

Module III: Fundraising

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McManus, 2011

McManus begins by asking what kind of fundraising activities work best with competing financial interests: long-term sustainability, so-called “bang-for-buck,” and expanding the revenue base. In the US, charitable donations amount to several hundred billion dollars, but because there are so many non-profits using funds, it can feel as if NFPs and NGOs compete for the same scarce resources to continue their work.

Professionals distinguish between *fund-raising* and *fund-development*: the latter is an iterative process that involves “making the ask” as merely one step in a series of steps. This shift of perspective allows planners to think strategically and to anticipate the difficulties of the process.

McManus’s thesis is that “good fundraising flows out of the principles of strategic fund development.” She relates an anecdote about her first fund-raising job, describing six key lessons she wishes she had known. First, people are more likely to donate when they sense a genuine human on the receiving end. Second, the Pareto Principle applies to donors and raised revenue. Third, pursuing visibly wealthy sources of funds often means one looks over less obvious opportunities. Fourth, the relationship between giver and recipient matters more than the money being given. Fifth, fund-raising doesn’t happen in a vacuum, which means that it has to be operationally plugged into all other activity and aware of other operations. Lastly, she says that proudly giving philanthropists (big or small) a chance to participate is always better than humbly begging for a contribution.

Fund-development is not a one-size fits all strategy; different groups will find success with different models. McManus lists the various types of contributions that can come, broadly categorised into annual gifts and major gifts. Were she to redo her first job as a NFP fundraiser, she would begin by first understanding who the organisation is and why they wanted funds from what kind of donor. Then, she would acquaint herself with the organisation’s work and mission so that she could present an informed recommendation to the governing board. Next, she would identify the likeliest candidates for contribution and only send letters to arrange a face-to-face meeting for the “ask.”

The final section is a “Dos & Don’ts” of fund-development. Flowing from her belief that everyone should be proud of their work, she reiterates that fundraisers offer a chance for philanthropy to their donors (transactional, yes, but it works better than mealy-mouthed begging). It’s also important to honour your donor’s time and intelligence by being straightforward and making intelligent

asks. Lastly, fund diversification should always be part of an NFP's overall strategic considerations.

Bell & Cornelius

Development Directors are the senior staff-members who oversee an organisation's fund-raising efforts. The report covers the difficulties faced by people in this position based on surveys with Executive Directors and Development directors across the US. The problems encountered by small organisations do differ from those by larger ones.

First, the position's turnover is high and vacancies tend to be long, and not just because there is a scarcity of talented fund-raisers. Many dev-directors have little interest in a career in that work. The upshot is that fund-raising know-how is never organisation-specific, leading to inconsistent donor-bases.

Second, the talent pool of development candidates is shallow and of uneven quality. Smaller NFPs can't attract competent directors as easily as large ones, and many Executive Directors' appraisals of their development director are not favourable. A quarter of all previous dev-directors were fired for inadequate performance or misfit with the organisation's culture. The problems compound as an organisation's size diminishes.

However, it's not enough to chalk up these grim realities to the labour market: fund-raising doesn't happen in a vacuum, and even a competent development director will produce mediocre results without the proper organisational tools. Board officers, volunteers, and staff all have different roles to play in the mission of fund-raising, either as ambassadors and solicitors. Smaller organisations often neglect investing in fund-development infrastructure. Echoing McManus's remarks about pride and begging, many board officers and executives neither enjoy asking for contributions nor take pride in that job. Conversely, organisations see success when the board, staff, and EO take an active role in development work.

The report discusses what Simone Joyaux calls the "culture of philanthropy," and it seems to be the one realm where smaller orgs have an edge over larger ones. Diverging perceptions between EOs and development directors indicate that many organisations lack a fund-focused atmosphere.

As for solutions, the report calls for organisations to do more than simply hire the "right" development director and keep them. First, organisations need to do destigmatise fund-raising and quit apologising while seeking donations (as McManus emphasised). Diversifying the talent pool begins with making development its own career track for young people and people of color who can leverage the power of new tech. Board engagement, as always, can be built up through training. As a more off-the-wall solution, the authors suggest using development-director-transition as a moment for self-reflection within an organisation; the board and executive share accountability for the outgoing director's

performance. Although it is difficult for a single development director to reshape an NFP's culture to embrace fund-development, they are uniquely positioned to begin the process to change that.

In the video "UnderDeveloped," Cornelius presents the findings of her report which she wrote with Bell.

Sherlock & Gravelle, 2009

According to the congressional report, charities raise revenue from four sources: payments for service, receipt of state grants, private contributions, and returns on investments. In addition to these direct sources of revenue, non-profits also receive privileged tax status which lighten their financial burden in many ways. Private payments for services make up half of the sector's revenue sources, followed by government payments and grants.

Within the non-profit sector, different fields are more susceptible to economic contractions for revenue. Those more reliant on private contribution – such as the arts and environmental conservation – rather than transactional sources suffer the most during recession; the field which derives the most from investment in future capacity is education.

The decade from 1995-2005 saw charitable contributions grow, but some fields witnessed greater changes than others (typically fields which were small in the first place and remained small, such as INGOs and environmental conservation). Religious groups received the highest amount of donations of any field, a trend which hasn't changed much since the '90s. Giving also correlates strongly with household income; more affluent people are more likely to donate and tend to donate more.

The unfortunate reality is that economic contractions cause funds available to many charitable organisations to shrink precisely when they are needed most. Recession often affects investment assets as well. Organisations which provide necessity services such as food and healthcare weather the storm better than those which produce durable consumer goods. The upshot is that many nonprofits slashed operations to survive the austerity budgets imposed by state policy after the 2008 financial meltdown.

O'Neal-McElrath, 2011

O'Neal-McElrath begins by saying that almost never does "seeking a grant" succeed. She prefers to think of a successfully solicited grant as a "transfer of enthusiasm" from people with spare capital to people who use it to realise some good end in the world. She likens the process to building a house; discussions, planning, and drafting all come before the cornerstone is laid (in her analogy, the written grant itself is the cornerstone). Doing the homework to identify similarly-aligned foundations should be the first task of any grant-writer. Once

it's time to make contact, it's important to determine whether one should speak to a particular staff member or a board officer in a foundation.

Honesty and realism about an organisation's ability to deliver is critically important for grants, since it is illegal to misappropriate funds from their intended purpose. Success grants outline a program plan to show how the funds will help realise a specific, tangible goal.

Grant proposals and letters of intent largely follow the format outline on page 332 of the text. The task of grant-seekers is "to develop a plan for meeting each individual funder's needs as articulated in the grant guidelines." On the organisation's side, the grant-writer needs to be well-acquainted with operations, mission, and the specific program to be funded. Rather than rely on an expert grant-writer, the prospective program director/manager is the best person to write the proposal. Barring that, outside help should be used only at the utmost end of need.

After an anecdote relating a missed grant opportunity, O'Neal-McElrath leaves the reader with the Dos and Don'ts of grant seeking. Positive framing of a problem avoids alienating or demotivating a reader. There are no 'one-size-fits-all' LOIs; all grants should be tailored for the specific foundation they are submitted to. To avoid a missed grant, it's important to work with funding foundations as partners rather than patrons when seeking a grant.

Grant-writing

The limiting factor for receiving grants is not the scarcity of money, but the effort put into courting one. Grants are awards of money to be put toward a very specific purpose spelled out in advance by a proposal. Before seeking a grant, the author suggests seriously considering if and why your project or mission need one; chasing grants can be a rabbit-hole distraction.

Regional Associations of Grant-makers (RAGs) often release common standards for grant applications, which make it easier to translate a proposal to multiple possible foundations (however, DO NOT DO THAT, for reasons discussed in the other abstracts for this module).

Family foundations differ from independent private foundations with respect to staff and executive decision making. The less personalised foundations, such as federated funds, corporated foundations, and community foundations, all have wider stakeholder groups who need to be satisfied by grant proposals. The Foundation Center and Grantsmanship Center have an online resource (available through paid subscriptions) to assist with the research process for grant-writers. Publications and newsletters such as Philanthropy News Digest give inside-track info on trends in the sector; trade publications in your organisation's field of work are also important to stay current with. Researching in advance not only saves you time, but it shows to foundation staff that you are a serious person who honours their intelligence and time.

Businesses are also a potential source of grants, although it bears remembering that business interests usually motivate business philanthropy. Federal, State, and Local grants are available because of legislation, and information on them is publicly available. The bar to clear for a federal grant is often not worth it, but they lend prestige to an organisation and provide a wealth of funds. The trend recently has been devolution from the federal government to the states, however, which bears well or ill for many organisations depending on the political landscape in their states. Key to success with government grants is visiting elected officials.

Lastly, the Web has lowered the cost of entry to the fundraising game to almost nothing. A social media presence not only raises an organisation's profile to grant-givers, but it also provides a platform to "brag" and seek small one-off donations.

Eligibility comes before everything else: if your organisation doesn't qualify for the reward, then save yourself the effort of applying in vain. Like in the other abstracts, a grant-writer should also ensure that the RFP or RFA harmonise with the grant-writer's intended use for the grant. Continuing contact outside of the grant-cycle can sometimes keep attention on a request alive. If the grant-package doesn't have clear expectations, sometimes a letter of inquiry can get the ball rolling as a miniaturised version of the final write-up.

The intangibles of grant-writing are learned on the job, reproduced in the text for our benefit. Often, assembling the information needed to write a non-fraudulent grant proposal can be harder than herding cats, but having respect for ones colleagues even when they don't follow through on their promises is more than just good form.

When writing the actual grant proposal itself, the author follows 12 rules to get started and follow through. Begin with an outline, not a recycled one, but based on what the funder is expecting. Start with a skeleton and add detail in layers. Vocabulary needs to be inclusive and hard-to-misinterpret. Triple check spelling and grammar to show that you are a serious writer who should be taken seriously (this is harder to do when writing against a near deadline). In the interest of clarity, the active voice and viewer descriptors are preferred. Rather than take a chance that the reader is unfamiliar with jargon and acronyms, avoid them at all costs.

Grant-proposals are often the make-or-break opportunity to get funding, so they deserve the attention and care of people writing them. The algorithm by which grant-givers decide which proposals are green-lit is also painstakingly complex to ensure that the decision makers have fair and objective information at their disposal. This is not to say that intangibles don't matter; for foundations, site-visits and candor on the part of the recipients can be important.

When a proposal is rejected, grant-writers shouldn't be too ashamed to follow up and ask why. Feedback is important and cheap; if the grant-giver isn't willing to disclose useful specifics, it still doesn't hurt to ask. That said, asking the

right questions will go a lot farther at getting useful responses. Sometimes, the right people to ask for feedback aren't grant-givers but successful recipients in the same field.

The final section of the text summarises the key takeaways which the authors want to leave with the reader and a checklist to run through when writing a grant proposal.

4 Key Strategies

Building relationships with donors is the most important way to secure sustainable funding. By working the passionate donors, development directors can build a network of like-minded individuals and foundations. Last, expressing sincere gratitude to donors can make donors feel like their contribution is well received.

Ford, 2009

Ford describes the process that she uses to secure corporate and foundation grants. She specifically refers to the proposal process, which itself is only the last step of an 11 step process. She begins by declaring her organisation's mission and the needs of the program she seeks to fund. Before continuing any further, a working budget needs to be drawn up and stated. Researching donors in advance can save everyone time by only writing to likeminded sources of funds.