

20 TIPS EVERY STRATEGIC GRANT SEEKER SHOULD KNOW



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Introduction

Sesame Street would not have come to fruition without the progressive insight of a grant maker. There is no better way of underscoring the importance of benevolent donors than using an example responsible for educating generations of children worldwide. Many other progressive and innovative examples exist of this type of forward-thinking support, from the expansive Gates Health Initiatives to the Soros Foundation's support of Internet activities promoting Open Societies early in the technology's mass appeal.

Still, donor support logic eludes many grant seekers who are passionate about their issues, and may have excellent projects, but still have difficulty securing donor support. This guide is designed to shed some light on the process, providing practical insight and advice to grant seekers who wish to "Step up their game" and be more strategic in their approach. It is written from *firsthand experience* by a grant maker, grant seeker and founding board member of an operating foundation. It is effective because it follows the Native American adage, "don't judge any man until you have walked two moons in his moccasins".

20 Tips Every Strategic Grant Seeker should know explores the issues from a *grant maker's* perspective, providing grant seekers insight into the dynamics of the donor decision making process and the reasoning behind it. Most importantly, it provides the grant seeker strategies to leverage these dynamics. The twenty-four page guide is written in *very* practical terms. Each page describes a distinct donor behavior or practice, a brief description of why it occurs, its effect, and finally a strategy for the grant seeker to leverage or avoid it.

No doubt, readers will immediately recognize some donor behaviors in experiences they've had seeking grants. Other times a particular tip may not apply to a donor. Keep in mind there are tens of thousands of individual donor institutions spanning corporations, governments, communities and private individuals. Each has its own unique institutional culture. These tips define behavioral trends and dynamics typical of *the donor sector*, and not every individual donor. Nor are they based on any particular institution. Some tips are more universal, like the important elements to put in a grant proposal. If there is a "21st Tip" it is to be cognizant of the organizational dynamics of the solicited institution, and apply the appropriate tips based on intelligence gained from firsthand experience and peer institutions.

Readers will also note some of the same points made in multiple tips. This is to demonstrate how the tips relate to each other and reinforce the overall behavioral dynamics common to the grant giving sector. Expect to have at least one "A-Ha" moment reading the tips and accumulating insight into donor behavior not previously considered.

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TIP #1: Understanding Donor Priorities – It's the *Processing* Stupid

While both the grant seeker and grant giver may seek successful program completion as an objective, tactically their priorities differ significantly. *The grant seeker concentrates on successful **grant execution** as the tactical objective while most donors concentrate on successful **grant making**.* The Strategic Grant Seeker must keep this essential difference in mind to be successful because it affects donor perceptions and how they address issues. A grant seeker focusing only on grant execution may be thinking one step ahead, but it is also out of sync with the donor's tactical priority: ensuring a grant meets criteria, and if it does, is approved and processed.

Why this is an issue: The typical grant relationship involves the donor providing support for third party institutions to implement a project¹. Many donors place their *operational* focus on the process of making a grant rather than participating in any way in its subsequent execution. The time donors put into the various stages of a grant belie this reality. They typically focus on the initial design of program parameters and grant criteria to filter who will and will not receive funding. Next they concentrate on proposal evaluation, selection, and grant processing. Once the grant is processed, interest in execution wanes for most donors as they begin the next round of grant selection and processing. Grant execution is typically revisited in an evaluation of what has already occurred, not as a formative device used during project execution to resolve issues or facilitate better outcomes. Even *the best* post-mortem evaluations provide limited benefit because they occur too late to achieve better outcomes, (*see tip #16*). However, they do allow the donor to avoid concentrating on the execution phase of the project while it is in progress.

More than a few donors actually view intervention during grant execution [in my view, the best time to insure the investment pays off] as an intrusion into the grant implementer's territory. Whether it's a product of trust in the grantee; being too overworked processing grants to oversee their execution; or simply a grant administrator [versus implementer] mentality, most donors do not get involved in program execution, although job descriptions can differ between institutions and program staff...

The suggested strategy: The Strategic Grant Seeker views proposal processing and proposal execution as two distinct projects *and concentrates on both to be successful*. The processing phase focuses on fitting the square peg in the square hole – (e.g. insuring the proposal meets defined institutional parameters and can be processed as quickly as possible – *see tip #2*). Significant attention should be paid to the suggestions of a program officer shepherding proposals through the donor's institutional bureaucracy. They know best the particular institutional idiosyncrasies and buzzwords needed to approve a proposal. The innocent suggestions and questions of a program officer are often clues to successfully navigating the donor approval process.

Interim reporting during project execution may be requested by donors for projects of longer duration, where grants are provided in multiple tranches contingent on feedback of milestone successes. This is typically more about justifying a project is on track for release of further approved support than it is about truly analyzing how the implementation is going and suggesting meaningful course corrections through more proactive donor intervention.

¹ Foundations that engage in operational programs they execute on their own internally are obvious exceptions.

TIP #2: The Schizophrenic Roll of Program Criteria and Program Officers

Many nonprofits fail in their efforts to obtain funding because they either submit or present funding proposals that fit *their view* of the issues and problems rather than trying to represent that view in terms of the criteria defined by the donor's grant parameters. This is typically a losing battle even if the grant seeker has a better understanding of the issues and how to solve them. Although alternative criteria may be more justified, they also fall out of the objective parameters the donor uses to limit the floodgate of potential requests. *The Strategic Grant Seeker knows that arguing the case to change or ignore program parameters is counterproductive because it presents the donor with the problem of how to evaluate all proposals equally and objectively if exceptions are made. Keep in mind that the grantee perceives criteria in terms of program execution while the donor perceives them as a means of selection.*

Why this is an issue: *All donors* have limited resources because there is always more need than support to meet it. Program criteria serve an important dual role; they define the prerequisites to solve social problems as donors perceive them, *but just as importantly*, act as the only consistent and objective means of separating accepted and rejected proposals. In the donor's world they are designed to match limited resources to a universe of potential projects by applying a filter to them. The Program Officer's role is to oversee the approval of grants meeting the issue area objectives the donor supports. They also act as de facto gatekeepers, insuring the donor's limited resources are spent only on projects that meet the donor's *perception* of the issues they are trying to resolve *as defined by grant program criteria*. The best program officers work with the grant seeker if a relationship of trust exists. They advocate for proposals internally if they offer better solutions, and reconcile differences with program parameters.

The donor's conception of the problem may differ somewhat [or significantly] from what a grant seeker encounters dealing with these issues on the ground every day. Funding parameters meant to filter and provide a level playing field may even contain counterintuitive criteria that create obstacles to solving the problem in a grant seeker's experience. Nevertheless, there are typically enough proposals to choose from *that do meet program criteria* and resolve issues donors care about in the way they care about them. This allows them to cherry-pick what they want to fund, and requires grant seekers to satisfy the donor's perception of the world if they wish to successfully qualify for a grant.

The suggested strategy: The Strategic Grant Seeker knows how to *translate* the reality of the issues it deals with into proposals reflecting a *donor's perception of the issue* as defined by its program criteria.

1. It researches the program parameters and submission guidelines often listed on a donor's website, insuring its proposals address those points clearly and obviously.
2. It listens very carefully to program officer questions because they often belie the parameters needed or missing from a proposal that are necessary to qualify it for approval.
3. It develops relationships with donors and program officers over time to influence the development of program criteria in the first place.

The unfortunate systemic reality that many donors spend more time on grant processing than on actual execution ironically creates an advantage for the Strategic Grant Seeker. It can define a project meeting the *donor's selection criteria* and then use the support it receives to solve the problem the *grant seeker's way*. *If the objective is being met, donors will rarely interfere in how a grant is executed regardless of the initial program criteria – the catch-22 is that the donor criteria must first be met in order to receive funding.* Often, how a grant was executed is not clear to the donor until a post-mortem program evaluation is done – at that point it's the *results* that matter (see tip #16).

TIP #3: Know Thyself, Thy Program Officer and a Couple of Backups if Possible

The Program Officer/grant maker is the most important single point of contact for the prospective grant seeker. An interested program officer provides guidance, advice and shepherds prospective projects through their own organization's bureaucracy. So it is important to understand what makes your program officer tick and to approach them in the most appropriate manner – substituting supplication for passion and expertise. *The Strategic Grant Seeker knows that the donor-grant seeker relationship is less a hierarchy and more two sides of the same coin. The donor provides resources and the grant seeker the program execution and local constituent expertise. Passion is appreciated on both sides.*

Why this is an issue: Unfortunately, our primate instincts often kick in and get the better of us in grant maker – grant seeker relationships. A counterproductive hierarchical “Alpha-Beta” dynamic is created with the grant seeker taking a subservient role to the donor and negating any possibility of establishing a peer relationship of trust and mutual support. Some program officers prefer this subservient relationship if it's proffered and maintain it throughout their communications with the grant seeker. It is a rather good defense mechanism in a job where sanity dictates being able to distinguish why people interact with you, (because you're a grant maker or because you are a person they wish to interact with). Other grant makers, like me, preferred a full throated debate of the issues to determine how passionate and confident a grant seeker was in their position. Those who took the subservient role quickly withered if they didn't push back and defend what they brought to the table. Often this tact had the desired effect of breaking the Alpha-Beta dynamic as well.

The suggested strategy: Strategic Grant Seekers with knowledge, passion and self-confidence in their ability to deliver have a far better chance of developing productive peer-to-peer relationships with donors than those who kowtow to them. These are the people donors seek out to execute projects successfully, not those who provide the most compliments. Every grant maker has heard the platitude “You are the only one that gets it” more than once - so be creative. The Strategic Grant Seeker knows its program officer types and when to stroke the ego of the more hierarchy-oriented, when to engage the academic / intellectually oriented in philosophical discussions, how to fulfill the requirements of the more administratively-oriented and when to debate and challenge the more implementation-oriented.

Try to also engage more than one more program officer in a donor organization if it makes sense². If a transition is not planned, relationships built over years with a single program officer disappear, jeopardizing new projects and requiring months or years rebuilding relationships. This can be tricky to accomplish because the Strategic Grant Seeker does not want to appear to be side-stepping its primary donor liaison. “Double-dipping” is a term of art used by Donors for grant seekers who apply to multiple people in the same organization and is frowned on by *some* donors. Be transparent with your primary donor liaison when following up with others in the same institution. It not only shows good manners but also good coordination. Let the donor liaison volunteer if it's unnecessary.

Attend donor-invited events where the potential for being introduced to others in the organization is greatest. Relationships can be pursued more naturally after these “by invitation” settings. Ask to be introduced to your program officer's replacement (or alternate) if informed they are leaving. If the grant seeker has built up a peer relationship of mutual respect and contribution, the program officer will see such a connection as useful to the institution when they depart. A departing program officer is often less willing to saddle their peers with more sycophantic grant seekers.

² It would make sense if your mission obviously intersected multiple issue areas the donor is involved in.

TIP #4: Relationship Building: It is better to give in Order to Receive

Grant approval is often about developing a long term relationship with the donor and program officer. While it does happen, it's a rare nonprofit that receives a substantial grant with the submission of a first request proposal or initial meeting and *no previous interaction* with the donor³. For the rest, it's about relationship building -- and that is not a bad thing because most grant seekers wish to go back to the well rather than seeking a one-off grant. *The Strategic Grant Seeker begins a donor relationship by giving rather than receiving. Most grant seekers approach donors with their hands out. How does a grant seeker distinguish itself from the pack? By providing the donor something of value rather than initially making a request for support.*

Why this is an issue: Donor relationship building typically takes time, as do most interactions that involve establishing mutual trust and respect for work product. Because Donor's typically don't get involved in project execution and are risk-averse, they need to get to know the entities they are entrusting support to. Donor institutions are notorious slow and bureaucratic movers because there is little external pressure for them to operate any faster. It can take less time birthing a child than developing a relationship and receiving a grant. For cash flow planning, expect at least 6-15 months from first contact to approval and grant in the bank from even an interested funder. There are exceptions to the rule on both the fast and slow end of the continuum but these timelines provide a good rule of thumb.

The suggested strategy: Donor's take pride in feeling they are on top of the issue areas they support. As generalists, donor program officers always seek a better understanding of the hot topics, players and institutions around an issue because it makes them better players. The most value a grant seeker can provide is intelligence – information, contacts, a useful product the grant seeker has developed or news around the issue area that a program officer may not know -- even contracts to other donors in the same field the program officer may not have interacted with. This is all best done in initial or subsequent early meetings face to face where the grant seeker is introducing itself and *demonstrating value* to the donor before asking for support. Providing benefit and requesting support can be done concurrently in an initial encounter, but it's far more optimal for the grant seeker to stick with describing activities and hold off requesting support in an initial encounter before offering something useful to the donor. This distinguishes it from the pack. Grant makers *remember and rely on* grant seekers who provide useful benefit to them and try to keep them in close orbit. Nonprofits that treat Donors as simply banks and cash machines are typically treated “by the numbers” along with the rest of the grant applicant pool. The Strategic Grant Seeker may also consider making itself available gratis to be part of, or give a presentation the donor is sponsoring - or to invite the donor to an event the grant seeker is sponsoring.

Strategic Grant Seekers always stay on top of their cash flow and operating requirements and begin establishing relationships with prospective donors *well before* finding themselves in dire cash flow straights. *Ironically, the time nonprofits are in most distress is when donors are most hesitant to fund them.* After all, donors need to protect their investments as well and are loath to support entities in desperation or danger of failing.

³ Nonprofits that do receive this are often already well established with the funding community and have “a buzz” around their work.

TIP #5: Bleed First Then Ask For the Grant Support Tourniquet

One of the more ironic elements of the grant seeking process is requesting support for a project still to be realized only to be told that the donor needs evidence of the project's existence or impact before it can consider supporting it! This is not an uncommon experience. *The Strategic Grant Seeker knows just how much of a project needs to be developed before successfully seeking funding for it.*

Why this is an issue: To insure success, venture investors typically take equity positions in their projects, and often provide more than just financial support. They get actively involved in the implementation. By contrast, donors typically provide grant support and don't actively participate in governance and execution. Some even have conflict of interest mandates that preclude them from doing so. However, donors are just as interested in project success. So in order to mitigate the risk of failure, they often favor grant seekers with a proven track record or projects that are already tangibly successful enough to provide support for. This places new Grant Seekers and projects that are only on the drawing board in a less than optimum position. Here is another Catch-22: While it is very difficult to develop a project without resources, it is equally difficult to get funding for a project that has no tangible aspect for a prospective donor to evaluate before granting support⁴.

Donors seek to distinguish themselves from their peers with unique programs that tackle similar issues differently. However, they are herd animals in a number of senses particularly when it comes to how similarly they react to mitigating risk. The assumption is that donors exist to fund new and exciting initiatives. The fact is, unless they are breaking completely new ground with program initiatives, they typically need to see the framework of a new project (or better yet new project in action on a mini-scale) before they will support it.

The suggested strategy: There are a number of ways the Strategic Grant Seeker can successfully present a project for donors to evaluate before seeking funds for it:

1. If the program is similar to or an extension of a current program, discuss the results of that program, who supports it and how the new project will build upon it, describing the additional elements.
2. If another entity is running a similar program you wish to expand on or make better, discuss that program, the limitations you see, and the resources and practical differences in operation you propose to make your project more successful. Describe a similar tangible success you've already engaged in.
3. If the project is something like an online web site, create the basic template online so the donor can click to it and review the elements as well as what a user experience might look like.
4. If feasible, run a small pilot of the proposed initiative in order to discuss the experience with the donor. Alternately consider asking for support of a pilot versus a full project.
5. If another prestigious or well known donor supports the project, even in the idea stage, which can go a long way in changing hearts and minds, especially if the donor has an interest in partnering with them, (*see tip #12*).
6. If you have surveyed a statistically significant number of constituents who say they wish the project and can present evidence of that, this can sometimes prove compelling to the donor.

⁴ The projects being discussed are those that require administrative support and/or personnel to develop and that support a significant constituency. Obviously a discreet project to write a report, do a survey, hold a meeting etc. is far less problematic to support as a new initiative.

TIP #6: It's a Proposal, Not War and Peace

Less is often more when submitting a written proposal to a donor unless they specifically ask you for a book describing your project. This isn't college; there are no points for padding to make the proposal look substantive. *The Strategic Grant Seeker submits focused, concise proposals addressing donor issues.*

Why this is an issue: A significant part of a program officer's job is to read scads of proposals. Like any who have to plow through significant amounts of reading material, they develop shorthand ways of reading them. If you prefer your proposal not to be speed read or skimmed, be concise, focused and to the extent possible, brief. Meandering, long-winded proposals *do not* help your chances of approval.

The suggested strategy:

1. An unsolicited proposal of 20 pages is typically acceptable but large, 10-12 pages is better and 5-8 pages is a godsend if you can be that concise and organized in your thoughts. Over 20 pages, unless requested, and you are competing for the national book award, not a grant.
2. Good proposals have an executive summary (no more than 2-3 pages) which lays out a. problem definition; b. proposed solution; c. results; d. how they are measured/evaluated. The bottom line budget should be presented if it won't cause sticker shock without more justification in the larger proposal before revealing it, (Sticker shock is easily avoided if the proposal cost is typical of the project size the program typically funds – check the annual report – *see tip #8*).
3. The proposal should follow the same form as the executive summary. Don't spend 10 pages defining the problem, the proposal is about solutions, results and how they can be measured.
4. Insure the proposal demonstrates both vision and implementation expertise. A savvy donor will look for both. Some proposals have vision but are very unclear if the expertise exists to implement them. Others, heavy on administration, may not speak to the vision donor's are looking for to solve a problem (*see tip #9*).
5. Make sure the proposal speaks clearly to the program criteria the donor has defined (*see tip #2*).
6. Insure the donor knows who else supports either your organization, or more importantly, the particular project by prominently listing them as such in your proposal. Funders are always keen to know who else has put their credibility and funding on the line for a project or organization (*see tip #12*).
7. Briefly define any experiences implementing similar initiatives and their successful results.
8. Avoid proposals with grandiose visions and budgets that are nothing more than large subsidies for the one or two individuals doing the solicitation. It is always obvious to the donor.
9. Donors often wish to evaluate the results of their programs even if that work is post mortem. Include your own evaluation mechanism in your grant request (*see tip #16*).
10. If your proposal has competing projects a savvy donor will already know of them. Answer the question of why your proposal differs/is better before they ask the question. (*see tip #13*)

TIP #7: Piloting for Success

Sometimes grant seekers make the mistake of being overly-ambitious. They doom their proposals by being perceived as too unrealistic. Sometimes they develop proposals that are so operationally sophisticated and expensive in their first iteration that it is difficult for donors to wrap their heads around, particularly if the proposal far exceeds the range of funding the donor typically makes. *The Strategic Grant Seeker knows what level of funding support the Donor typically provides and at what scale the project should initially address. More importantly, it knows how to present realistic project scopes with the appropriate amount of testing before a project is scaled.*

Why this is an issue: Socially responsible projects start off in poor circumstances where the situation is not optimal almost by definition. Donors know this and are typically skeptical of large, expensive boondoggles before testing assumptions on the ground. Donors also typically operate within a definable funding range. It may even be part of their program criteria. Projects exceeding this range immediately raise red flags.

The suggested strategy: The Strategic Grant Seeker does its homework and knows the range of funding the donor is comfortable making. This can be found on their website, annual report, program guidelines or grant review sites⁵. Initial proposals should fit this range. If the grant seeker *does intend* to present a grand vision it is often best to do it in two parts, offering the donor a choice of support levels it is comfortable making. A more economical pilot phase tests ideas, and is followed by a broader and more expensive implementation phase, assuming the pilot project is executed successfully.

A large undertaking beginning with a smaller pilot makes the Strategic Grant Seeker look like they understand not just the greater vision but also the unexpected day to day problems that pop up in any implementation. What a pilot says is: "I am going to work through the variables on a smaller scale first, define what the problems and solutions are, and this will help me to implement a better and larger project." Even if the donor is requesting an extravaganza in a project call this two phase process of pilot followed by larger implementation makes the most logical sense as an implementation framework -- especially if implementing in multiple geographies or contexts.

Keep in mind the objective is to get the donor hooked on the project and long term support -- so whether they support a smaller project at the outset that successfully leads into a larger project or a more expensive project at the outset should not make a difference to the Grant Seeker. Two phases simply offers the donor more choices to buy in. Moreover, a two phase project with a pilot protects the Grant Seeker as well regarding future potential support. Should the pilot project not work as intended, the donor does not lose as much money [and is thus approachable again]. Moreover as a pilot, it's reasonable to justify a failure as an attempt to try a new concept that proved to not work before implementing on a larger scale. In that sense, no pilot is a failure, just the attempt to responsibly test project assumptions with a smaller project scope first.

If pilot assumptions prove false, they allow the Strategic Grant Seeker to revise the larger project before asking the donor to support it. In that sense, even a failed pilot can facilitate further donor support for a larger grant if lessons learned can be documented and a good case can be made for implementing a larger, modified phase two project, or alternatively a new second pilot, based on results and lessons learned from the first.

⁵ Like <http://foundationcenter.org>, <http://guidestar.org>, or <http://grantstation.com>

TIP #8: Understating Your Case versus Getting it Just Right - The Goldilocks Effect

The flip side of asking too much for a boondoggle without a pilot is asking for too little, or the incorrect amount for the project type. It's kind of like driving on the highway – one can cause a wreck whether driving too fast or too slow – as in the Goldilocks story the “donor ask” has to be *just right*. *The Strategic Grant Seeker knows what level of funding the Donor is comfortable making and the scale a project should address. It knows when it is appropriate to increase or lowball a grant and how to do it right.*

Why this is an issue: Just as requesting too much may raise donor concerns, requesting too little makes a grant seeker look as if they are thinking small or don't have enough confidence. It may also reflect a lack of understanding of the [costly] factors necessary to implement a project successfully, calling into question a grant seeker's ability to execute successfully. Did you know some grant makers actually *prefer* making larger grants to smaller allocations?

The suggested strategy: Learning what level of funding the Donor is comfortable making is simply a matter due diligence (*see tip #8*). The Strategic Grant Seeker submits proposals within this range to maximize its chances of receiving funding. Different types of grants (workshops and meetings versus project implementations) may be funded at different ranges by the same funder – so be diligent in your research. Donors are often loathe to give out budget numbers when asked directly assuming (often correctly) that the project will come in at the high end of whatever number they provide.

It does not pay to be shy when donor funding ranges are typically higher than a proposed project budget. So raise it if you can appropriately justify additional costs. When proposals are lower than the mid-range of a Donor's funding the Strategic Grant Seeker evaluates what the proposal is missing and how it might be made better if additional support were available. Adding “fluff” without reasonable justification will be picked up by a savvy donor program officer. Conversely, a low end proposal without the appropriate resources and safeguards to satisfy project objectives will too.

There are times when a Grant Seeker may wish to lowball a proposal. A number of Donors maintain “discretionary funding” budgets (Typically 25K and under -- sometimes more and often less). These funds are often associated with a program or individual (program director level or other high ranking institutional officer) with the ability or *discretion* to grant what is considered relatively small amounts for project support. Discretionary proposals are typically reserved for projects deemed as deserving but not exactly meeting defined program parameters. Often they do not have to meet the same specific project criteria or go through the longer approval and processing cycle. The [small] amount of funding allows for evaluating them using a perfunctory filter and cutting support checks more quickly. A Strategic Grant Seeker with a strategy of aggregating a number of smaller grants or the need to show broader support of many donors [no matter how much their actual contributions are] should consider this route.

This does not mean a project supporting vaccines is necessarily going to get discretionary support from an environmental funder. However if the project falls more broadly under a donor's mandate but does not precisely meet their guidelines, then requesting discretionary support at a reduced level like 5-10K is a potentially viable option when other avenues are not available. Discretionary support is typically best secured at beginning of the fiscal year (when the entire pot is available) or at the end when some donors must meet their target support budgets and small amounts of grant support may still be available. It's not a bad strategy for the Strategic Grant Seeker to do the rounds in October with donors they are already familiar with to determine if some funding still exists. For donors with a fiscal year funding calendar, by mid-November all remaining funding is typically allocated.

TIP #9: It is *not* Just the Vision Thing

One very common mistake is to pitch innovative proposals with sophisticated operational requirements without demonstrating the necessary requisite organizational expertise and staffing to support them.

The Strategic Grant Seeker demonstrates two things when pitching a proposal:

1. *The vision to implement something unique, innovative and tangibly beneficial.*
2. *The operational expertise and support necessary to bring it to fruition.*

Why this is an issue: Any diligent program officer reviewing a proposal with significant operational requirements will always be concerned about the organization's ability to implement it:

1. Because they know from their own experience the capacity limitations nonprofits have and often have previous experience working in them.
2. Because their focus is on grant making versus execution. They must rely completely on the nonprofit for execution. So if the nonprofit does not demonstrate that expertise in the proposal stage it is far easier to filter out the proposal as too risky to invest resources in.

It's very easy to dismiss proposals for a variety of justifiable but supplementary reasons when the core concern is actually a lack of faith in the organization's ability to carry out what is proposed -- because it has not demonstrated that ability in its presentation. Given the number of well intentioned projects that fail due to weakness in execution this issue is often in the back of a proposal evaluator's mind. The best way to raise concerns is to present a proposal that clearly requires project management and execution expertise without outlining how they will be accomplished. For example, creating computer labs across institutions in a broad geography without accompanying such a task with a brief discussion of how sites and equipment will be selected and prepared, people trained, equipment supported and maintained, the process managed, reasonable timelines and budgets for the process, etc..

The suggested strategy: There are literally tens of thousands of grant proposals outlining very good ideas and wonderful intentions. The Strategic Grant Seeker's breaks out of the pack by proposing good ideas with the appropriate level of operational support and staffing to convince the donor the project can actually be successfully executed. Proposals demonstrating both vision and implementation expertise indicates a well thought-through project.

Any concerns about grant execution should be allayed up front by demonstrating project capacity. There are a number of ways to accomplish this in addition to detailing the implementation requirements as with the computer lab example above:

1. Citing previous successful work that required similar levels of operational expertise is useful.
2. Identifying a staff member or individual with operational expertise that will oversee the project.
3. Identifying a partner with a demonstrated track record of successful implementations is appropriate for new organizations or those less well known for their implementation expertise.

If a proposal already meets donor criteria and the donor actually believes it can be executed; allaying any other outstanding project concerns is far easier. In fact, there may even be *some* flexibility on program criteria if the ability to implement successfully is that obvious.

TIP #10: Location, Location, Location

Aside from addressing the appropriate issue area, one of the most significant criteria determining project funding is geography. It is a broad and easy filter to disqualify a proposal. One can passionately argue their case for other issues flagged in a proposal. However, when it comes to geography, a proposal either meets geographic criteria or it does not. Ironically, there are some additional gray areas that can trip up a grant seeker even if it thinks it has met the geographic filter. Proposals with national versus local agendas can be a problem as can proposals with combined international and domestic agendas. *The Strategic Grant Seeker knows the geographic criteria of targeted donors, avoids the gray areas, and either modifies its proposals to meet geographic filters or partners with entities that do.*

Why this is an issue: *Tip #2* covered why program criteria exist in the first place. Regarding unique gray areas in geographic criteria, a proposal with a national focus can be denied because it does not address the specific local area the donor addresses – even though logic would dictate national coverage often benefits local areas. I've encountered this with a national online nonprofit capacity resource called Capaciteria.org. It is specifically designed to allow a level playing field for local entities by presenting nationally available peer-rated, best practice resources. However, the national scope of the content disqualifies Capaciteria.org for donors with more local geographic funding criteria. The irony is that were it to present fewer useful resources from only a local palette it would be both less useful *and conversely* a far better candidate for local donor support! Similar issues occur with projects that have both an international and domestic component for donors that fund only one or the other. A proposal supporting both may automatically filter itself out. Grant seekers requiring International funding may also be filtered out by criteria that only support international institutions operating locally or conversely exclusively support entities that have 501c3 or equivalent status.

The suggested strategy: Learn donor geographic parameters from their websites and annual reports. For proposals with domestic agendas that cover national versus local issues -- grant seekers can limit their approach to only national funders; design a proposal for individual local constituencies and donors; or make the best case to a local funder as to why a national scope satisfies their local agenda⁶. For proposals that are both domestic and International, there should be a couple of versions alternately targeting the benefits of the domestic and international component for the two different donor audiences. For International donors supporting only local entities in-country or conversely US proposers with the appropriate nonprofit designation – the Strategic Grant Seeker finds an implementation partner if it does not meet these criteria; preferably one well known and respected by the donor.

Do not assume that a large donor funding both international and domestic projects coordinates and shares proposals between the two groups. Donor organizations are typically one of the more silo'd institutional entities (*see tip #14*). Each issue area typically has its own budget and priorities with often limited day to day operational association between program areas. Joint priorities and workshops on specific *projects*⁷ are more the exception than the rule. Domestic and international departments within donor institutions may work *even more separately* between the two divisions than between programs operating in each.

⁶ I've had some limited success for <http://capaciteria.org> with this argument, although only with very progressive local donors. Sometimes the donor support criteria are simply not flexible enough to support this argument.

⁷ General operating meetings within donor institutions occur with somewhat more frequency simply to maintain staff cohesion and keep program areas informed of each other's work.

TIP #11: Time is Relative

Donors are notorious for operating on a time horizon different and typically slower than other sectors. During the dot com era I made the point that if standard time = 1 unit, venture funders and startups operated as if time = ½ unit and foundations as if time = 2 to 3 units. *The Strategic Grant Seeker follows up on proposal status and does not base cash flow or program commitments on donor's meeting its particular deadlines but rather following their own. If it does depend on donor support as a particular project prerequisite, it plans beforehand for both resources and program milestones and creates contingencies for them if donor commitments or cash transfer are delayed.*

Why this is an issue: Not surprisingly, the issue returns to the minimum amount of outside pressure any donor has to move faster or more efficiently in giving out money. There is a proclivity to cogitate and intellectualize on proposal requests, sometimes putting them aside until they pass muster as new grants continuously come and vie for the grant giver's attention. Individual donors and even programs within donor institutions have very different time and approval processes - *there is no standard*. Some have rolling approvals which operate throughout the year. Others approve grants only at certain pre-approved times. Anything can happen to sidetrack a proposal -- from evaluator issues to external factors such as receiving a similar proposal during the evaluation process. I cannot begin to tell you the number of times competing proposals were sent to me, necessitating more research. It is important to appreciate what few ramifications for the donor there are whether a proposal is on the fast or slow track – the worst thing that can happen is not providing funding to a particular grant seeker.

The suggested strategy: It is the grant seeker's responsibility to know its grant maker's cycles, to stay on top of them and to ask what it can do to allay concerns and move the process forward. This is why it is *so important* to satisfy program criteria and show a proposal meets both vision and implementation requirements. The better a proposal meets program criteria the more possibility it has of moving through the system more quickly without being sidelined in the donor's already slow process stream.

Some grant seekers are overly cautious and under-solicitous only to find the proposal lost in the system, delayed for approval or put aside pending further information or concerns being addressed. Sometimes concerns are not transmitted back to the grant seeker before other priorities take precedence for the donor. There is a fine line between overly pestering the donor and its perception that the grant seeker has an obligation to follow up on status since it is making the grant request. Best practice dictates the grant seeker predetermine with the donor when a response is expected, and to check back every 3-4 weeks on proposal status if more specific timelines for reconnecting cannot be firmly established. Tactically (and tactfully) the best way to do this is to always end a communication by requesting when it would be best to reconnect on the status of a proposal and its current deadline for final review. This allows the donor to set the pace while the grant seeker actively moves the communication along.

Predicating project inception on donor grant approval timelines can be difficult. If this is necessary, it is better for the Strategic Grant Seeker if it has the flexibility in the project to delay initiation until funding is approved. Often funding supports existing activities. Enough cash flow *must be planned for* to deal with slow approval processes as they are often more the rule than the exception. If payments for an approved grant are delayed – do not wait weeks to follow up on the delay. Once approved, grants usually move off the program officer's desk to another department. They are often not aware of when payments are made. Delays may be in accounting, grants management, etc. A respectful solicitation to the program officer reinserts them back into the grant process. Checking typical grant approval and payment processing time with the donor allows you to follow-up *on the donor's word* if delays occur.

TIP #12: Who You Know and Work With Gets You There

For all their focus on unique program and issue paradigms designed to distinguish themselves from peer funders, donors are always interested in knowing who a grant seeker's funding and implementation partners are before working with them. This point can be verified by anyone who has ever watched public television during their quarterly drives. The announcers always impart to viewers how important individual membership is because it's the first thing funders ask (e.g. who else is supporting this). The same is true with any proposal a grant seeker submits.

Why this is an issue: Donors want to know about other project funders to assess both support and interest among their peers for a proposal. The partnership factor is perceived as mitigating risk for the donor who can point to others who think the proposal is worth supporting. Moreover, donors are very much like other entities that make up the nonprofit sector. They rely on the concept of "trusted source relationships" as the currency of the sector to assess the value and credibility of a grant seeker:

"The trusted source relationship is both a simple and sophisticated concept. Its definition implies establishing relationships of trust and credibility with various constituencies that share similar values and missions. The premise of the trusted source relationship dictates that if an institution's largess is put to enough good use, people hear about it through the long-standing trusted source networks established by the public sector. Defining a mission and carrying it out credibly is crucial to developing a trusted source relationship. It cannot be bought, and, by its nature, must be earned. Once earned, a trusted source relationship must be protected at all costs because losing it can diminish the real value an organization has accumulated both in terms of credibility and its financial worth."⁸

The more well-established implementation partners and supporters an organization has, the higher the value of the organization's worth and the more credible its proposals are.

The suggested strategy: The Strategic Grant Seeker appreciates that showing partnerships and matching support with peer funders is a positive incentive for donors that typically design their programs divorced from their peers⁹. By partnering through an individual proposal rather than aligning the design of their programs, donors can maintain their unique program paradigm, show peer collaboration and support a grant seeker's project all at the same time. It is a win-win all around. A project supported by one donor can also be used to seek matching support from another.

Good collaboration with successful implementing partners can also help the proposal of a new grant seeker with less demonstrated implementation experience. If a donor has questions about the grant seeker's ability to execute a project (see tip #9), demonstrating partnership with a trusted implementer can make a significant difference as a mitigating risk factor – especially if other clear indicators do not exist to pre-insure project success. Partnerships also provide the ability for two nonprofits to jointly propose a project and collaboration is often looked upon favorably because so many projects are submitted with the same objective with limited to no cooperation between proposers.

⁸ Peizer, Jonathan *The Trusted Source Relationship and Cross Sector Partnerships*, <http://internautconsulting.com/5-articles-trustedsource.html>, MediaChannel, August 2000

⁹ There are notable high profile partnerships created by multiple donors but they are the exception, not the norm.

TIP #13: Do Your Homework – Know the Competition

The previous tip extolled the virtues of cooperation – and in fact that is the most perfect state of grace. However, in this imperfect world we live in, where collaboration is almost by definition more time and resource intensive, if a grant seeker is dead set on developing and submitting their own version of a solution, they should be strategic about it. *The Strategic Grant Seeker who does not go the cooperative route knows about competing proposals, analyzes the solutions proposed by others and develops a solid case to describe why its solution is better than all others before submitting yet another version of the same idea to a Donor. In preliminary discussions with donors [that are often the first to hear of proposals] they enquire if other grant seekers have a similar idea in order to either partner with them or better understand how their solution differs.*

Why this is an issue: In the perfect nonprofit world of limited resources and dollars, entities would collaborate more often and come together to submit proposals. In the real nonprofit world of sparse resources a far more Darwinian reality prevails; nonprofits vying with each other for limited support literally to survive, each reinventing and resubmitting the wheel on their own.

I indicated that as a grant maker it was not uncommon to receive competing proposals for the same problem. Knowing that alternative proposals existed, someone had to do the research and it was often left to me as grant maker to parse out the differences. I would then try to introduce grant seekers to each other to facilitate some collaboration through cooperative funding. This always slowed down the process in the absence of any indication that the grant seeker perceived others had the same idea or made a case for their approach being better. Not all program officers take the time or have the expertise to do this, particularly if their focus is the administrative processing of well developed and unique grants or if the technical aspects of implementing the grant are not in their area of expertise (for example two health proposals that both make use of web 2.0 technology). This lack of appreciation for the competition has waylaid many a grant.

I was always profoundly surprised that entities working in the same field would not know about each other's projects, or if they did, didn't bother to assume they'd wind up on the same grant maker's desk. Admittedly, part of the problem is that nonprofits are often too busy to focus on what others are doing, and grant makers have a unique vantage point in the sector because most of the projects that want to be funded arrive at their door. Often they are closely held by the original proposer until they get there. However, when competing for limited resources, keeping an eye out for what others are doing should be a part of any organization's due diligence so as not to waste money.

The suggested strategy: The Strategic Grant Seeker appreciates trends. If it is clear the trend is toward GIS, mobile activism or social platforms, etc. the Strategic Grant Seeker assumes that another grant seeker is going to request the same thing. Any basic business proposal has a section on competing solutions and outlines why the proposer's plan is the better option. So it behooves a grant seeker in preliminary discussions with a donor to ask if another project like theirs exists. When a proposal is submitted that completely ignores a similar solution it leaves a feeling that the proposer hasn't really done their homework, immediately raising questions about what other elements have been missed.

When Capaciteria.org was first released, there were other capacity support sites for nonprofits available. My job was a combination of distinguishing Capaciteria from similar projects by describing its unique aspects, and at the same time demonstrating how Capaciteria.org was also complimentary to these other projects, filling a particular niche and leveraging them as well.

TIP #14: Barnstorming the Silo

Speaking of cooperation, larger donors are some of the most silo'd institutions of any sector¹⁰. Individual program issue areas (ex. health, education, etc.) often operate as self-contained units with their own mandate, budgets and management. External pressure to be cooperative across program areas as a matter of good management practice or constituent need is often limited. Rather, individual donors decide how much they wish to foster the collaboration dynamic, as do individual program managers when discreet opportunities arise. The Strategic Grant Seeker understands the silo'd nature of donor institutions and is proactive in suggesting/fostering collaborative opportunities *if appropriate*.

Why this is an issue: Donor institutions typically must work to foster internal cooperation between issues areas because they are actually set up to operate independently with each issue area taking on a unique challenge. The way individual grant portfolios are structured to operate makes a less compelling case for donors to adopt standard management practices like fostering tight cooperation between interrelated “front-office” departments -- as it would if they were generating revenue rather than giving it away.

Rather than being compelled to adopt better internal collaboration or leverage opportunities *between* programs some donor dynamics actually discourage it. Program officers may be discouraged from cooperating at the risk of invading each other's portfolio silo and budget. Cooperation can at times affect budgets adversely with funds diverted from one program to another.

It can also be a lot of extra work to develop a cooperative opportunity between issue areas; particularly if the institutions being granted to don't necessarily cooperate between issues areas either. Ironically, this sets up a negative circular dynamic systemic to the entire grant making process – donor grant portfolios are set up as discreet issue areas giving support to individual grant seekers who often don't cooperate with each other across issue areas. Instead, they compete with each other for limited resources, which only reinforces the silo'd donor behavior. Of course, the mandate and objectives of individual issues areas must complement each other for cooperation to occur. For example, the Internet program I managed as a grant giver did reach out to other programs within my institution as a matter of good practice -- because the nature of my program often acted as an operational component or a distribution mechanism for other issues areas. Given the latitude and discretion to do so [rather than being compelled or encouraged to] I took the initiative, as do other proactive grant givers. This connection between issues areas is not always as obvious in donor institutions and cooperation between programs varies widely. Often cooperation in donor institutions is more intermittent than systemic and related to individual proposals rather than overall program objectives.

The suggested strategy: The Strategic Grant Seeker *never assumes* a project proposal that overlaps, or fosters cooperation between donor program areas will be automatically shared. It enquires if a cooperative programmatic link exists and what the best course of action and program to submit it to is, (see tip #3). It also *always* clearly identifies the primary donor contact shepherding any proposal. Sometimes it is best to work concurrently when submitting a proposal to two program areas if the program managers naturally collaborate. Other times the complete opposite is true and its best to work consecutively, waiting for a proposal to be rejected before working through another donor program manager in the same institution. Ask first! The dynamics are different for each grant maker.

¹⁰ Obviously smaller donors with a handful of staff have far less issues in this area.

TIP #15: The Operating Support Shell Game

If there is a “shell game” aspect to the proposal support process it is at what level to budget operating support in a proposal and how to include it in other costs to meet both the proposer’s capacity needs and the donor’s administrative support limitations. Ironically, administrative or overhead support is the least popular line item for many donors and the most critical for nonprofits to insure their capacity to execute a grant. *The Strategic Grant Seeker understands perceptions differ widely from reality on this issue and knows what constitutes reasonable overhead for the donors it targets. It knows how to maximize direct program costs and minimize overhead to bring budgets in line with donor expectations.*

Why this is an issue: Recent trends and watchdog groups rate many nonprofits by how much of their total budget in contributions is spent on the actual program versus overhead administration. This has pressured nonprofits to keep overhead low – oftentimes at the expense of managing their organizations and growing them effectively. A rather interesting overhead study compared perceptions and realities in the non-profit and private sector:

“An examination of 25 for-profit industries shows average overhead rates ranging from 13 to 50 percent, with the average across the industries being in the mid-20s. Only seven of the industries had overhead rates less than 20 percent (the median reported rate for nonprofit organizations), and among service industries (arguably a closer analog to most nonprofits), none reported average overhead rates below 20 percent. While many in the funding community may know that the overhead figures reported by nonprofit organizations are artificially low and that their appeals literature is not accurate, the numbers nonetheless influence funder expectations. A 2001 survey conducted by the Better Business Bureau’s Wise Giving Alliance found that over half of adult Americans felt that nonprofit organizations should have overhead rates of 20 percent or less; nearly four in five felt that overhead should be held at less than 30 percent. In fact, those surveyed ranked overhead ratio and financial transparency to be more important attributes in determining their willingness to give to an organization than the demonstrated success of the organization’s programs.”¹¹

The reality and perception of overhead spending is obviously quite disparate, to the detriment of grant seekers. Institutional donors differ widely in how they treat overhead support. Some are extremely strict, while others allow a couple of percentage points of flexibility if a case can be made.

The suggested strategy: The Strategic Grant Seeker knows it is in a far stronger position to justify costs directly related to program than to fight costs defined as administrative overhead. A donor’s program criteria may even place an arbitrary cap on the latter costs. So it’s important to know what the standard is before going in and classifying costs accordingly. Some sympathetic program officers are more willing to work with a grant seeker, assisting with the reclassification of overhead costs as true program costs. In my experience, proposals with administrative overhead costs approaching or exceeding 20% typically raises eyebrows. Once a donor has it in its mind that a grant seeker spends too much on overhead it is hard to shake this perception. Grant proposals with overhead costs of 10-15% are typically not going to raise eyebrows if other costs can be defined as directly program related. The reality is that 69% of surveyed donors *do support overhead*, with larger funders more apt to do so.¹² The issue is amount.

¹¹ Bedsworth, William, Goggins-Gregory Ann, Howard Don, *Nonprofit Overhead Costs: Breaking the Vicious Cycle of Misleading Reporting, Unrealistic Expectations, and Pressure to Conform*, April 2008

¹² Rooney, Patrick, *Paying for Overhead: A Study of the Impact of Foundations’ Overhead Payment Policies on Educational and Human Service Organizations*, Center on Philanthropy at Indiana University, March 2007

TIP #16: The Measure of Success

Over the last decade, new philanthropists, often of the “Facts & Figures” dot com ilk, have demanded metrics be applied to grant giving in order to measure/insure impact – a good thing. It follows the previous decade’s trend of traditional funders questioning the real benefit of development dollars due to waste, corruption and lack of adequate evaluation and success indicators. *The Strategic Grant Seeker includes grant evaluation in its proposals to benefit its own operations as well. It employs a formative evaluation process¹³, informing the implementation process and allowing for required course corrections.*

Why this is an issue: Currently the donor fashion overwhelmingly requires project evaluation and I expect it to become a permanent fixture of grant support. Unfortunately the holy grail of successfully measuring Social Return on Investment (SROI), whether objectively or subjectively is still as elusive as the Loch Ness Monster and just about as controversial. It’s often unclear if, when or how a donor will evaluate any particular project they fund. However, the current trend among donors is still to opt for post mortem evaluations, done after grant completion, and typically focused on assessing the results of how they defined the problem in the first place -- rather than necessarily on what works best.

The suggested strategy: The Strategic Grant Seeker preemptively provides a defined methodology for evaluation in the proposal stage with the combined purposes of:

1. Allaying any fears the donor might have during the *grant processing* phase as to how to insure the project is successful.
2. Having objective metrics already available to present if the donor feels the need to evaluate the project after the fact.

The Strategic Grant Seeker views the proposal process and actual grant execution as two distinct projects. Item #1 above is meant to address donor implementation concerns during the proposal evaluation process. Item #2 protects the integrity of project results should the donor decide to do its own post-mortem evaluation. This allows for a counter-perspective to a donor initiated evaluation should the results of the two evaluations differ or the donor’s evaluation focus on a different perspective like measuring results against the donor’s initial program parameters rather than the best method for meeting constituent needs. Having project evaluation metrics in the proposal also makes it easier to submit the next proposal to a donor (provided the project being evaluated proves successful). Most donors still do not have evaluation methodologies predefined for projects as they do program criteria so there is typically latitude in presenting your own in the proposal process. Make use of it.

Project evaluation is important for the Strategic Grant Seeker to satisfy its own interest in delivering successful results as well. A formative evaluation process allows it to better meet the challenges of an implementation phase while delivering better results to the donor after a project completes. Related to appropriate metric methodology and formatting there are a variety of well established forms that individual donors may be more comfortable or familiar with. Examples include balanced scorecard, results dashboard, 360-degree feedback, etc. Enquire of the prospective donor if they have a preference in addition to determining which are right for your organization or project. Both objective and subjective (participant/partner interviews and input) measurement metrics are suggested in order to best represent both return on investment (ROI) and social return on investment (SROI).

¹³ http://en.wikipedia.org/wiki/Formative_evaluation

TIP #17: There is Sustainability... and Then There is Sustainability

Most donors say they want projects and grant seekers to be sustainable. However, more than a few grant seekers have encountered the odd and frustrating situation of presenting revenue generating projects to prospective donors only to be told they can't be funded because the proposal is too much like a business! *The Strategic Grant Seeker knows what prospective donors really mean by sustainability and how to present revenue generating proposals in a social context.*

Why this is an issue: Nonprofits providing social support have not been immune from the more capitalist tendencies pervading every sector of our economy, (from news organizations run as a bottom line generators to kids being paid for good grades). The Internet has provided nonprofits new opportunities to create revenue at very low entry costs for themselves. A new generation of donors seeking results and wanting to do things differently than their predecessors have placed long term sustainability front and center on many philanthropic agendas. As a result, the standard question now asked of grantees is how they expect to support their activities once the grant is over.

However, it turns out that sustainability presented as a business venture to underwrite nonprofit activities is a problematic concept for many donors to fit into their funding guidelines -- and for program officers who may not have an entrepreneurial background to understand them. The thinking sometimes goes, "If you can make money from this why should I have to support it with a grant". This may sound ironic from donors requesting sustainability, but it turns out that most Donors understand the term sustainability as the definition provided by Wikipedia¹⁴: "*to maintain certain state or condition indefinitely*". While a handful of donors are actually interested in nonprofits that underwrite their activities with revenue generating ventures, most are satisfied with convincing proposals that define "sustainability" as receiving support subsidies from other sources once a donor's support completes.

The suggested strategy: The Strategic Grant Seeker knows how its targeted donor's defines sustainability and *knows its audience*. It does not fall into the trap of presenting the same revenue generating proposal and pitch to distinctly different audiences; for example traditional donors who understand sustainability as a supplement to achieving social mission versus funders/ investors seeking social investing opportunities structured in a more businesslike way. *These two audiences require different pitches and proposals*. A single proposal awkwardly promoting both will often not satisfy either type of funder. Sometimes it is appropriate to present donor/investors with a project that looks like a business plan with social return on investment (SROI) and return on investment (ROI) clearly defined. Other times it's more appropriate to present a project with a clear social mission as the priority, other donor subsidy support, and supplemental points on revenue generating activities, that by the way, allow for more robust sustainability.

Some traditional donors have hybrid initiatives that allow them to consider and invest in only projects with both a mission and revenue generating base. These are called program related investments (PRI) and are usually assessed by a program officer or committee with the requisite financial and programmatic expertise. The Strategic Grant Seeker does its homework to determine if a prospective donor employs PRI's, and follows the specialized criteria often required to qualify.

¹⁴ <http://en.wikipedia.org/wiki/Sustainability>

TIP #18: Cover Your ... Assets

Grant Seekers know that the most difficult argument to make to a potential donor is underwriting administrative capacity or providing general operational support. So it is important to consider where to apply revenue the Grant Seeker generates from its own activities versus revenue received as a Donor grant subsidy. *The Strategic Grant Seeker funds its own operations to the largest extent possible from revenue it generates, and focuses its grant seeking and donor subsidies on programmatic activities.*

Why this is an issue: It is intuitive to most that a business which does not invest in its own infrastructure is going to be both less efficient and effective. However, nonprofits often rely on third party funders with very different agendas for this most critical support of their organizational capacity and infrastructure. The reason donors do not fund capacity appropriately reflects a systemic sector-wide problem that cannot be resolved in the standard donor/grantee relationship¹⁵.

The reality is that donors actively support a certain amount of waste in their entire grant making process by inadequately supporting the infrastructure of nonprofits they partner with to achieve their objectives. What may not be as clear is that the amount of a grant wasted on inefficiency even at 20%-25% is still far cheaper than providing the required infrastructure support over years to each of its nonprofit partners given the changing mission objectives and partners a typical donor works with over the course of 3-5 years. Funding these third party operating costs don't meet the mission objectives of most donors either. Pick up any grant maker's annual report and you'll find their well defined program objectives, and the direct grant support for the social issue agendas they promote. Funding nonprofit capacity is a secondary issue that often does not directly get them any closer to satisfying their issue agendas in the short time range that grants typically run (1-3 years). On the other hand, a donor might have to fund a partner's capacity for 3-5 years in order to make a real difference. Think of businesses that apply for bank loans to build their operations on the assumption of breakeven in five years.... So the option for most donors is to fund less capacity, spend more on direct programs and eat the percentage of waste and inefficiency, versus spending far more on capacity support for long periods to hopefully achieve more efficiency with nonprofits they might not even partner with over the long term. In any case, the donor has its own internal long term capacity support issues to address in addition to supporting the capacity of each of its nonprofit partners. For all these reasons, the problem will not go away anytime soon. To have any chance of healthy growth rather than simply subsisting, grant seekers must find alternative long term revenue generating solutions to supplement donor support subsidies.

The suggested strategy: I have always advised grantees and partners that the best place for a nonprofit to invest revenue it generates is in its own administrative infrastructure. Barring a systemic sea change in grant making, organizational capacity/general support will continue to be the most difficult area for grant seekers to solicit donor support. The reality is entities in other sectors typically support their own through the revenue they generate. The Strategic Grant Seeker offsets as much of its direct operational costs as possible through its own revenue generating activities. This allows it to weather economic downturns and funding dry spells far better than peer organizations that depend solely on donor underwriting and subsidies. It targets its grant seeking activities on *program related projects and investments* that meet the donor's criteria and satisfy mutual issue area agendas. A strong nonprofit that invests its own infrastructure will always be in a better position to promote itself to a donor as a viable, reliable entity to carry out its agenda.

¹⁵ I explain why and offer an alternative in my article, *The Quiet Revolution in Nonprofit Capacity Support*, <http://internautconsulting.com/5-articles-nonprofitrevcap.html> GEO Impact Journal, October 2003

TIP #19: Nothing Granted Lasts Forever

Even the deftest Strategic Grant Seeker who delivers for the donor can find itself falling out of fashion. This can happen for many reasons including change of priorities, desire for new implementing partnerships, change of program officer, perception of program staleness, etc. *The Strategic Grant Seeker maintains an awareness of the changing dynamics in a donor organization, stays on top of it and offers new, and innovative initiatives, not just the same old thing.*

Why this is an issue: Few donors want to be seen as providing grants to the same institutions in perpetuity or tactically doing the same thing year after year -- even if their missions objectives stay the same. So they periodically re-evaluate their programs, sometimes changing priorities and focus. Sometimes they may feel they are giving too much, too often to the usual suspects and look for new partners. The irony is that the system is actually skewed for precisely this behavior to occur. Funds often go to the entities best able to develop the relationships and meet the donor's parameters and objectives. Familiarity with the process is precisely what fosters more effective grant seeking.

To exemplify this point, when I was a grant maker we ran an open contest for proposals with over 300 project submissions and multiple levels of judging both internal and external to our institution. To our surprise most of the finalists were still our usual suspects, why? Because they understood our institution's processes enough to submit the best proposals even in an open call with objective judging!

The suggested strategy: The Strategic Grant Seeker uses advance information and a relationship with the Donor to develop new projects and new partnerships that meet future donor needs. If it has followed the earlier tips, it has a solid relationship with the grant maker; has completed grant(s) to donor's satisfaction; and is solicited for insight and advice. At this stage its typically no longer "grant by numbers" working to meet project parameters the donor defines, but rather a mutual relationship of trust where at times both parties work together defining projects, parameters and results that meet each institution's objectives. The donor may even be calling the Strategic Grant Seeker, pitching ideas and asking what the Grant Seeker has in terms of initiatives to meet them. In this rarified position of trust, the Strategic Grant Seeker can use this familiarity to learn of new opportunities or directions that the Donor is going in and stave off the staleness factor.

Unfortunately, funding "the same old thing" may be exactly what the grant seeker needs to support an already successful initiative achieving results on the ground. However, that is grant seeker rather than grant maker thinking -- or more precisely, implementer and not resource provider thinking. Since most donors like to see themselves as innovative and cutting edge, it is difficult to promote that image funding the same thing and same organizations year after year. This requires the Strategic Grant Seeker to be innovative [but truthful] in its presentation. In the case of programs that really work on the ground but still need funding it may mean adding a new angle or repackaging them so that they can *feel new* to the donor. Reality is often an equal mix of fact and perception.

In a donor's quest for the new a Strategic Grant Seeker may need to present completely new projects. In some cases it may even require new partnerships with an implementing partner who receives the donor grant and then sub-contracts or provides a pass through grant to the Strategic Grant Seeker for its work -- so that the Donor does not feel as if it is providing support to the same institution each year. In some cases it may even mean leaving a year or two [or more] of space between grant requests. Take a tip from farmers who allow some fields to lay fallow for a season or two to insure rich harvests over the long term. To avoid being replaced simply because a new donor program officer takes the job see *tip #3*.

TIP #20: Donor Funding Logic – The Formula

This could have been the first tip but I felt it better to place it last after explaining some important dynamics around donor decision making. At times donor funding logic may seem somewhat arbitrary and even, dare I say it, unfair. *The Strategic Grant Seeker is reconciled to the fact that institutions giving away money based on their own funding parameters, limited external oversight, and a constituency they are not directly beholden to are not compelled to operate on the basis of logic.* However, the Strategic Grant Seeker does not tilt at windmills decrying the injustice of exceptional proposals not being funded. Rather, it strives to understand the dynamics of the system and leverages it to its advantage to more successfully secure grants for projects it is passionate about from institutions generous enough to make funds available in the first place.

Why this is an issue: As a former grant maker I developed a formula that I think best describes how donor decisions are made – keeping in mind that the value of the defined variables and level of divergence *vary significantly* by donor institutions and even individual program. Let's assume that real demand is the target nonprofit grant seekers wish to satisfy based on experience with their local constituency's needs. The Donor logic most difficult for grant seeking nonprofits to understand occupies that space between real demand and the level of divergence from real demand donor program criteria seem to occupy (e.g. their perception of the issue). This divergence can be expressed in a formula:

(a) Extent of donor understanding of the issue being addressed and the real need on the ground
 + (b) Other factors specific to Donor that have little bearing on actual need
 + (c) Restrictiveness of grant criteria/parameters that filter out proposals
 + (d) the gatekeeper (program officer, grant approval committee, etc.) employed
 = **Divergence from real demand**

(a) It should not surprise anyone that people who make and give away millions/billions operate by their own rules and perception of challenges and solutions. Ditto for donor boards populated by diverse groups of personalities, intellectuals and administrators. The extent to which their operational understanding of the problem differs from reality on the ground is the first major variable.

(b) Other objectives may exist besides solving the actual problem, for example size of tax write-off, extent of recognition or kudos, satisfaction of a political constituency, ideology, biases and so on....

(c) Grant parameters are a function of (a) & (b) modified by how gatekeepers interpret them. Some can be on the mark while others actually make successful projects difficult to impossible to implement.

(d) Grant giving gatekeepers serve a dual purpose. They shield the donor directly from the deluge of support requests while ensuring proposals meet stated grant parameters if they are to be funded. A skilled gatekeeper limits overall divergence from real demand by helping deserving proposers conform to the parameters and satisfy the donor. An adequate gatekeeper conforms to the parameters so as not to exacerbate divergence any further. A poor gatekeeper exacerbates divergence, by interpreting grant parameters badly or skewed to its political advantage within the donor organization. Note that poorly conceived grant criteria may make even adequate gate keepers very poor at meeting demand.

The suggested strategy: The Strategic Grant Seeker thinks like a donor related to this equation insuring its presentations, pitches and proposals don't just reflect *its* perception of need *but rather the donors*. Focus on the donor's needs to get the grant, and on your client and institutional needs to execute it.

Epilogue

The 20 Insider Tips Every Strategic Grant Seeker Should Know - is written by the author of *The Dynamic of Technology for Social Change* (<http://technologyforsocialchange.org>), Jonathan Peizer. He has over two decades of socially responsible project implementation experience in addition to working both as a grant maker with the Open Society Institute and a nonprofit founder and board chair of Aspiration (<http://aspirationtech.org>). He is currently the Principal and President of Internaut & Associates, Inc. which provides strategic consulting advice on socially responsible initiatives to nonprofits, corporations and governments. It also manages a free online peer reviewed nonprofit capacity resource <http://capaciteria.org>. Finally it promotes a healthy lifestyle through its socially responsible e-commerce enterprise, <http://greentealovers.com>, providing premium white and green teas with high antioxidant profiles primarily from Japan but also from Asia and the new tea growing regions of Africa.

Do you have any comments of questions? We'd love to hear from you! Contact Jonathan Peizer at jpeizer@internautconsulting.com if you have questions or comments about this publication or the strategic consulting he does for foundations, nonprofits, corporations and governments. You can also visit our websites at <http://internautconsulting.com>.