

PLEASE ROUTE:

EXECUTIVE DIRECTOR \_\_\_\_\_

PROGRAM OFFICER \_\_\_\_\_

CHAIR GRANTS COMMITTEE \_\_\_\_\_

# BUILDING COMMUNITY FOUNDATIONS

GRANTMAKING CONSULTING PROGRAM

*Sponsored by:*

PHILANTHROPIC VENTURES FOUNDATION

BILL SOMERVILLE, PRESIDENT

*Funded by:*

DAVID AND LUCILE PACKARD FOUNDATION

BULLETIN #48  
JUNE 2001

## IMMEDIATE RESPONSE GRANTMAKING - IS IT POSSIBLE?

Small foundations and small grants should be able to have significant impact regardless of size but this can only be done if the grantmaking is timely i.e. given when it is needed.

Actually, small foundations have an advantage over large foundations because they can be more flexible; they can write checks quicker, they can make decisions quicker, they can respond quicker.

Good grantmaking requires good timing and good timing allows a small grant, at the right place, at the right time, to have as much impact as possible.

Community foundations might want to examine their procedures and look into the possibility of speeding up the grantmaking process without sacrificing evaluation elements for the grant. What we are proposing is giving grants with a 24 or 48 hour turnaround time. How is this possible?

Most foundations already have an immediate response capability. It is called the Executive Director's discretionary giving wherein this person can give grants up to a designated amount immediately. What we are proposing is to expand this giving - more of it and in larger amounts. If necessary, create a sub-committee of the Grants Committee made up of only two people who can meet on call.

Although the giving is done quickly it nevertheless follows procedures such as:

- The person/agency receiving the grant is known to the foundation
- It is clear what the grant is for
- Some discussion has taken place regarding the need for funds
- There are expectations of outcome as a result of the grant

In other words, the same procedures are followed for a quick grant as for any other grant - only the procedures are speeded up. How does this work?

There is a basic premise in grantmaking. It is called trust. If the funder has a trusting relationship with the applicant, then the funder has the basis for speeding up grantmaking. The premise is “find people you trust and fund them”. Obviously, you are not going to fund people you do not trust.

The grantmaking process is designed to give some objectivity in order to make a decision - even though, in the final analysis, grantmaking decisions are subjective i.e. do you like it or not?

The editor has visited over 230 foundations, most are community foundations, but some are private foundations. He has seen grantmaking processes that require a 12 month waiting period, an eight page application, innumerable interviews, and considerable addenda. He has also seen processes that have a one week turnaround and a one page application.

For the most part, grantmaking by foundations is ponderous, involves so much paperwork that bureaucracies evolve to handle it, and there seems to be no correlation between the amount of paperwork required and the impact the grant has on the community.

It is clear that most foundations and program officers are becoming inundated in processing paper.

Why not change the system?

As things now stand, where one foundation requires “a full application process” for a grant of any size, another foundation allows the executive director to give the grant right away. In some foundations the executive director has the discretion to give grants up to \$50,000.

So how does the process get speeded up? Most community foundations work with the same agencies over and over and they know the players in town. This familiarity can develop trust. If there is trust, why require all sorts of information, addenda, interviews, substantiation?

Trust is the number one element for speeding up the process. Second, consider letters of understanding (i.e. an agreement) versus a full blown application. Third, rather than a pro-forma requirement, reconsider exactly what addenda you need. Do you really need a copy of the audit or merely a detailed operating budget?

As with all grants, immediate response grants need to be evaluated. This is done with reports from the grantee on how the money was used, site visits to the grantee to observe the operation, pictures on how the grant was used and possible newspaper clippings about the grantee.

Immediate response grantmaking is neither reckless nor shallow. Most foundations have the

means for doing quick turnaround grants now. It might be worthwhile to consider expanding this capacity in order to give money when it is needed and to be able to undertake special initiatives as described in the following article.

### **NEW WAYS TO GET TV EXPOSURE**

Television stations are looking for exciting and interesting programs. Community foundations are doing exciting and interesting work. Herein lies potential for a relationship.

The Philanthropic Ventures Foundation (a public charity) has negotiated a relationship with the Fox television station for the San Francisco Bay Area wherein each month the Foundation announces a new granting initiative. Over one million people watch this morning news program which gives the Foundation four minutes in an interview format.

Thus far, the Foundation has announced science grants to teachers, arts grants to teachers, grants to librarians to get kids to read, and grants to allow low-income women to have a “day off” to develop body-mind-spirit.

Over \$500,000 has been distributed to grantees who found out about the programs on television. The Foundations has 17 program ideas to announce on television.

In a sense, what this coverage has created is “citizen philanthropy”. Viewers play a role in disseminating information in the community about the grant program. For example, viewers immediately call teachers to urge them to apply. The response has been overwhelming.

For the record, this Foundation has a staff of only 3 1/2 people and yet the grantmaking load was easily handled.

#### **VENTURE - WHAT DOES IT MEAN?**

Many people are now talking about venture philanthropy but there doesn't seem to be agreement on what it means.

Venture indicates the willingness to explore, to go where you have not gone before, to try something new. Something tells you ‘It's worth a try even though it might not work.’

Terms that come to mind are ‘take a chance’, ‘out of the box’, ‘new approach’.

Venture is not related to gamble where fate decides. Instead the decision to fund is well thought out, background and experience gives one the confidence to give it a try.

## ***Building Community Foundations***

Philanthropic Ventures Foundation  
1222 Preservation Park Way  
Oakland CA 94612-1201  
(510) 645-1890 Phone (510) 645-1892 Fax

NON PROFIT ORGANIZATION  
US POSTAGE  
PAID  
OAKLAND CA  
PERMIT No. 962

**CHANGE SERVICE REQUESTED**

A library of all past issues of ***Building Community Foundations***, is now available free to download in .pdf format. The web address is [www.venturesfoundation.org](http://www.venturesfoundation.org)

Philanthropic Ventures Foundation has moved! Only the street address is new, all else remains the same.

**Philanthropic Ventures Foundation  
1222 Preservation Park Way  
Oakland CA 94612-1201  
510 6456-1890 fax: 510 645-1892**

### **The Grantmaking Consulting Program offers three services:**

- Three-day on-site visits with extensive review of foundation procedures, extended individual sessions with the foundation board, grants committee, and staff.
- Two-day training sessions for program officers (5 or more persons).
- Facilitating board retreats.

### **Comments on recent program officer training in central New York state:**

“This was very challenging and got me to think outside the box.”

“Excellent - right stuff at the right time.”

“I liked initiative funding. I think it is something our foundation should consider. We are unhappy with the applications we receive. I am thinking we could use this for a while with a portion of our unrestricted funds.”

“What I have learned I can immediately apply to what I do. This is what makes this training very valuable. The interaction with the instructor and fellow students was very meaningful.”

“I was pleased to have been working as a program officer for a time prior to this workshop - it was so pertinent.”

Note: Each participant receives a 400 page syllabus for reference use.