the ability to successfully and efficiently fund projects will be in demand in all areas of philanthropy and grantwriting. Beyond the well-written proposal serving as a blueprint for a successful fundraising campaign, grant writers must be adept at the business of fundraising management. Warwick (2000) assesses five specific strategies that he believes are essential for successful fundraising endeavors. Those five strategies have been creatively coined as "GIVES" and include:

1. Growth,
2. Involvement,
3. Visibility,
4. Efficiency, and

### 5. Stability (p. VII).

As a leading fundraising consultant and author in the nonprofit sector, Warwick further discusses his fundraising management strategies and identifies how to avoid daily setbacks and obstacles. He posits that a fundraiser should be aware of problems associated with growth and competitive positioning. For instance, growth can be counterproductive if an organization's growth strategy undermines its relationship with donors by stretching staff to thin.

When an organization operates on a skeletal structure versus a number of individuals able to perform necessary tasks, growing too fast can result in negativity and frustration at all levels. As in any company, the moral of donors can be profoundly affected by internal strife and poor management. Another factor affecting fundraising management techniques is that which involves the community at large, donor prospects, volunteers, and effective partnerships.

Involvement strategies relate to volunteer programs such as lobbying, grassroots, direct mail campaigns, public participation, and telephone fundraising efforts. Fundraising management relies heavily on how well an organization involves not only those individuals that have been identified as donors but also the community at large. According to Warwick (2000), "Study after study shows that volunteers give at three times the rate of nonvolunteers. They give more often and more generously" (p. 18). Individuals and groups that maintain close ties to an organization's mission and purpose can be the best advertising for an organization's prosperity. Forming alliances and partnerships are major responsibilities that fundraisers should be aware of, and this type of campaigning is necessary for the growth and success of an organization. Funders are

more apt to give dollars to those individuals they know and respect. Building alliances builds trust and familiarity. The next strategy necessary in fundraising management involves visibility efforts.

Visibility strategies include brand identification, media coverage, marketing, publications, broad public awareness, name recognition, favorable public opinion, and an overall sense of familiarity with the organization's mission. A successful fundraiser should balance each of these components with the intention of communicating the organization's needs throughout the community. Moreover, successful visibility campaigns may affect the organization's involvement and growth strategies. Name recognition and favorable community awareness leads to more volunteers and grant funding opportunities.

Many organizations will spend time, money, and resources employing visibility strategies if they are in early stages of development. Brand management can be costly, yet the successful fundraiser will be efficient and understand the value of maintaining cost-effective leadership. Organizing volunteers in every area of a nonprofit organization can help minimize costs while maximizing visibility efforts. In the 1970s, attention was focused on the development of volunteer administration as a profession; and in the 1980s, more attention was centered on the concept of nonprofit management (Van Til, 1988, p. 199). Organizing volunteers is yet another strategy in securing efficiency for a nonprofit organization's success. Additionally, managing volunteers can be more complex than managing employees, and one should be cognizant of volunteers' motivations and underlying sense of purpose. Aside from employing visibility strategies, successful

nonprofit organizations will develop efficiency strategies to maximize funding opportunities.

Efficiency strategies involve the organization's initiatives that include resourcefulness, expense-consciousness, conservative management, grant-seeking opportunities through planned giving, major gifts foundations, corporate, government, and agency funding, workplace giving, and established monthly giving programs. Each of these areas, when managed well, help an organization's fundraising efforts run more efficiently and can yield higher funding margins. Conversely, efficiency strategies need to be addressed over time as an organization matures. Strategies that proved helpful in a nonprofit organization's early stages of development can become outdated or inefficient with time. Other factors involved with efficiency strategies is the notion that long-term financial stability, growth, and public visibility can be hindered at the expense of overly cautious management. An effective fundraiser should manage efficiency strategies with attention to timeliness, ethical standards, and government regulations. An organization's efficiency strategies can help or hinder the stability of its mission and purpose.

Stability strategies involve an organization's ability to endure, create a broad financial base, create endowment opportunities, diversify funding efforts, establish sound financial cash reserves, and adopt a long-term perspective. Warwick (2000) stresses that an organization should be diversified in its fundraising programs and should "not overly depend on one or very few sources of funds" (p. 43). In addition, the needs of donors should be maintained and regularly evaluated to ensure continued support. Stability and endurance are keys to an organization's success, and finding new and multiple funding sources is always an on-going challenge for fundraisers.

A broad financial base can be attained via an endowment fund that produces investment revenue. Widely diversified fundraising efforts are paramount to an organization's stability and longevity. In many cases, stability efforts can compromise a fundraiser's agenda in the areas of visibility and efficiency. Oftentimes, this may be a necessary direction in the short-term for an organization's overall survival.

Finally, the successful fundraiser manages growth, involvement, visibility, efficiency, and stability while maintaining perspective on setbacks and obstacles. Moreover, the insight to know when and how to adjust an originally conceived roadmap is a desired ability in a noteworthy fundraiser. Along with effective fundraising strategies, the fundraiser should be mindful of various management principles that can affect an organization's funding pursuits and overall stability.

### Conclusion

In closing, it is evident that the nonprofit sector has faced various challenges in its history and will continue to realize others. As the country's economic situation fluctuates, the nonprofit sector will invariably experience hardships and cutbacks. Nevertheless, talented grant writers and fundraising managers have a valuable place in society, and these individuals will continue to positively influence this important sector. Moreover, noble causes packaged in realistic and well-organized programs that benefit the needy or that inspire the public should be pursued.

Idealistic endeavors supported by sound research, accountability, and measurable results will receive philanthropic dollars when fundraising strategies and grant writing skills mentioned in this article are followed. Foundations and philanthropists have interests and concerns for the welfare of others throughout all levels of society. Although

funding opportunities continue to dissipate in the United States, many grants are still available for resourceful grant seekers.

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