

Introduction

An Overview of the Grantseeking Process

THERE'S NO DENYING IT: grants are an excellent source of support for both emerging and established nonprofit organizations. They are relatively inexpensive compared to other fundraising efforts, though grantseeking often requires a significant amount of dedicated staff time and attention to detail if it is to be done well. A strong proposal—that is, a well-written, well-organized, and concise proposal—can bring in substantial income for your program.

However, before you start on the path of seeking grant funding, you need to ask, *Is my organization ready for grant funding?* Briefly answer these four sets of questions:

1. Are my organization's mission, purpose, and goals already well established and articulated? Do we have a strategic plan or operational plan in place?
2. Does my organization have financial procedures in place? Do we have the ability to effectively track and monitor how we spend grant funds?
3. Do we have the needed staff in place to ensure that we can do what we promise? After all, a grant proposal is a contract. If not, do we have the ability to get the right staff in place quickly and effectively if we are awarded a grant?
4. Are we prepared to do what it takes to meet the requirements that come with receiving grant funding? These requirements might include some or all of the following: producing quarterly, semiannual, or annual progress reports (including financial updates relative to the grant); conducting ongoing program evaluation; participating in special training; and attending conferences and meetings (particularly if the funding relates to a special initiative of a foundation). Meeting

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grant expectations might also require us to expand our services, increase our office space, and support staff expansion (with human resources efforts, information technology, and training).

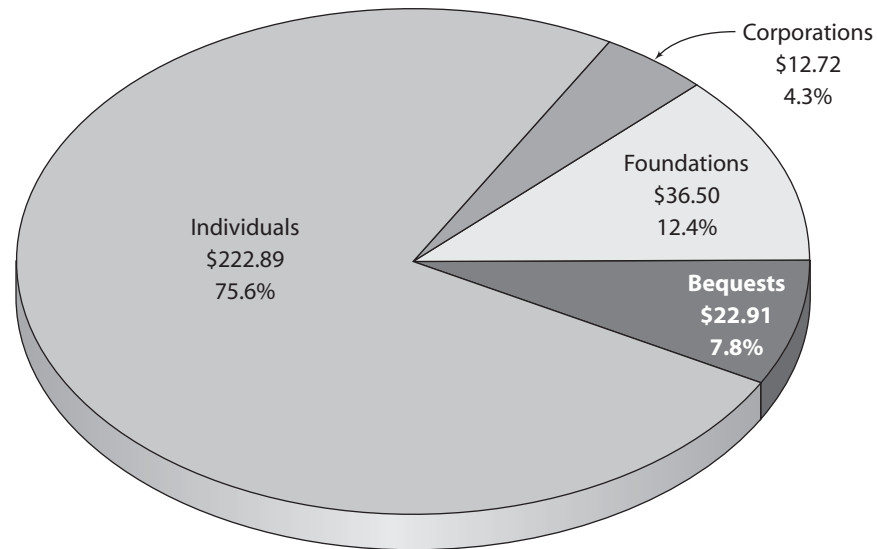
If you answered yes to these four groups of questions, your organization is most likely ready to begin the grantseeking process.

In many instances a well-prepared and clearly articulated proposal can build your organization's credibility with grantmakers, whether you are initially successful in securing a grant or not. Nonprofits that have the respect of grantmakers are often proactively sought after to work on issues of particular concern to both themselves and the funders. Often this funder solicitation comes in the form of a targeted funder initiative. This provides both the grantmaker and the nonprofit with a unique opportunity to collaborate on a larger scale than they would under an individual grant.

Grantwriting is, naturally, a popular way for nonprofits to secure funding for programs; however, it is but one of several ways your organization can raise funds. There are many different fund development campaigns that might increase revenues—and visibility—for your organization, including (but not limited to) direct-mail and e-mail efforts, membership drives, special events, donor giving clubs, online giving drives, “thons” (as in walk-a-thons, dance-a-thons, and jump-a-thons), and more. These should all be kept in mind in addition to grantseeking as a part of a well-rounded fundraising plan. Not only is a well-rounded fundraising plan something grantmakers like to see, but it is vital to a nonprofit's ongoing work, as gaining support is important to build shared ownership in the nonprofit by constituents and other supporters, so it remains well grounded. Also, grantseeking is a process that takes time. Some grant cycles take as much as six months from the time you submit a proposal to the time you learn whether it has been funded. Then, if your organization is awarded a grant, it might take up to another three months before you actually get the check. If your organization is in need of immediate funds, writing a proposal is typically not the most effective way to raise the money.

Nonprofit organizations have seen some fairly significant shifts in the funding climate over the last few years, but one thing remains the same: the vast majority of the funds raised in the private sector come from *individuals*, not foundations. The chart in Figure I.1 illustrates this point.

Government funding, delivered through grants from federal, state, and local agencies, adds billions of public dollars that are not factored into the chart in Figure I.1. That said, government funds are typically offered for projects aimed at very narrow target audiences and qualifications, so make sure you read the fine print before you spend the time—and it will take some time—completing government agencies' grant applications.

Figure I.1**2006 Charitable Giving: Total = \$295.02 Billion**

Source: Giving USA Foundation, *Giving USA 2007: The Annual Report on Philanthropy for the Year 2006*. Glenview, Ill.: Giving USA Foundation, 2007.

Reality Check

Some foundations are directing a growing percentage of their grants to larger organizations (national nonprofits, those with affiliates, universities, hospitals, museums, and the like). This makes the competition particularly stiff if your organization is relatively small (under \$1 million). This is all the more reason to state your organization's case clearly throughout your proposal.

Categories of Support

Organizations are dynamic and have varied financial needs, which typically fall into one of the following categories:

- *Operating* (general support or unrestricted income). This is the funding your nonprofit needs to pay rent, utilities, and the other everyday costs associated with running the organization—the basics that allow it to fulfill its mission. Typically, the sources of general operating funds are individuals (through annual fund campaigns, direct-mail campaigns, and special events), earned income, and grants.
- *Program* (temporarily restricted income). Program or special project funding is of primary interest to most grantmakers, be they foundations,

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corporations, or even government agencies. It is funding that your organization receives to start a new program, run or expand an existing program, or launch a time-limited project.

- *Capacity building.* This special project funding is used for a targeted effort to increase your organization's capacity to better support its mission and fulfill its particular administrative or fundraising goals. Over the last few years, foundations in particular have become much more willing—in fact some are even eager—to invest in capacity-building grants to organizations doing great work.
- *Capital or equipment.* Funds for capital support are often raised through a targeted fundraising drive known as a capital campaign or through seeking special equipment grants. These intensive efforts—designed to generate a specified amount of funds within a specified time period for construction, remodeling and renovation, building expansion, or the purchase of land or equipment—typically involve large-scale individual major gift solicitations, followed by substantial support from foundations and corporations. Some government agencies also provide funds for capital projects.
- *Endowments.* Funds for endowments are often generated through bequests and planned gifts, that is, through giving by an individual to an organization under the terms of a will or trust. Endowment funds may also be received as part of a capital or endowment campaign, using the methods for raising capital or equipment funds. In some cases a longtime funder dedicated to your cause may be willing to make an endowment grant, which may be a way to solidify their support of your nonprofit, or may be a part of an exit strategy on the part of the grantmaker, particularly if they have been funding the nonprofit for a while. Generally the endowment principal is held as a long-term investment for the organization, and the interest income is used each year for operating needs.

Definitions

Earned Income. "Money received by an organization in return for the sale of a product or rendered service."

Capacity Building. "The development of an organization's core skills and capabilities, such as leadership, management, finance and fundraising, programs, and evaluation, in order to build the organization's effectiveness and sustainability."

The Proposal Process

In truth there is no magic to writing a successful proposal. The keys to success are

- Developing a clear plan for your program (or operations growth or capital work)
- Researching funders thoroughly
- Building strong relationships with funders
- Targeting your proposals carefully
- Writing a concise proposal

Whether you are preparing a proposal for a foundation or a corporation, the process of proposal writing will be essentially the same. You will

- Identify an unmet need that your organization can or should address.
- Develop your plan to meet the need.
- Identify potential funders and begin to build relationships with them.
- Write the proposals, with each being tailored specifically for one potential funder.
- Engage in strategic follow-up once the proposal has been submitted.

This book covers the proposal process in detail in Steps One through Twelve. The major components of a proposal are as follows:

- *Cover letter*: a short letter that accompanies the proposal and briefly describes its significance
- *Executive summary* (or *proposal summary* or *summary*): a very brief (usually one to two pages) overview of the proposal
- *Need statement* (or *statement of need* or *problem statement*): a compelling description of the need to be addressed by the applicant organization
- *Goals and objectives*: a description of what the organization ultimately hopes to accomplish with a project (goal), and a spelling out of the specific results or outcomes to be accomplished (objectives)
- *Methods* (or *strategies*): a description of the programs, services, and activities that will achieve the desired results
- *Evaluation*: a plan for assessing program accomplishments
- *Sustainability*: a presentation of the nonprofit's strategies for developing additional funding to continue the program after the initial grant funding is over

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- *Organization background (or background statement)*: a presentation of the nonprofit's qualifications to carry out the proposed project (try keeping this to two to three pages maximum)
- *Budget*: a line-item summary of program revenues and expenses

Your proposal's format and length will vary depending on the grantmaker. In general, proposals contain the same key components to help funders understand that your organization has a sound plan that meets an important need and will make a positive impact on whomever it serves. The format laid out in this book is commonly used among funders but is by no means the only format possible. The step-by-step process here is a useful and hands-on way to develop your thoughts and present your project. After you follow these well-defined steps, it will be easy for you to put your results into whatever order the funder requests. *The importance of following each grantmaker's guidelines cannot be emphasized enough.* These guidelines will walk you through each funder's requirements for proposal development, packaging, and submission. The proposals on the CD included with this workbook show some of the different formats required by different funders. Many foundations belong to a regional association of grantmakers (RAG); RAGs provide education, networking, and services to their members, and advocate for foundations' interests and concerns with policymakers. Members of a RAG may use a common statewide or regional application form (a form used in the Washington, D.C., area is shown on the CD; see file titled Washington Grantmakers' Common Grant Application), which makes the process of grantseeking easier. Be sure to check with your local RAG to find out if common applications exist in your area.

Types of Proposals

Broadly speaking, there are three types of proposals.

A *letter of intent* (or *letter of inquiry*) is generally a two- or three-page summary (though some funders may request a specific number of pages) submitted when the funder wishes to see a brief description of the project before deciding whether to ask for a longer, more detailed proposal. This document must focus on how the proposed project fits the priorities of the funder. It should also clearly describe the need and outline the plan to meet it.

A *letter proposal* is the type most often requested by corporations. It is typically a three- or four-page description of the project plan, the organization requesting the funds, and the actual request. The letter proposal and the letter of intent are often confused by grantseekers. In the letter proposal you are actually requesting funds. In the letter of intent you are only intro-

ducing your idea to the funder in order to determine whether the funder has an interest in receiving a more detailed proposal.

The *long proposal* (or *full proposal*), a format that includes a cover letter and a proposal summary, is the type most often requested by foundations. Corporations should not receive this format unless they specifically request it. Long proposals range from five to twenty-five pages, with most funders being interested in receiving about seven to ten pages, plus attachments. In the longer proposal, the grantseeker has an opportunity to give many details about the project and its importance to the community. When using this longer format, you should make sure that the funding request—the actual dollar amount—is not hidden. It should appear in the cover letter and in the summary as well as in the body of the proposal.

In some instances, funders—mostly the larger grantmaking institutions—are now requiring grantseekers to fill out applications in the form of online templates. (See the Reality Check box on page 25 in Step Two for more information about this process.)

Tips for Writing Proposals

Don't let grantwriters write the proposal! The most articulate, passionate, and knowledgeable communicator about your project is the person who has conceived it. This is usually not a grantwriter; it is the program person who will run it. Grantwriters may be able to provide the bones for an application, but they cannot add the "intangibles" that jump off the page when you are reviewing a proposal.

GWEN I. WALDEN

Principal, Walden Philanthropy Advisors

Former Director, The Center for Healthy Communities

The California Endowment (a private statewide foundation)

The three key things I would advise organizations to keep in mind when writing proposals are

- Imagine the reader as you write. I've always liked to picture the reader as a friendly, well-educated aunt—she hasn't seen you in a while, and doesn't know exactly what you do, but she's interested. What would you tell her to share your excitement and sense of mission?

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- Find the right mix of facts and stories. Foundations vary in what they seek in terms of the right mix of vignettes and numbers. The aim is to show them why and how your approach to a problem they care about will get great results and will offer them the best return on their investment.
- It's not just a grant, it's an investment. Foundations have limited resources, and want to show their board and the larger community that they've put their money where it will make a difference, to advance the foundation's mission. Just like investors in stocks and funds, foundation investors will vary in their appetite for risk (a new organization, an untried approach), and balance that against perceived returns (lives saved, children educated, workers back on the job, etc.).

SUSAN G. ZEPEDA, PhD

Executive Director

Foundation for a Healthy Kentucky

The heart and soul of your organization's proposal will come from those who have identified the need and conceptualized the program to address it; they must be an integral part of the proposal development process. You need to decide on one person to write the proposal—either the staff person with the strongest writing skills or an outside grantwriter—and have that person “joined at the hip” with those who developed the program to be funded. Keep in mind that the proposal will suffer if the writer selected—whether internal staff or outside grantwriter—does not have an understanding of what the project is, why it is important to the community, and why the organization seeking funding is best qualified to undertake the project. And even when the writer does have this understanding, it is essential to have the program staff involved in the development of the grant proposal.

Stick to the following principles when preparing the proposal:

- *Follow the grant guidelines.* You do not want your organization's proposal dismissed on a technicality, which happens more than most grantseekers think. It is common for grantmakers to make explicit the format they want followed. Make the proposal visually attractive, but do not overdo it. Whenever possible, break up the written page. Use a reasonable font size, and use bulleted lists and other formatting tools to make each page look inviting—but follow the instructions outlined by each individual funder.
- *Get the facts straight.* Make sure you have relevant and up-to-date data to support the need for your project. You want enough general data to

help you set a framework for the statement of need, but the most important data are the facts and figures specific to the geographical area served, target audience, and other key elements.

- *Do not assume that it is “always darkest before the dawn” when it comes to grant proposals.* Do not make your organization’s proposal so bleak that the reader sees no point in trying to address the need. Use a positive writing style, but present a well-reasoned, thoughtful presentation. A grant proposal should contain some elements of emotional appeal yet also be realistic and factual.
- *Be aware that many program officers read the executive summary first, followed closely by the program budget.* If they go beyond your executive summary and budget—congratulations; you have at a minimum sparked their interest. For this reason you should consider developing the proposal summary last.
- *KISS (Keep It Sweet and Simple).* Avoid jargon and do not overwrite. Make it easy for someone who probably is not an expert in your particular field to read, understand, and successfully digest the entire proposal. Jargon (specialized words that only people in the relevant field will understand) acts as a barrier to understanding, and people cannot be sympathetic to things they cannot comprehend. Be thrifty with your words, but do not sacrifice information that is critical to making the case for the project.
- *Get some honest feedback on your proposal before you send it to a funder.* Ask one or two people (maybe a staff or board member or even someone outside your organization) to review the proposal carefully. Does everything make sense? Is the need clear? Do the proposed objectives (Step Four) and methods (Step Five) seem to be an appropriate response to the need? Use the answers to these questions to strengthen the final proposal.
- *Remember that one size does not fit all.* After you have developed a proposal, study the guidelines of each prospective funder you have identified as a possible match for your program and tailor the proposal for each one accordingly. It is true that most grantmakers want the same basic information. That said, it is also true that they request it in different formats, which will require reordering sections, cutting and pasting, and possibly relabeling some sections (for instance, the need statement may become the problem statement). Occasionally, you will have to add material to or delete it from your original version. By tailoring your proposal for each grantmaker, you will be giving each

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proposal reviewer confidence that the proposal is responding to the specific funder's concerns.

- *Plan ahead.* The grantseeking process typically operates within six- to nine-month windows, and each funder operates on its own schedule. From the time you submit a proposal to the time you hear back from the funder will be on average six months, and many funders have specific deadlines for receiving proposals. Develop a calendar that lists all your foundation and corporation prospects and their deadlines. Also maintain a list of each funder's priorities that seem applicable to the proposal you want to develop for that funder, and then be sure to clearly spell out the parts of your organization's program that fit those priorities. This calendar will help you stay organized and on track as you juggle numerous deadline dates and priority areas.