

FISHING FOR FOUNDATIONS



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the**TIMOTHY**group®

YOUR FUNDRAISING PARTNER SINCE 1990

Does it make sense for your organization to hire a full-time grant writer and pursue an aggressive foundation strategy?

In 2017, foundation grants accounted for \$66.90 billion, which was 16 percent of the \$410.02 billion charitable gift total. There are approximately 125,000 foundations in the United States with assets of more than \$1.25 trillion. About 40,000 of these foundations give to Christian organizations and causes. With all that potential, you would think that all you have to do is look up a foundation in a directory, write and ask them for lots of money, and wait patiently by your mailbox for the check, but it's a little more complicated than that.

Case in point: One Christian ministry diligently submitted 182 foundation proposals for an important project and received one grant of \$100. Unfortunately, the return on their investment didn't even pay for the postage — much less the staff time and energy.

APPROACH YOUR GRANT-WRITING STRATEGY THE SAME WAY YOU APPROACH MAJOR DONORS — RESEARCH, ROMANCE, REQUEST.

A shotgun approach to writing grant proposals, which targets any and every foundation, is like teaching a pig to dance. It takes a lot of time, it's somewhat messy, you don't really accomplish anything, and it annoys the pig. (I use the pig analogy as a shout out to my former colleagues - Professionals In Grantmaking.) Instead, you will have greater success if you approach your grant-writing strategy the same way you approach major donors — Research, Romance, Request.



Types of Foundations

Foundations fall into 4 categories, and each needs a different approach.

Private family foundations: Major donors often establish private family foundations when they sell the family business in order to take advantage of charitable tax deductions. Typically, these are your best prospects because they have fewer hoops to jump through and fewer decision makers. Many times, it is much easier to cultivate a relationship with the director, board members, and even the major donor.

Corporate foundations: When a small business grows up, the culture changes and often the giving priorities shift. Corporations tend to give to organizations and causes that enhance their image in the community. Their motivation may be altruistic, but many are more interested in leveraging public goodwill by being viewed as a community partner. Many corporate foundations are politically correct and often limit their involvement with Christian organizations. Corporate foundations usually have extensive applications and often are focused on specific programs. You may find success in a secular corporate foundation if you can establish relationships with an insider who might be able to find money or gifts in kind that are outside the corporation's grant application filter.



Community and donor-advised foundations: Community foundations, Christian community foundations, and even some mutual funds offer donors the ability to take advantage of foundation charitable deductions without the hassles of establishing a private family foundation. These foundations essentially function as a pass-through checkbook for the donor. Some foundations have limited unrestricted funds that are distributed by their board, but most of the money is donor-directed. Your key to success is to realize that the path to a grant is through the donor, not the foundation.

Cause-related foundations: Some foundations exist only to raise funds for their specific cause. Their focus is to fund research or foundation-sponsored programs to solve a particular problem. Typically, they do not accept grant proposals from outside organizations.

Tracking Your Steps

The first step in launching a foundation strategy is to research the prospective foundations in your local area. For a minimal monthly subscription, you can access the Foundation Center online directory (foundationcenter.org). Use it for several months to develop a prospect spreadsheet. Once you know the foundation names, you can access their IRS 990 forms on the Foundation Center website or for free on guidestar.org. Research foundations that may be a match by reviewing their previous grant list for similar organizations they have funded. Many foundations have websites that explain their application guidelines and funding priorities. Some offer online application forms or downloadable applications.

Rate your prospective foundations in the same way you would rate your major donors — from the top down and warmest to the coldest. Consider using a simple rating system to sort your leads:

A List - These are your best prospects. Maybe they have given to your organization in the past, or have given to similar causes. Just like the real estate maxim, “Location, Location, Location,” most foundations focus in their backyards first and many have geographical limitations. Foundations in another state may look at your proposal, but usually only if you have a special relationship with a board member.

B - These foundations may have potential, but you need more research before investing a lot of time chasing them.

C - Foundations in this category are long shots. Keep them on the list and look at them someday if you have some extra time.

D - Make a category for community foundations and employee matching funds. You can't submit a proposal to these foundations, but it's good to keep them on your radar screen.

X - Some foundations are clearly not a match. Keep them on your list to remind you that you've already crossed them off, so in the future when someone suggests submitting a proposal you won't waste your time.



Front Door or Back Door

A well-known Christian foundation receives more than 22,000 grant requests every year. That's a stunning number! How in the world could your grant proposal ever be noticed in that avalanche of applications? It's not likely. Instead of knocking on the front door with your proposal, you need to find ways to slip it under the back door. Your chance for success skyrockets when a foundation director or foundation board member hand delivers your proposal to the meeting and places your request on top of the pile.

Review the foundation 990 form to see if anyone in your organization knows any foundation board members. Pursue any connections you might have. Recently, a nonprofit board member met a foundation director working out at the gym. As he developed a friendship, he asked if the foundation would consider a grant to this charity. The foundation director opened the door and guided the organization through the online application process resulting in a \$40,000 grant — all because of a personal relationship.

Return on Investment

Foundations are becoming more focused on outcomes. Did their grant accomplish its stated goals? Is your project a worthwhile investment? Consequently, nonprofits must keep better records to build a compelling case and prove your organization's impact. However, the "return on investment" concept goes both ways. Before applying to a foundation, you should decide if the time it will take to fill out their forms, answer all their questions, and provide supplemental information will be worth a modest grant. Choose your targets wisely so that you don't invest 40 hours on an application that might yield \$500. Your time would be better invested in cultivating relationships with major donors.

Now to the question of whether or not you should hire a full-time grant writer. If you've done your research and have narrowed your foundation prospect list to the top 50 most likely candidates, it's not a full time job. For most small nonprofits, it would be a better return on investment to use that money to hire a major gifts officer and add prospective foundations to the donor call list. Another option is to outsource grant work to a grant writing specialist. Remember that foundation grants account for only 15 percent of all the money that is given, so your major gift officer should spend only 15 percent of his or her time pursuing foundations. The majority of money rests in the hands of individual donors, so individuals should be your prime donor targets.

An effective foundation strategy can yield some exciting results, if you use the right bait, fish in the right ponds, and have a little patience. Happy casting!



Ron has served as a pastor, the vice president for advancement of a Christian university, a Christian foundation director, and a board member of a college, camp, church, and foundation. He regularly presents fundraising workshops at development conferences and has written many fundraising articles. His book, *Ask for a Fish: Bold, Faith-Based Fundraising*, outlines seven action steps for ministry leaders, development staff, and board members to "find out where God is hiding money!" He also wrote, *Simply Share – Bold, Grace-Based Giving*, a resource used by churches to teach stewardship living and giving. His client list includes Christian colleges and universities, K-12 schools, rescue missions, international mission agencies, Christian non-profit ministries, denominations, churches, and camps. Ron brings expertise in strategic planning, annual fund development, communications, executive mentoring, board training, capital campaign management, foundation research, and major donor solicitation.

Adjusting to Foundation Time

As you wade into the foundation pool, you will quickly discover that foundations run on their own timeline — at a much slower pace than yours. Many have this year's grants already committed, and the best you can hope for is to be considered next granting season, or maybe even two years down the road. If you need fast cash, look elsewhere. Even in a capital campaign, foundations want

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to be the last money committed. They might resonate with your proposal, but they will take a wait-and-see approach until your key donors step up to lead your fundraising campaign.

Consequently, your foundation strategy should be the dessert in your fundraising efforts, not the main course.

A "Major Donor" Foundation Strategy

Foundations are not impersonal machines processing applications and spitting out cash, they are led by people who want to be good stewards of the resources entrusted to them. You need to get to know the decision makers. Treat them like major donors. Visit them in their offices, if they will take time. Invite them to tour your facilities and see your ministry first hand. Ask them for the opportunity to submit a proposal and ask for their help to fill out their application. If they respond with a grant, thank them just like you would your other major donors. Keep them informed of your progress and offer to give a personal report on the project they funded.