FOUNDATION AND CORPORATE GRANTSEEKING

~ A BRIEF GUIDE ~

WITH PERMISSION, ADAPTED FROM

Foundation and Corporate Grantseeking for Employment Networks
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TABLE OF CONTENTS

Chapter 1
About Foundations

One of the central themes of this chapter is that writing proposals for foundations is distinctly different from writing government grants and contracts, and the purpose of this section is to provide some specific and practical guidance on how to create a foundation proposal that will help you reach your goals. To begin, following are some elements specifically attractive to foundations:

- **Meeting Real Needs**. Most foundations want to fund programs that meet real and clear needs – these might be local, regional, national, even global. They want to be able to see and show how their investment made a difference in the lives of individuals.
- **Visibility**. Many foundations, particularly local ones, favor programs that serve clients directly and can be seen and visited by board members and staff.
- **Small Investment, Big Return**. Many foundations seek to "leverage" or extend their funding by providing a small initial investment that will then be matched by substantial government funding.
- **Sustainability.** Funders want to feel reassured that the program will not collapse as soon as the foundation money runs out.

Mentioning any of these "value-added" factors in your proposal will strengthen your chances of success.

What are foundations?

Many organizations call themselves 'foundations," but not all are places to look for money. For example, most universities have a "foundation" with the sole job of raising money for the university, and all of the money raised goes into its programs.

When searching for support for your own work you will want to look for **grantmaking foundations** that provide support for specific causes and programs. Many of these foundations have endowments, sums of money given by the original donors that are invested to produce income. The income is then used to fund projects and to pay for the expenses of the foundation. For most foundations, the endowment principal (also called the "assets" or the "corpus") is never used, only the income.

Foundations come in a bewildering number of shapes and sizes. The largest have endowments in the billions, while small foundations often have less than a million dollars. Some have large permanent professional staffs, while others are "staffed" by family members of the donor who meet once a year to distribute grants. The Foundation Center—the nation's leading authority on philanthropy, which serves grantseekers, grantmakers, researchers, and others by collecting, organizing, and communicating information about the field—reports that there were over 71,000 grantmaking foundations in the U.S. in 2005 with combined assets of over $550 billion. The

Center estimates that giving totaled $40.7 billion in 2006.[1] *To be successful in approaching foundations for funding, it is essential to know the type of foundation, the issues they support, and their typical grant size.*

Grantmaking Foundations

Grantmaking foundations in the U.S. generally fall into one of six categories:

- **Community foundations** are created to serve a specific geographic area, usually a city or county, although they may occasionally fund outside of that area. They actively seek new donors, and often create "donor advised funds" that allow the donors to designate the types of programs they want funded with their donation.

- **Family foundations** are set up by individual donors or a family of donors from their personal wealth. Family members usually control the board of directors, and the topics funded by the foundation often reflect the personal interests of the family members.

- **Private or independent foundations** often evolve from family foundations once the original family is gone or the foundation grows to a size that it is no longer possible to manage with just family members. Many of the largest national foundations (e.g., Robert Wood Johnson, Rockefeller, Ford) started this way.

- **Corporate foundations** and corporate giving programs are vehicles through which businesses give back to their communities. Some corporations have an actual foundation while others have a giving program that is run by the corporation directly. Corporate giving programs are usually funded with a percentage of the profits of the company; so that in bad years, the available funding is minimal. For both the foundation and the giving program, the philanthropy is an extension of the corporation itself, and the programs it funds must fit into issues of interest to the corporation.

- **Operating foundations** are private foundations that use their resources to fund charitable programs of their own. Very few make grants to outside organizations.

- **Public foundations**, like community foundations, actively raise money from donors to support charitable grants. They comprise a relatively small category of grantmakers.

The Foundation Center reports in its 2007 *Foundation Year Book* that in 2005, one percent of all foundations were community foundations, 3.7 percent were corporate foundations, 6.6 percent were operating foundations, and the remaining 88.7 percent were independent and family foundations.

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[1] *Foundation Growth and Giving Estimates: Current Outlook, 2007 Edition,* April 2007, The Foundation Center, p. 1.

The keys, once again, to successful foundation fundraising are knowing the interest of the particular foundations you are targeting, tailoring your ideas to meet their needs, and working as closely as possible with foundation staff.

What Foundations Fund

Major categories of foundation funding for 2005:

Topic Area	*Percentage*
Education	**24.0**
Health	20.8
Human Services	14.8
Arts and Culture	12.5
Public Affairs/Society Benefit[2]	12.1
Environment and Animals	6.3
Internal Affairs, Development and Peace	3.6
Science and Technology	3.1
Religion	2.5
Social Sciences	1.2
Other	0.1
Total	**100.0**

Source: *Foundation Giving Trends,* The Foundation Center, 2007.

Differences Between Foundation and Government Funding Processes

Perhaps the most difficult and frustrating aspect of working with foundations is that the grant writing and selection processes are so different from the government process with which many higher-education grantseekers are intimately familiar. Chapter Two discusses specific techniques for researching and writing successful foundation proposals, but it may be helpful to understand the process of decision-making at foundations before moving to those suggestions.

The contrast between the government and foundation process can be summarized as the difference between **"fairness"** and **"stewardship."** Each, in and of itself, is a wonderful principle, but the two concepts imply different priorities and ways of making decisions.

Government process. Government sources emphasize "fairness," in the sense that all applicants should have an equal opportunity to compete successfully for funding. While we all know examples of the process not being as "fair" as advertised, most government programs stress the importance of having a "level playing field" for everyone. Examples of how this shows up in the funding process include:

[2] Includes civil rights and social action, community improvement and development, philanthropy and voluntarism, and public affairs.

- A written “request for proposals” (RFP), with detailed written guidelines on topics that will be funded, for how much, and for how long;
- Detailed, published review criteria that enable applicants to know exactly how their proposals will be judged;
- Use of a review panel made up of outside experts who do not have a vested interest in who is funded;
- Designated government staff members who are assigned to answer questions during the proposal process.

Foundation process. While fairness is also important to foundations, the foundation world stresses “stewardship**.”** Foundation trustees are stewards of money given to the foundation, and their responsibility is to use it in the most effective way to meet the goals laid out by the donors. This leads to a process that:

- Often favors excellent programs already known to the foundation, rather than making sure that everyone is applying on an equal footing;
- Can make use of information that is not in the grant application, including personal knowledge about applicants that foundation staff or board members may have;
- May or may not have a written request for proposals or other specific guidelines for potential applicants;
- Has review and selection processes that are not open to public scrutiny and review criteria that are often not explicit.

The goal for both government and foundations is to fund the best programs and to serve the public good. The difference is that foundation decision-makers may choose to fund programs well known to them because they believe that the product will be excellent. Applicants may find this “unfair,” and many find it frustrating; but *it is essential to understand the difference in how government and foundations funding processes works and how to tailor a proposal for the audience you are trying to reach.*

CHAPTER 2
STEPS TO SUCCESSFUL FOUNDATION GRANTSEEKING

Each foundation is unique. This does not mean that every proposal must start from scratch but that each proposal should target one specific foundation and be responsive to whatever instructions that organization provides. Do not try to short-circuit the process into a "one size fits all" approach by sending identical proposals to all foundations that appear to share your interest in a given topic or issue.

Following are some steps on how to make this idea a successful reality. Actually writing the proposal comes almost at the end of the process (Step 8 out of 9). Most of the hard work to create a successful proposal comes before the proposal itself is sent.

Step 1: Nurture relationships.

Probably the greatest single difference between foundation and government funding is the importance of relationships to foundations. While it always useful to know people in relevant federal or state agencies, it is even more important to foundation grantseeking. This does not mean that only "insiders" are funded (although it sometimes seems that way), but staff and trustees tend to support programs they know and respect.

All too often, the initial proposal submission is the only interaction a nonprofit has with a potential funder. If the proposal is unsuccessful, many nonprofits are reluctant to call and find out whether the proposal was good but needs reworking or whether it was completely off the mark. It is essential to work directly with the staff to the extent possible. In foundations with small or no staff, this is more difficult; but larger foundations have professionals who can give you an initial indication of your chances.

Non-profits can also enhance their relationships with foundations by simply providing a regular stream of information. Foundation staff should be on the mailing list for press releases, educational sessions, and social events. If you are already putting on these events, the additional cost of including foundation members is minimal. If you are successful in attracting foundation staff to an event, remember that the event itself is neither the time nor the place to do a hard sell. These events do, however, offer opportunities to highlight your project's good work, show how much the community appreciates your agency, and educate foundation staff about your issues.

Step 2: Advertise your successes.

As noted above, the most important concept in the foundation world is stewardship. Foundation officers and boards are stewards of someone else's money. Their responsibility is to use it wisely to meet the needs the founders cared about. Because of this, foundations often fund projects that have a good chance of being successful.

Larger foundations may have an application process open to everyone, but smaller local foundations often do not. Many organizations feel that this is unfair, since only "insiders" have access to the money under these circumstances. But for board members, being a good steward of the foundation's resources means funding a project that is likely to be successful rather than one proposed by an organization that is unknown.

Step 3: Do your homework.

All foundation program officers have favorite stories of odd, misplaced, or even bizarre grant proposals that come across their desk on a regular basis. The Duke Endowment receives at least a dozen proposals a year addressed to James Duke – who died in 1922! Another example is a foundation that funds only biomedical research receiving regular requests to purchase vans to transport people with disabilities to doctors' offices and rehabilitation centers. Just because your project is worthy doesn't mean it is appropriate for a particular foundation. Successful grantseekers follow the most fundamental rule of grant writing – they always do their homework.

Exploration. The critical point is that to the extent possible, applicants need to know *what the foundation funds, its criteria for selection and the process it uses to fund projects*. Fortunately, many foundations now have Websites, and this information is usually readily available there. If the foundation you are researching doesn't have a Website, there is usually a phone number and/or email address. Many foundations publish annual reports of their activities, and these are available to the public. These sources of basic information make an inappropriate proposal even less appealing to foundations.

It is worth repeating that you should never send identical copies of a proposal to every foundation listing your area of interest. *Unsolicited proposals have almost no chance of success, and can damage your chances of being funded by that foundation in the future*. Each foundation deserves the time and effort it takes to tailor programs to its specific needs.

As mentioned above, many foundations, especially larger ones, have regular application schedules and guidelines. *These usually set out specific questions or programs for which proposals are solicited, provide detailed instructions on how to apply, and have fixed application deadlines.* If you are applying to a foundation with this type of application process, read the instructions carefully several times before beginning. If they ask for specific items in a specific order, follow the format carefully. If reviewers are expecting to see certain items in a certain place, they will not appreciate having to search through the whole proposal to find what they need.

Most Websites and annual reports also have lists of recently funded projects showing the size of the grants given by the foundation, the geographic region served, and the types of programs funded. Many foundations have very broad missions (e.g., "to improve the healthcare of all Americans") and their grant list will give you a much clearer idea of their current priorities and how these are defined. These lists are often particularly helpful in providing a sense of the target grant size. The application information may say that proposals can be submitted for amounts "up to $1 million," but the current grant list may indicate that the largest single grant made in the previous year was $50,000. It's a good idea to base your request on the dollar range of the actual grants made, looking especially carefully at the average grant amount.

Step 4: Look locally.

Philanthropy Northwest provides a comprehensive list of foundations (family, corporate, independent) in the Northwest (Alaska, Idaho, Montana, Oregon, Washington and Wyoming). http://www.philanthropynw.org/about/about-members.htm

Non-profits often think first of the huge, nationally known foundations when they consider submitting a foundation proposal. Indeed, they may be the *only* ones they know about. The irony is that they are usually not the most promising sources of support. For that, grant-seekers must look locally.

Local foundations include private and family foundations, public charities, and your local community foundation. While individual national foundations may be enormous, *only one out of eight foundations give nationally*, and over 60 percent of foundation dollars come from local foundations.[3] These are also the foundations that care about your community and may already know your work. Corporate foundations and giving programs often have a special interest in supporting programs that improve the communities in which they do business and in which their employees live, so it is useful to identify any corporation with headquarters or major operations in your area as possible places for support.

It is important to find out as much as possible about local foundations and their funding priorities. Family and private foundations can sometimes be difficult to reach, and this is where the assistance of a strong board of directors or advisory board is important. Your board members and advisors can promote your organization, guide the grant application process, and also vouch for the excellence of your work.

Finally, receiving support from local foundations makes success with national foundations much more likely. Having this "stamp of approval" from those who know your agency best is an important step in finding more support at a higher level.

Step 5: Understand the funder's needs.

Foundations have needs, just as non-profits do. These needs are reflected in their mission statements and funding criteria. Particularly clear examples are family or private foundations that have close ties to the original founder. Part of the role of these foundations is to perpetuate the memory and interests of their founders, and their boards of directors and staff will often frame reviews in terms of how the founder might have reacted to a proposal.

It is possible to better understand the foundation's needs by carefully reading its mission statement and history. Looking at the mission statement in light of recent grants made by the funder can give you a good idea of the foundation's current emphasis and priorities, and *this* can give you a fairly solid idea of whether or not your proposed project will be competitive.

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[3] *Foundation Year Book 2002*, pp. 22-3.

Step 6: Simplify and clarify your messages.

Once you have a clear understanding of the foundation's funding priorities and needs (Steps 1-5), it's time to prepare for a discussion with the foundation.

This is sometimes a challenge to otherwise intelligent and committed non-profit leaders. In the excitement of explaining the important work they are doing, they often try to include every facet of their program in their first conversation with a prospective funder. This approach often confuses the listener and obscures the main thrust of the project. Obviously, this is not an effective strategy to use with busy foundation officials.

Most foundation staff care deeply about serving the needs of others, but in an average week, a program officer at a major foundation will field 20-30 "pitches" (verbal presentations) for potential funding and a similar number of written communications. In that environment, it's critical to be clear and prepared.

You should be able to state the major elements of what you propose to do in less than three minutes. Achieving this degree of clarity and brevity takes work, and as much effort should be devoted to this part of the process as to the final written proposal. Write out your talking points and practice your speech with others. If requested by foundation staff, prepare a written version of your comments (no more than two pages).

Once you create your basic message, prepare answers to the logical "second tier" questions foundation staff may ask: "How long will this take?" "Have you done this before?" "How much will this cost?" "Why are you the right organization for the project?" Thinking on your feet is not usually effective in this context, even if the proposed project is familiar. You may well be nervous. If so, you may forget the important parts of your main idea or express them in a jumbled manner.

Step 7: Talk before writing

After carefully constructing a three-minute speech, it's time to call the foundation and talk to a program officer. When asked how many discussions they have had with their potential funders, most non-profits respond "none." They assume that the grant guidelines or Request for Proposals contains everything they need and that the program officer cannot provide additional help. This is a critical and potentially fatal mistake.

One of the differences between foundations and government agencies is that it is more likely that a *foundation program officer will offer specific advice on matching your proposal to the foundation's priorities*. When you first call a foundation office, especially a small one, recognize that the secretary/receptionist may well be empowered to provide you with a lot of information about applying to the foundation. Identify yourself and your organization and ask which program officer (if there is more than one) deals with the particular area in which you are interest. Ask for the best way to speak to that program officer -- directly, by phone or e-mail -- and then get the person's direct contact information.

Once you get the program officer on the phone or e-mail, the first question to ask after briefly describing your project should be, “does this idea fit your foundation’s priorities?” If not, are there some aspects of the work that might fit your guidelines? If the idea is so far off the mark so that it cannot be reshaped, the program officer will usually say so. This should not be taken as an insult or lack of appreciation of your work. Rather, take the position that the program officer has just saved you countless hours of labor in creating an unsuccessful proposal.

While speaking with the program officer, if you are told that your idea is “in the ballpark” but missing the mark somehow, ask questions about specific parts of the project to explore possible ways of strengthening your effort. Once you hear in more detail how the foundation is currently interpreting its interests and requirements, it may become clear that your proposal has little chance for success. While this is obviously disappointing, keep in mind that both you and the foundation staff will have been spared a lot of futile effort. On the other hand, you may now have significant new information that allows you to prepare a proposal to the foundation that will more likely meet the needs of both the foundation and your nonprofit.

Smaller foundations sometimes do not have full-time staffs, and communicating may be harder. This is often where a concise written communication may be helpful—either on paper or by e-mail. Always follow the foundation’s instructions on how to communicate with them.

It’s also important to remember that the program officer is a significant but not final decision maker in the funding process. Never mistake a program officer’s enthusiasm as a promise of funding. However, he or she can be an invaluable source of information in shaping your proposal specifically to meet the foundation’s needs.

Talk first, but remember to listen carefully. If you are nervous or unsure of yourself, you might go through your entire presentation without giving the foundation officer a chance to respond (once again highlighting the need to have a carefully crafted statement). What the program staff has to say is the reason for the call in the first place – give them a chance to give their feedback.

The fact that foundation priorities can change with new leadership or because of board decisions makes it especially important to try to arrange a meeting or a phone call to talk about your project. For example, The Robert Wood Johnson Foundation (RWJF)was a pioneer in funding projects that were models for many aspects of Ticket to Work legislation and that provided technical assistance to many states as they created Medicaid buy-ins in response to the federal legislation. However, RWJF is now under new leadership and is emphasizing support for aging rather than projects incorporating employment for people with disabilities

There are other reasons that a foundation might change its giving program. The current economic climate almost always influences a foundation’s programs; at the very least it influences the amount of grant dollars available for such programs. The plunge of the stock market in 2003, in most cases, greatly decreased the assets of endowed foundations. Since foundations traditionally give away a percentage (approximately 5 percent) of their asset base each year, the dollars available for grants during a recession is diminished. Foundation trustees who are being thoughtful stewards may well cut entire program areas out of their giving program rather than have all programs take cuts across the board. This allows the foundation to continue to work in depth in some of their interest areas, rather than making superficial impact on many program areas. On the other hand, when the economy is thriving, foundations are able to increase their giving to areas of concern, many times adding program interests that were previously beyond their means.

For grantseekers, the problem is twofold. Not only do funders change their priorities, but the publications and Websites that report such changes to help you with your research are not always up to date. So, once again, it bears repeating that checking in with foundations to ensure that your information about their guidelines and criteria are up to date and accurate saves you and the foundation staff a great deal of work in the long run.

Step 8: Write the proposal and answer the three "what" questions.

Having carefully completed the first seven steps, it is *now* time to write the proposal. One common mistake is to write the proposal first, and then begin the exploration and cultivation process. It's no surprise that most of these efforts are not successful.

As stated before, you must modify each proposal to meet the specific interests of each foundation. Once specific sections are modified, a great deal of your material can be used repeatedly. Each proposal has "boilerplate" sections (institution description, populations served, resources available for the project), and your program description, goals, and objectives are likely to be the same—even though you may stress different goals and objectives of your project for different funders. However, it is essential to read the application instructions, since the application may ask for this information in a specific format. *Be sure to provide information in exactly the way requested.*

Another common mistake is to concentrate your proposal-writing efforts on the methodology section. This is particularly likely if you are used to the government-funding model, which assumes that sophisticated reviewers will assess the quality and merit of the design. While some foundations either have such sophistication on staff or hire it when they need it, many do not. Paid staff or unpaid family members who staff family foundations are frequently generalists with knowledge of their communities and broad layperson's knowledge of a wide variety of issues. *Most important is clearly answering the question*, "How will this program make life better for people with disabilities and the community at large?" (see section 2. below: So What?). While following the foundation's prescribed format and ensuring that your proposed methods are sound, your proposal should focus on answering other questions as well. These can be summarized as the "Three *What* Questions."

1. *Do What?* Your proposal should have a concise and clear statement, written in layman's terms, of what it will accomplish. This advice seems so obvious as to be almost insulting, but an amazing number of foundation proposals lack this element. Either the program is described in technical jargon that can be understood only by experts or it is embedded in a long and confusing narrative. Another mistake is to assume that because there is a strong need for the program, the foundation should support it. How the program will *meet* the need is the critical issue.

2. *So What?* This is the question of most interest to board members, who usually make the final decisions on what programs are funded. Many times foundations receive proposals for programs that the applicant could clearly complete successfully. The question is, what *difference* would it make for the population the foundation serves? This is a key question, for example, for nonprofits serving people with disabilities. As indicated by the small percentage of foundation grant dollars awarded to organizations serving people with disabilities, most foundations do not think of their dollars being spent on this specific population. This is where education is needed in the proposal regarding the impact fully employed people will have on the community in which the funder is interested. If the grantmaker states an interest in low-income community members in a certain geographic area, you then must make the connection for them about how your project will improve the lives of that very population. Do not assume that the grantmaker will see the obvious connections. Even if the program officer does make the connection, she or he will need your written documentation and arguments to make the case to the foundation's board of trustees.

3. *Then What?* Say the foundation funds the program, it is a tremendous success, and everyone is happy. Where does it go from there? Many applicants give no thought to this at all, but foundations are interested in outcomes and making sure that the knowledge gained is shared with others. It is important to have *a strong evaluation component, a mechanism for measuring outcomes, in your proposal, and a plan for communicating the project to others.* Foundations also want to make sure that the program will continue once foundation funding ends.

Once again, clear language is key. Have one or two people who don't know very much about your program read the proposal, and then have them restate the major elements in their own words. If they cannot do so, you are not describing your program clearly. Simplicity and clarity are much harder to achieve than complexity and jargon. Devote substantial time and effort to making what you mean crystal clear.

Step 9: Don't give up: remember your goals.

Unfortunately, foundations have a reputation for not being responsive. Like all stereotypes, this one has some truth to it. It would be wonderful if every foundation followed the rule that each call should be returned within 24 hours. This is clearly not the case, however, which makes it part of *your* responsibility to understand the foundation's structure and how best to communicate with it. In some cases, direct communication will be quite difficult. In many small foundations, there may not *be* a program officer. There may not be any staff at all. These are the hardest groups to reach, but they can be the most generous and long-lasting supporters of those applicants who take the time to build relationships.

The key is to be politely persistent. Never harass or get angry at foundation personnel— but silence should not be taken as an answer either. The ultimate answer may be "no," but remember that this just means that your project does not match the foundation's needs, not that your efforts are not worthy. Try to develop relationships with individual foundation staff and keep in touch with them. It may be that they are not able to fund your project, but they can provide information that will save the organization needless work and heartache

While it is important not to give up after the initial approach, it is also prudent not to expend endless energy hoping that a foundation will eventually see the light. At some point, a decision needs to be made to move on to another foundation.

Remember that all of this activity is done to build a positive relationship with the funder. All of your efforts to contact, inform, educate and document your work for the foundation employee should be built on the premise that the person on the other end of the phone or computer line is a dedicated, caring individual trying to make a difference just like you are. Even if you don't receive a grant from a particular foundation, the staff person should be left with a very positive impression of you and your organization.

The intent of this chapter has been to give you a broad overview of the research and fundraising process. The next chapter discusses in greater detail the steps for researching and writing your proposal.

CHAPTER 3
RESEARCHING AND WRITING THE PROPOSAL

Researching Foundations

Somewhere between 65 and 80 percent of proposals received by foundations are disqualified because they do not fall within the funder's stated field of interest.[4] Good research is essential to the foundation-funding process, and there is a wealth of sources readily available if you know where to look. The two most efficient places to start your research are 1) at a Foundation Center collection[5] or at a public or university library, and 2) online.

Stages in the Research Process

The three-stage research process suggested here is an expansion of Step 3 (Do Your Homework) in the grantseeking process described in Chapter One.

Stage One. Create an initial list of prospective funders.

Like all the stages in the research process, this one can be done using print resources in a library, online, or by using a combination of the two. Libraries with good philanthropy collections will have online resources as well as funding directories and other print resources. An initial visit to a library collection can orient you to both types of research, especially if you can ask questions to trained staff.

There are three basic approaches to finding information about potential support: the *subject approach; the geographical approach; and researching the different types of support foundations provide*. Conducting an initial search that combines all three approaches enables you to locate foundations that fund in your geographic area and provide project support and/or seed money for employment-related programs.

Type-of-Support Approach. The types of grants commonly awarded include:

- Capital support
- Endowment
- General operating support
- Project support
- Seed money
- Technical assistance

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[4] Foundation Center collection at the Tucson-Pima public library (http://www.lib.ci.tucson.az.us/grants/FitFundingMatch.htm), and Hilary Sternberg, "Internet Resources for Grants and Foundations," C& RL NewsNet (http://www.ala.org/acrl/resmay97.html)

[5] The College of Education has a first-level membership with the Foundation Center. The Office of Research Support has access to the 10,000 largest foundations in the center's database.

Most grants (over 50%) are restricted to the development and support of discrete programs or projects.

Stage Two. Collect and organize information about your prospects

Once you've compiled your initial list of prospects, collect basic information about them, which could include the following:

- Mission statement and core values
- Main interests
- Special interests
- Geographic restrictions
- Patterns in their recent giving
- Typical grant size
- Organizations they have previously funded
- Populations served
- Key decision makers (staff and board) and their special interests
- Limitations and exclusions
- Application guidelines
- Deadlines for proposals.[6]

Most of this information can be found in print and online resources. In addition, as noted in Chapter One, many foundations now have their own Websites where you can download application guidelines and other material.

Stage Three. Refine your list and conduct in-depth research on the most likely funding sources.

As you collect more information, you will naturally refine your list until you are left with a handful of solid prospects. The first prospects to eliminate are those that don't fund your type of recipient organization or your size of project. The best prospects are those whose mission statements, philosophy and priorities are closely aligned to yours and who have supported similar programs in the past. You also want to check to make sure that their funding cycle suits your needs, remembering that foundation proposals can take from 6 to 18 months to fund.

Additional information on the most promising funding sources includes the funder's history, information about staff and board members, and the funder's preferred method for initial contact. At this stage you might call or write to the foundation for its annual report, application materials and grants lists if you have not already gotten these from their Web site, along with newsletters and other publications.

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[6] Adapted from the Donors Forum Website. http://www.donorsforum.org/resource/grant_res_learn.html

Many foundations, especially small family foundations, do not publish annual reports. If you're looking for information on these foundations, you can go to libraries and electronic databases that collect foundation tax returns (Form 990 PF for private foundations and Form 990 for public charities like community foundations and public foundations – Note: the COE ORS has access to these forms.). Both forms have information about assets, receipts and expenditures; and 990 PF forms also have lists of grants made during the year.

WRITING PROPOSALS

Successful *foundation* proposal writing is first and foremost successful proposal writing. All of the principles of good government grantwriting apply to private proposal preparation. However, as discussed in Chapter One, foundations also have some characteristics that set them apart from government funders, particularly the lack of uniformity among them. Nevertheless, a proposal that is clear, concise and meets the goals of the foundation's funding priorities has the basic ingredients for success.

In spite of their lack of uniformity, foundations have a number of attributes in common that, once understood, can make the proposal writing process easier. Most foundations' annual reports, application guidelines or Web sites lists their specific requirements for what to include in the proposal and attachments, but most foundations follow one of these procedures:

- Many foundations ask applicants to first send in a **letter of inquiry** or an **application form**, which will be reviewed to determine if the applicant should go on to the next stage of submitting a full proposal;
- Others prefer to receive a short **letter proposal**, which is often the only submission necessary;
- **Full proposals** can be requested by the foundation after the letter of inquiry or letter proposal has been reviewed.[7]

The Letter of Inquiry

Many foundations ask for a letter of inquiry first, which allows the foundation to quickly evaluate the appropriateness or match of the proposed project to its funding priorities. The LOI saves the applicant and the program officer time and effort if the project is not of interest to the foundation. Some program officers will respond to the letter of inquiring by offering advice to applicants whose projects are potentially fundable but need further refinement.

A letter of inquiry is always short (usually one or two pages) but contains all of the basic information the foundation needs to understand your proposed project, including:

- Who you (the applicant) are and what you do.

[7] A new trend among foundations is online applications, discussed briefly at the end of this chapter.

- Whom you serve (target population);
- What the project will do and how it will improve your community;
- How long it will take;
- How much funding you are asking for, and over what period of time; and
- Whom to contact for more information and how to do so.

As expected from the title, the letter of inquiry should be in the form of *a business letter* on your organization's letterhead, with a date, salutation, closing and signature of the chief executive officer.

Some foundations have specific guidelines for the Letter of Inquiry; if so, follow their instructions exactly. For the many that do not provide guidance, the letter should contain all of the items listed above and be self-explanatory as a free standing document without attachments or other materials.

Because it is a brief correspondence, some applicants think the letter of inquiry is an informal communication before the "real" grant review begins and can be thought of as something like a "brainstorming session" with the foundation staff. While the staff may be able to respond and give advice, it is mistake to think of this letter as the place to toss out poorly thought-out ideas. The letter of inquiry is a formal proposal to the foundation and requires all the clarity of a full proposal, although in a shorter format. If the letter is rejected, it is very unlikely that the applicant will be asked to apply again for that project with a full proposal. It is critical to devote the same level of effort to this part of the process as to the full proposal.

The following Websites have excellent general descriptions of the Letter of Intent, as well as some examples of format and content:
http://donorsforum.org/resource/grant_m_approaching.html
http://www.lib.ci.tucson.az.us/grants/grants41.htm
http://www.lib.ci.tucson.az.us/grants/grants43.htm
http://www.ncg.org/philanthropy/reso_about.html
http://www.sera.com/sera/funding/temp_inquiry_sma.htm

The Letter Proposal

The Letter Proposal is similar to the Letter of Intent in that it is a relatively brief summary (usually 2-4 pages) of the proposed project containing all of the information needed for the foundation to understand your proposed project. The main difference is that it provides more detailed information. It is often used for projects with relatively small budgets or for continuing support and is sometimes the only proposal required.[8]

The proposal should be in the form of a letter to the foundation from the CEO of the applicant organization and should have the tone of professional correspondence. Once

[8] Corporate foundations frequently require letter proposals rather than full proposals.

again, if the foundation provides a particular format, it should be used. If not, the following items should be included:

- Description of your organization—including the mission, a brief description of programs, and number and type of people served;
- Description of the need, making particular reference to how the need matches the foundation's areas of interest;
- Description of the project that clearly and concisely shows how your activities will meet the identified needs;
- Request for funding, which includes the major budget items, total amount, and length of time the money will be needed; and
- A concluding statement that summarizes your project, its importance and how it matches the foundation's priorities.

Unlike the Letter of Inquiry, the Letter Proposal may include attachments similar to those found in a full proposal. The foundation usually will specify what it wants, but typical items include an IRS "determination letter" giving the organization's 501(c)(3) charity status, board of directors list, audited financial statement, annual report, and resumes of key project staff.

As with the letter of inquiry, the letter proposal must be clear and complete, in spite of its condensed format. It should not be thought of as a lesser version of a full proposal.

The Full Proposal

There is also variation in the contents and shape of what funders expect to see in a full proposal; and again, different foundations provide varying levels of specificity in their instructions for proposal preparation.

- Some foundations publish application outlines or guidelines that specify the order, type and amount of information required.

- Others follow what is called a "common application form."

- Some list items to be covered but do not specify how or in what order these should be addressed.

For Proposals Following Detailed Application Outlines

A few foundations publish instructions that provide step-by-step instructions for completing proposals. This makes it easier for both applicants and reviewers. It is always of utmost importance to adhere to the instructions of the foundation to which you are applying.

Note that there is a strict page limitation for the core of the proposal. Because program officers must review and evaluate hundreds of proposals, many foundations have page limitations. Other suggestions:

- Be very clear about what your project will accomplish: how many people will benefit from this grant? What new opportunities will be made available? If it is an expansion or improvement of a program, explain why the expansion or improvement is needed. Do not assume the Foundation knows. Explain the difference between your project and comparable programs that may be in operation. If there are similarities, explain how the programs will complement each other.

- While it is not always a guarantee of funding, foundations like to see that your project has community support and, in some cases, proof of your ability to obtain revenue-producing sales or contracts. Explain where you expect to obtain other and future support. If in-kind support is available, give an estimate of its equivalent cash value.

- For your own benefit, develop a working budget for your project.

- Explain your follow-up procedures. Assume that good follow-up is an important consideration, which may indicate the success of a project, and therefore a good opportunity for evaluation.

Common Grant Application

Another way foundations try to make the funding process easier is to agree that a group of foundations will accept a single application form. Some regional associations of grantmakers promote common application forms, which many of their members agree to accept. This is particularly helpful for the staffs of small, local organizations that can be intimidated by complex application processes and do not have the time to create a new proposal for every application. However, the fact that a community or region has a common application form does not change any of the steps for creating a successful proposal. All of the care, homework, and effort that are needed for good proposal writing are still needed even if many funders accept a single application format. You might also want to tailor your introduction to an individual foundation that accepts the form, and you should always tailor your cover letter (see below).

For Foundations That Do Not Provide Proposal Formats [9]

Often, foundations will say that proposals should include certain elements but leave it up to the applicant to determine the shape and final contents of the proposal. Following is a list of elements most foundation program officers expect to see in a full proposal in the typical order in which they expect to see them:

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[9] This section incorporates material from the following sources: Diana Wake, "Fundraising on the Home Front." *ICA Caregiver;* The Foundation Center Web site (http://fdncenter.org); the Web site of the Tucson-Pima Public Library (http://www.lib.ci.tucson.az.us/grants/grants36.htm.); and the Donor's Forum Web site (http://www.donorsforum.org/resource/grant)

Executive Summary. Some foundations list an executive summary among their required or suggested items for inclusion in a proposal. Others ask applicants to either fill in a pre-formatted **cover sheet** or to create one containing specific pieces of information. Even if neither a cover sheet nor executive summary is requested, it is always a good idea to include a summary. It is the first thing a reviewer will read and should provide a clear, concise snapshot of the proposal. The summary should include, in abbreviated form, these items, which are described in more detail below:

- The problem your proposal addresses (see Statement of Need/Problem Statement)
- The solution—a brief description of your project or action plans (see Implementation/Methods)
- Results (see Goals and Objectives)
- Funding required for the project (see Budget)
- Organizational capacity to carry out the project (see Description of Applicant Organization)

Introduction. This section should contain a one-or-two-sentence description of your project and a description of your organization. Include the mission and purpose of your organization, population served, a very brief history, and its qualifications for operating the project.

Statement of Need. Sometimes called a **Problem Statement** or **Needs Assessment,** this section documents the needs to be met or problems to be solved by your proposed project. The "Proposal Writing Short Course" on the Foundation Center's Website contains a good discussion of what to consider when developing a needs statement. You can access the short course directly by going to http://fdncenter.org/learn/shortcourse/prop1.html.

Project Description. This is the core of the proposal and contains the following five items:

> **Goals and Objectives** establish the benefits of the project in measurable terms by explaining what you hope to accomplish and by when. Again, the Foundation Center's "Proposal Writing Short Course" is a good place to go for a concise description of the difference between goals and objectives and a discussion of different types of objectives. (http://fdncenter.org/learn/shortcourse/prop2.html)

The **Implementation** subsection, sometimes called **Methods,** explains how you are going to achieve your goals and objectives by describing the activities to be used to achieve the anticipated results. This section not only describes what the activities are but how long they will take and when they will occur, so it is usually a good idea to include a **timeline** here.

Resources and Personnel, or **Staffing/Administration,** covers the people who will be involved in the project and their credentials. Volunteers and consultants, as well as full-time staff, should be included here. This is also where you would describe how the project will be administered, including any collaborative arrangements.

The **Evaluation** section presents a plan for determining how effective the project is by measuring how well the objectives are met and the how the methods are followed. This section should contain a description of the type of information you will collect and how you will analyze it. Sometimes, foundations will ask for a brief discussion of how the results will be disseminated and to whom.

Future Support or **Continued Funding** describes your plan for continuation funding beyond the grant period   The vast majority of grantmakers are looking for an opportunity to fund projects that will be able to sustain themselves without having to go back to the original funder.

Budget. Most budget sections consist of two parts: the budget for the proposed project and the **Budget Narrative** or **Budget Justification**:

The **Budget** itself does not have to be complicated, but it should show expenses by line item and should contain one column showing how you will allocate the funds from the grantmaker to whom the proposal is addressed and another showing what expenses you expect to be covered by other sources. In addition, you should provide a list of other potential funders to whom you have sent or will send the proposal.

The **Budget Justification/Narrative** explains any item in your budget that is not self-explanatory. It should explain the relationship between a project and its costs, not make another case for the project itself.[10] Instead of requiring a budget narrative, some budget formats will show a budget summary with major line items together with another document showing “budget detail.” This budget detail is stated in narrative form in a budget narrative.

You can see some sample project budgets by typing the keywords “sample nonprofit budget” into an Internet search engine. One such source is the Nonprofit Guides Website (http://npguides.org/guide/budget.htm). Note that foundations

[10] Norton J. Kiritz, “Program Planning and Proposal Writing.”

often set limits to what is allowable for the "indirect" or overhead expense line item. This limit is often set at 10 or 15 percent of your project budget.

Conclusion. Not all proposal formats list a conclusion as one of the elements, but this is a good place to restate how important your project is and the investment opportunity it offers to the target funder.

Attachments. Almost all foundations require a series of attachments to funding applications. The most common attachments are:

- A list of your board of directors, including their organizational affiliations;
- Your IRS letter determining tax-exempt status (501(c)(3) and 509(a);
- A list of your current funders and those of the recent past;
- Most recent independent audit or account review (as required by law in individual states);
- Year-to-date financial statement for the current fiscal year;
- Total board-approved organizational budget for the fiscal year;
- Project budget for fiscal year;
- Your annual report or organizational brochure.

Some foundations ask for one or more of the following:

- A diversity chart or statement showing percentages of women and minority groups on your staff and board;
- A resolution from your governing body authorizing your proposal;
- Letters of support;
- IRS Form 990;
- Resumes of key staff.

Style and Packaging of the Proposal. There are a number of articles, books and online guides to proposal writing that list style and packaging tips for proposal preparation. Here are a few of the most important of them.

- Use active rather than passive voice
- Don't use jargon, and define insider terms.
- Use simple sentences and short paragraphs.
- Provide concrete examples of what you are trying to explain.
- Make sure to use headings, subheads and bullets for clarity.
- Include a Table of Contents listing everything in your proposal including attachments and page numbers if your proposal is over 10 pages long.

The Cover Letter

When you submit a full proposal, you should use a cover letter to introduce your organization and highlight the essence of your proposal. This letter should be short (no more than one page) and should give the reader a sense of what will follow in the full proposal. It should also emphasize how your proposal meets the foundation's stated funding priorities.

Like the Letter Proposal, the cover letter should be written in the form of a business letter from your CEO. Since your proposal will describe your project in detail, there is no need to reiterate all the proposal elements. Rather, the letter should include a brief description of your organization along with a few accomplishments, an introduction to the project, and the amount of the grant request.

Perhaps the best way to approach the cover letter is to look at it as an opportunity to introduce your project, explain why the foundation should be interested, and to share your enthusiasm for the project. The following Websites give examples of cover letters:

> http://www.lib.ci.tucson.az.us/grants/grants44.htm
> http://www.npguides.org/guide/cover.htm
> http://www.sera.com/sera/funding/temp_cover_letter_sma.htm

Cover Sheet or Summary Form

Many foundations now require grantseekers to submit a cover sheet or summary form—usually on the foundation's Web site. In some cases, these forms can be printed and then filled out by typewriter. Others can be filled out on-line or after they are downloaded, then printed and submitted with the cover letter and proposal. In either case, it is imperative to determine if the foundation to which you are applying requires such a summary form. In cases where they are required, the foundation will not process your proposal without a completed summary form.

Applying On-Line

In a relatively small number of cases, you may be able to apply on-line. This has its benefits and downsides for the grantseeker. The positive aspect of these forms is that they are brief – hence, relatively easy to fill out. This process also allows you to save on paper, postage and delivery charges and submit right up to a deadline. However, the fact that these formats are brief is also their chief negative aspect. Most restrict the space available to describe your organization and program—often electronically limiting the number of characters you can use—and therefore restrict your ability to make your case. There is very little room in the process to develop a personal relationship with the grantmaker. If the giving program is a "cyber-foundation" you will be asked *not* to send paper mail, and this restricts your ability to supply the funder with powerful marketing materials unless you have them in e-format. Many believe that on-line applications may develop into a trend for the future of organized philanthropy as more and more foundations move in that direction.

A FINAL NOTE

Finally, remember that your relationship with the foundation is just beginning. If your proposal is successful, it should go without saying that you should send a thank-you letter when you receive notification of funding and that you should adhere to the foundation's reporting requirements. Too many non-profits "take the money and run." Rather than taking this short-range approach, take advantage of the new relationship to continue to educate your funder. You do not want to bombard program officers with information, but you do want to be helpful to them.

It is also important to give credit to the foundation in any publicity your program receives. Many foundations send grantees information about how to refer to them in media coverage. If you don't receive these instructions, contact the foundation staff directly to ask how they would like the foundation's name and credit to appear. When an article shows up in the media, send them a copy or let them know where they can find it on the Internet.

If your proposal is not successful, you should also thank the grantmaker for the time he or she took to answer your questions and review the proposal. This kind of thoughtfulness will be well received and will indicate to the funder that you have a professional relationship regardless of whether or not you received funding.

This final note brings us back to Step One of the grantseeking process: nurture relationships. Whether or not you plan to seek additional funding from a foundation, always remember that building personal relationships, especially with local funders, heightens the credibility of your organization and enhances your future fundraising ability.