

## Step 7

# Developing Sustainability Strategies

**IN THIS STEP** you will learn how to develop strategies to continue the program beyond the initial grant funding. Other resources are available to keep programs running, but your organization must position itself early to take full advantage of—to leverage—the first grant(s). You will identify, through exercises and examples, the potential sources of ongoing support that are best for the project.

### Purpose of the Sustainability Component

The purpose of this component is to help you consider how the program will be funded past its immediate future. Potential funders want to know that you are thinking beyond their funding; they want to know your plans for the time when their funding comes to an end—and it will. How will your organization continue the good work upon which the community has come to depend? The old saying “last but not least” applies well here: this might be the last section of narrative in the proposal, but it is by no means the least important.

### Content of the Sustainability Component

The sustainability component needs to reflect whether the proposal is seeking program, capital or equipment, or capacity-building funding. Then it must address how the program will continue once the grant comes to a close. When a program ends prematurely, it typically leaves “unfinished business.” In other words, it fails to achieve its intended goals and therefore does not successfully address the need outlined at the beginning of the proposal. *And let’s not forget the ultimate impact this has on the clients, constituents, and community who are counting on this program.* For that reason,

funders pay much more attention to this section than most nonprofits would probably suspect because—like you—they will have a vested interest in the project's success. So this section of your proposal should provide a framework that shows how your nonprofit plans to continue the program beyond the funder's initial investment, as well as who on your staff will be responsible for making this plan happen.

In capital or equipment proposals (major equipment purchases or building renovations and expansion) grantmakers need to know what the associated costs are for operating the new equipment, for maintaining the new building, or for increasing services if building expansion results in program expansion. They need this information because these are all costs that the organization will incur beyond the funding being requested. You will also need to show that the sources of funding meet these additional costs.

In the case of a capacity-building grant, funders want to know how the nonprofit will support the capacity it has grown. For example, you might have requested a capacity-building grant to increase the organization's fundraising ability via the creation of a development plan. Once the plan is created—and the grant is expended—how do you plan to pay for the actual implementation of your new development plan?

Consider future funding from one or more of these sources:

- *Continuation grants from foundations and corporations.* A nonprofit can seek continuing support from those foundations and corporations that fund ongoing programs. However, as we stated earlier, a majority of foundation and corporate funders prefer to support new and expanding programs—not continuation funding for existing programs.
- *Annual campaigns.* Organizations can develop fundraising campaigns whose revenues are restricted to a program's operational costs.
- *Fees for service.* If a nonprofit opts to ask clients to pay fees, the fee scale and a revenue plan should be shown in the proposal.
- *Sales of items or activities.* A nonprofit might be able to set up an income-producing program, such as a gift shop or thrift store. In addition, it might be able to sell publications, concert recordings, or educational activities. Revenues generated from these sales might cover some costs of the program. If this route is taken, a clear expense and revenue projection should be a part of the proposal. (Please note: *You need to check with both legal counsel and accounting counsel to ensure that any revenue-generating ventures you launch are set up and monitored in accordance with IRS standards.*)

A typical mistake that grantseekers make in their proposals is not taking this component as seriously as they should and not fully understanding that grant funding does in fact come to an end. Saying something to the

### Helpful Hint

*Toot your own horn!* If you have examples to share of other instances in which the organization successfully continued programs beyond their initial funding, this would be the place to share such information, because it speaks to your organization's credibility not only in launching programs but also in maintaining them, which in the end is truly the hardest part of the work.

effect of "future funding will come from a mix of sources such as other grants and individual support" is not a sustainability plan that plays well to grantmakers.

## Tips for Writing the Sustainability Component

Many funders ask specifically for this component in their grant guidelines; others do not. Whether or not this component is required, you should include some information on sources of support for the project's future.

The more specific you are in this section, the more confidence you will inspire in potential funders that the project will continue beyond their grant, maximizing the impact of their investment.

Take a look at the Sample Sustainability Component to see what the Some City Senior Center has planned for the sustainability of its program.

Answering the questions in Worksheet 7.1A will get you started on developing the future funding component of your proposal. Worksheet 7.1B provides sample answers, continuing the example of the Senior Latino Community Outreach Pilot Project. Then write your own future funding information, referring to the Sample Sustainability Component you reviewed earlier. Check your work by answering the Sustainability Review Questions.

### Sample Sustainability Component

The Some City Senior Center has a successful fourteen-year track record of securing and maintaining funding for its numerous programs and services. We anticipate receiving a portion of the program's funding from the city governments of Some City, Valley Vista, Grove Beach, and Hill Viejo, as well as from the Any County government. We also have two board members—the same board members who have stepped forward to cochair our program's outreach committee—who have committed \$2,500 each for three years. Our board and staff believe so strongly in this program that they have committed to helping our director of development to raise an additional \$25,000 per year in our annual fundraising campaigns specifically for this program. Finally, we are in continuing conversations with the Wegivit Foundation and Youtakeit Regional Fund, as both have provided small grants to assist us in piloting the project. These two local grantmakers have indicated clearly that they have an interest in potentially larger investments should we move forward with the program after our pilot year.

## WORKSHEET 7.1A: Future Funding Questionnaire



Worksheet 7.1B contains sample answers to these questions. Please use it as an example as you complete this questionnaire.

Risks and Opportunities	Sources of Future Financial Resources	Internal Requirements
<p>Do we intend to continue this project?</p> <p>For how long?</p> <p>What resources (direct and indirect) are needed?</p>	<p>What sources can we use?</p>	<p>What internal plans do we have for obtaining future funding?</p>

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### WORKSHEET 7.1B: Future Funding Questionnaire Example

Risks and Opportunities	Sources of Future Financial Resources	Internal Requirements
<p>Do we intend to continue this project?</p> <ul style="list-style-type: none"> <li>• Yes</li> </ul> <p>For how long?</p> <ul style="list-style-type: none"> <li>• As long as it is needed</li> </ul> <p>What resources (direct and indirect) are needed?</p> <ul style="list-style-type: none"> <li>• Culturally competent staff and bilingual staff</li> <li>• Committed board</li> <li>• Equipment</li> <li>• Meeting and working space</li> <li>• Clients</li> <li>• Funding partners</li> </ul>	<p>What sources can we use?</p> <ul style="list-style-type: none"> <li>• Our own budget via annual fundraising</li> <li>• City government (four cities)</li> <li>• County government</li> <li>• In-kind corporate contributions</li> </ul>	<p>What internal plans do we have for obtaining future funding?</p> <ul style="list-style-type: none"> <li>• Incorporating a portion of the program's expenses into our center's operating budget</li> <li>• Continuing our collaboration with partnering nonprofit agencies to provide referrals</li> <li>• Submitting collaborative proposals for funding with our partnering agencies</li> <li>• Raising additional funding that would be restricted to this program through our agency development efforts</li> <li>• Securing in-kind corporate contributions from businesses that either already specifically cater to the Latino community or want to broaden their reach to the Latino community</li> </ul>

## Sustainability Review Questions

1. Is it your organization's intent to have the program continue after the initial grant funding is gone?
2. If yes, does the sustainability component of your proposal present a plan for securing future funding for the program?
3. Does it discuss future funding strategies or earned-income strategies?
4. If you are requesting a multiyear grant, have you shown that your organization will have a decreasing reliance on grant support each year? (Grantmakers are more inclined to make a multiyear grant to nonprofits that assume greater financial responsibility for the project each year, rather than asking the funder to maintain the same level of funding each year.)

Now it's time to translate your nonprofit's program into the language of dollars by developing a budget.