

## Step 2

# Developing Relationships with Funders

I think it is really important to develop a relationship over time. Finding shared values is what we look for so that we know we can work together in the long term. So, my advice is, don't try to be something you're not. Be yourself, date us for awhile and see if we can make our relationship work.

To me, chasing the money is inappropriate. In other words, doing or creating something just to get a grant. The best approach is always honest, open communication. We may not fund you, but we might in the future or recommend you to someone else.

—VALERIE JACOBS HAPKE  
Board Member

Jacobs Family Foundation (in San Diego, California)

**DO YOU KNOW** anyone who has run a marathon? Did she wake up one day and decide to run a marathon, go out and purchase running gear, register for the marathon, and then simply show up on the day of the event and run 26.5 miles? Or did she instead get cleared by her doctor, change her diet, and begin a rigorous training program over a number of months that slowly built up her physical and mental ability to successfully complete the marathon?

Developing relationships with funders is a marathon, not a sprint. It takes a diligent, strategic approach over a period of time if it is ultimately to be successful. Once you have determined that your organization's proposed program is solid, you need to put some time and focused effort into identifying funders who are a match with what you propose to do. Resource B offers some tips on how to conduct your research to successfully identify possible funders for your program. Step Two also provides you with no-nonsense advice about this research and then offers ideas for developing

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relationships once funders are identified—some of this advice comes directly from the funders themselves. Program and other officers with various types of foundations have contributed their thoughts to this particular step, which we hope will contribute greatly to your understanding of how you can—and should—initially approach prospective funders and develop a relationship with them *prior* to submitting a proposal.

### Making the Initial Approach

These days you will typically find an abundance of information on a grantmaker's website: background information on the foundation as an institution, its staff and board of directors, grant guidelines, and special funding initiatives, if any. You are also likely to find successful grant stories and lists of organizations or programs the foundation has funded in the past—the best indicator of what it is likely to fund in the future. Some funders may have additional separate websites for particular funding initiatives they have launched. That said, other funders may still require additional “sleuthing” on your part before you can glean whether there is truly a match. So in addition to reviewing funder websites, visit GuideStar ([www.guidestar.org](http://www.guidestar.org)) to review the most recent Internal Revenue Service Form 990 filed by the grantmakers you are vetting, use Google and other search engines to research their previous giving to other organizations and perhaps also to look for feature stories about them (if not found on their websites), or pick up the telephone and call a foundation directly. But be prepared: this conversation just might lead to a brief discussion of your proposed project or program, so be ready to talk about it and hit the highlights. Who knows? This may be the start of a great new relationship. After you have reviewed a grantmaker's website and other related materials, you need to be clear that there is a potentially solid *fit* between your organization's proposed program or project and what the grantmaker says it is interested in funding. Take a look at what one grantmaker has to say about this subject:

Recognize that the relationship you make with Foundation staff is one based on mutual need, and be on a mission to educate foundation staff on what they need from your organization.

A foundation will need to find organizations whose work will demonstrate their particular theory of change or point of view about what it takes to bring about lasting positive results—i.e. results from after school programs or from youth violence prevention efforts. Do your homework. Minimize your turn-downs

by not approaching a foundation until you are clear about what their hunches are about what works and what doesn't, and how your organization can help them to act successfully on those hunches. This will give you real advantage in building a relationship that ends in sustained funding.

—SANDRA BROCK JIBRELL

Former Director of Civic Investments

Annie E. Casey Foundation (a national private foundation in Baltimore, Maryland)

### Definition

*Theory of Change.* "A Theory of Change defines all building blocks required to bring about a given long-term goal" (this definition is from ActKnowledge and the Aspen Institute Roundtable on Community Change [[www.theoryofchange.org](http://www.theoryofchange.org)]).

Do not assume that funders know and understand your organization's mission or target audience or that the program you are presenting is addressing a priority of theirs. More times than not, grantseekers do not take enough time up front to define the idea in a way that makes the grantmaker see the fit between the grantseeker's need and the grantmaker's priorities as an institution.

## Developing the Relationship

After you establish that there is a good fit, then the relationship building becomes a continuous process that begins before you write the proposal and spans many years—yes, years! Good communication with your funders should never end, even though you may stop receiving grants from them. Once a relationship exists, funders like to receive progress reports about how the organization or program they funded is doing. They may also take an interest in other fundable ideas that your organization has developed. See what other grantmakers have to say about this:

It's not always easy to develop relationships with funders, especially if they have not funded your organization previously. However, the key is the *relationship* part of that phrase. It's relationship building, rather than selling, that makes a difference.

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If you are totally unfamiliar with the person and/or foundation, try to make an appointment or set up a phone call—promise a short one and keep that promise. Then use the opportunity to describe your organization and its activities, and ask about the funding entity and its priorities. If there's no fit, don't force-fit. Funders usually catch on to that pretty quickly. By the way, this is not (or should not be) an adversarial process—grantmakers and grantseekers generally are trying to achieve the same things, it's just that one has the financial resources, and the other has or should have the other resources needed to achieve positive results.

—EDWARD B. KACIC, MBA, CAIA  
President & CEO

Irvine Health Foundation (a regional private  
foundation in Orange County, California)

Organizations should realize that the majority of funders are much more interested in a meaningful and engaged relationship that is beyond the simple grant transaction. This type of relationship is built over time and requires a commitment to actively listen to each other in an active, mutual learning posture. My most enduring relationships with grantees have been with the ones from whom I have learned the most, and who took the time to inform and educate me about their core business. This type of relationship requires a deep level of trust and honesty between funder and applicant organizations or grantees. My best experiences have been when each of us has been willing to take the risk of telling each other the truth.

—GWEN I. WALDEN

Principal, Walden Philanthropy Advisors  
Former Director, The Center for Healthy Communities  
The California Endowment (a private statewide foundation)

Here are a few concrete ways to approach a funder to open the door to relationship building. They are discussed more fully in the following subsections.

- Send the funder a brief e-mail inquiry.
- Call the foundation, and speak with someone regarding your proposal idea.

- Send a letter of inquiry to the funder.
- Have meetings with the funder.

While grant guidelines determine a nonprofit's initial approach, you may have a connection to the funder, either directly or through one or more contacts who can potentially open a door on your behalf for an initial meeting or phone conversation.

### Reality Check

Be strategic and err on the side of restraint when using a contact to open a door for you with a funder. Few things are worse than dealing with a program officer who feels "pushed" into a meeting with you. You always want an invitation, rather than a meeting based on obligation.

### Sending E-Mail Inquiries to Funders

Many funders offer grantseekers the option of contacting them via e-mail with questions and funding inquiries. Some grantmakers even provide direct e-mail access to their program officers from their websites; others may have an "info@" e-mail that is routed to the appropriate staff person after review. In either case, e-mail is a valuable tool for stimulating further, more meaningful, contact because it provides you with an opportunity to briefly introduce yourself, your organization, and the program needing funding and at the same time it gives the program officer the time he needs to review your information and respond. E-mail is far less demanding for program officers than a phone call and less wasteful than paper documents. The key is to keep it brief! You can also request an in-person meeting or time for a phone conversation in your e-mail, which then provides the funder with options for communicating with you.

### Contacting a Funder by Telephone

Before you telephone a funder to describe your idea, be prepared. The person with whom you speak may have only a short time for a conversation, and you need to be ready to provide the highlights of your organization's program within a ten- to fifteen-minute conversation. This time frame includes the time it may take for the person to ask for clarification of your points. Remember that you are not *selling* your organization's program to a funder; you are attempting to *make a connection* between the program and the funding institution's interest areas. You are also building a long-term relationship with the funder and with this particular representative, so listening

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carefully to the funder's needs and providing information the funder wants is extremely important.

In listening to the funder's needs, you might discover—sometimes very early in the conversation—that there in fact is not a match between the program your organization is introducing and the funder's current funding priorities; that is why you should have one or two other program ideas in mind to present as a backup. You do not want to waste this opportunity with the funder, so be fully prepared.

Speaking of being prepared, please review the article in Resource D, written by Sarah S. Brophy for CharityChannel's *Grants & Foundations Review*. Published in 2002, it is titled *Making the Call*, and in it Brophy offers sage advice on contacting a funder by telephone.

### Writing a Letter of Inquiry

More funders are starting to request a *letter of inquiry* (or LOI) as the first step in their funding process. An LOI provides the funder with a “sneak peek” at your organization, target audience, and prospective program, without requiring the grantseeker to develop a full proposal at this early stage. After the funder has reviewed the information in your organization's LOI, you may or may not be invited to submit a full proposal. Even though an LOI is a preliminary step, you should treat it as a vital part of relationship building. It is an integral first interaction of what you hope to be many interactions with the funder. If you are asked to submit an LOI, check to see if the funder has specific LOI guidelines. If it does not, the following list suggests what information to include, as a general rule:

- Your organization's mission and related programs
- The need your organization wishes to meet
- The outcome you expect from your organization's project
- General details of how your organization will conduct the project
- The fit you see between the funder and your organization

The sample LOI included in this step presents to a funder the Senior Latino Community Outreach Pilot Project, which was introduced earlier and will be used as the example project throughout this workbook. This is the letter the Some City Senior Center would mail (or e-mail, as this is becoming the preferred method of delivery for more and more foundations) if an LOI was invited by the funder or if the funder accepted unsolicited submissions.

Now that you have had an opportunity to review an LOI example, take the time to answer the questions in Worksheet 2.1 as clearly as you can. This

## Sample Letter of Inquiry

Mary Smith, PhD  
Program Officer  
Community Foundation  
4321 Common Lane  
Some City, YZ 55555

Dear Dr. Smith:

I am pleased to submit this letter of inquiry to the Community Foundation to determine your interest in receiving a full proposal for the Some City Senior Center's Senior Latino Community Outreach Pilot Project. We are respectfully requesting your consideration of a grant in the amount of \$50,000.

This project is our first major outreach effort to serve the Latino community of elders—both Spanish and English speaking—with health and social services. We thought you might find our project of particular interest, as it closely aligns with three of the areas you list as current priorities: (1) providing access to health services for seniors in Any County, (2) increasing the outreach to and inclusion of the Spanish-speaking population, specifically in Valley Vista, and (3) increasing local service organizations' overall cultural competence.

The Some City Senior Center was established in 1994. We are the largest senior center in Any County, and we have a 92% approval rating from our members as of our February 2008 member satisfaction survey. Our center's mission is to help seniors improve and maintain a healthy and independent lifestyle and to maximize their quality of life. More than 450 older adults are served each day by participating in the many programs and services offered at the Some City Senior Center.

Any County has a rapidly growing older adult population. In the four-city area we serve, this population has more than doubled since 1990 and is expected to double again over the next two decades. In Any County, 37% of Spanish-speaking older adults reported income below the poverty levels in 2007.

Our center serves older adults from Some City and three other cities: Valley Vista, Grove Beach, and Hill Viejo. Two of these cities (Valley Vista and Hill Viejo) along with Some City have the highest concentrations of low-income minority older adults in Any County. Of these cities, Valley Vista has the largest Latino population: approximately 70%, and of that Latino group, more than 50% are monolingual Spanish speaking.

We currently have the capacity to significantly increase—by at least 25 to 30%—the number of clients served by our center by expanding our programs and services to effectively accommodate and incorporate Spanish language offerings. Our board of directors is eager and enthusiastic to launch this program in an effort to be the most inclusive, responsive, and culturally competent center for seniors in all of the communities we propose to serve.

Our center will serve as a primary referral for Health Access Latinos, Families of Any County, and three community clinics within a fifteen-mile radius of the center. Our program objectives include (1) increasing by 50% the number of monolingual Spanish-speaking seniors who access the services of our center for the first time, (2) engaging a minimum of 50 Latino seniors in our new healthy Mexican food cooking class, and (3) increasing our referrals of Latino seniors from the community clinics and partnering nonprofit organizations specifically serving the Latino community by 50% within the grant period.

The total cost of implementation of our Senior Latino Community Outreach Pilot Project is \$190,000. Of this amount, \$140,000 has already been committed from both the county government and other funders. Your investment of \$50,000 will complete the funding we need to fully implement this pilot project, and we are excited about the prospect of partnering with you. If you have any questions or would like to receive a full proposal, please feel free to contact me at (555) 555-5555. We deeply appreciate your consideration of our request and look forward to hearing from you soon.

Sincerely,  
Jane Lovely  
Executive Director

exercise will help you develop a strong letter of inquiry for funders. If you find you cannot clearly and articulately answer the questions, that probably means that you need to gather more information before you can effectively complete an LOI.

### **Meeting with a Funder**

Many grantseekers dream of having face-to-face meetings with prospective funders prior to submitting a proposal because they want to get not only clarification from the funders on key issues but also an opportunity to “prime the pump” and get the grantmakers excited about the program even before they receive the proposal. Unfortunately, preproposal funder meetings are few and far between, because funders simply cannot accommodate every nonprofit’s request for them. Additionally, some funders are leery of these meetings because they do not want to raise unrealistic funding expectations in grantseekers. Managing grantseeker expectations is of the utmost importance to the vast majority of funders: they certainly want to encourage the submission of proposals for programs meeting their interest areas, but they do not want to raise false hope at the same time. Remember, every foundation and corporate grantmaker has a limited amount of funding available for grants every year. That said, if you know someone who already has a strong relationship with a funder, this individual may be able to help you set up a meeting. After doing your funder research, think about whom you know who may also know your organization’s prospective funders. Understand also that any early meeting you may get with the grantmaker will be very preliminary and in no way ensures that your nonprofit will receive funds from this source.

If you are successful in scheduling an in-person meeting, take materials that best describe your organization and the proposed program. In your meeting you should cover the following topics:

- Credibility of the organization
- Program description, need for the proposed project
- Community interest in the program, proposed outcomes
- Your ability to measure its success
- Costs and projected revenue sources
- Why you believe this funder’s interests may be met by investing in the project

Your time with the funder’s program officer will likely be short, so be prepared to hit the highlights. Listen carefully to the funder’s questions and

any concerns expressed, and make sure you answer them fully and truthfully. These questions and concerns should also be addressed again in the proposal that you will mail after your meeting, assuming you have found a good fit—so be alert and take good notes on the questions asked and on the general tone and direction of the conversation.

Here are some additional steps to take to develop good relationships with funders with whom you have talked:

- Add the program officer to your organization's mailing list or list serve.
- Add the program officer to your organization's newsletter distribution list, and go the extra distance by including a personal note with his newsletter.
- Send brief (one- to two-page) progress reports on the successes of your organization's other programs—ones that the program officer has not funded but that his colleagues at other foundations and corporations have.
- Invite the program officer to your organization's events with personal notes—even if she cannot come, she will remember the contact.
- Contact the program officer occasionally by telephone or e-mail with brief messages and updates. Include quotes or even notes specifically from program constituents.

Developing relationships with funders is such an important step in the process of winning grants that the value of doing it well cannot be emphasized enough. Now we are moving into the nuts-and-bolts section of your proposal, starting with the development of your needs statement.

### **Reality Check**

*Electronic applications.* Over the last few years there has been a slow-building movement by some foundations to use online grant applications. These are web-based forms for grantseekers to fill in. They have a space for each proposal component, and they limit the number of words that you can use per space. Some funders use these tools as application cover forms to accompany paper grant proposals, whereas others use these online templates as substitutes for paper grant proposals. When you must use a funder's online application as the grant proposal, you are likely to find developing a relationship with that funder even more challenging than such relationship building is ordinarily. Among the funders using electronic applications are the W. K. Kellogg Foundation ([www.wkkf.org](http://www.wkkf.org)), Ford Foundation ([www.fordfoundation.org](http://www.fordfoundation.org)), The Skoll Foundation ([www.skollfoundation.org](http://www.skollfoundation.org)), and The Humana Foundation ([www.humanafoundation.org](http://www.humanafoundation.org)). Please visit any one of these foundation websites to see clear examples of online application processes.



## WORKSHEET 2.1: Letter of Inquiry Questionnaire

1. What is the purpose of this letter of inquiry? To whom is it being sent, and what is the connection?
2. What year was your organization founded? What year was it incorporated?
3. What is the mission of your organization?
4. What are the long-term goals for your organization?
5. What programs does your organization provide that support these goals?
6. What is the need in your community that you seek funding to address?
7. How, in your organization's view, is the need related to its programs, long-term goals, and mission?
8. What does your organization propose to do about this need?
9. What outcome does your organization anticipate after the first year of funding?
10. What is the total cost of the proposed idea for the first year (or multiple years if you plan to request multiple-year funding)? How much do you want from this funder?
11. Who will be contacting the funder to determine its interest and when? Whom should the funder contact for more information?

Now that you have finished answering the questions, you can use the resulting information to build a solid letter of inquiry. The ideal way to write the letter is to follow this format: opening, background, problem statement, proposed solution, closing. The questions you answered here followed this format.

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## Letter of Inquiry Review Questions

1. Do you clearly state the name of your project and amount of your request in the first paragraph?
2. Does your second paragraph elaborate further on your proposed project, as well as any related projects (when applicable)?
3. Is your mission statement included?
4. Have you clearly stated the need your proposed program intends to meet? Do you provide some preliminary data to support the need for your proposed project?
5. Have you articulated the specific outcomes your project is targeted to achieve?
6. Do you include how your organization will go about implementing the project?
7. Do you highlight the “fit” or natural connection between your organization’s project and the funder’s priority areas, as identified in their guidelines?
8. If there is some funding already committed to the project, do you mention it in the LOI?
9. Do you clearly indicate who the contact person is at your organization and provide all relevant contact information?