

# DIALOGUE

A PERIODIC NEWSLETTER FOR DEVELOPMENT OFFICERS

Number 2

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Bill Somerville, Editor

We are very grateful to Henry A. Rosso, CFRE, for his offer to participate in this issue of Dialogue. Mr. Rosso is the founder of The Fund Raising School which was the initiator of the Indiana University Center on Philanthropy. He brings 47 years of experience in development work to the table. He not only is recognized as a senior practitioner in the field but as a very thoughtful, kind, and successful professional. His new book "Fund Raising As I See It" will be out in September 1996 and is published by Jossey-Bass.

The following questions were sent by Mr. Rosso from those submitted in the Fund Raising School.

**Q I have approached three foundations seeking budget support - all three were negative. Why won't foundations fund budget needs?**

**A** The question here is about general operating support. Many foundations state they do not fund general operating. Why? First, if foundations did give general operating support, in theory, the first ten applicants in the door would receive support and no one else. The foundation staff could be replaced by automation since the same checks would be given out over and over.

In the past, general operating support was seen as the role of the United Way, but this is changing with the United Way moving on to giving grants. It seems to this writer that general support is the weakest thing to present to a funder because it merely means we want to "keep on keeping on" and this isn't enough anymore in a dynamic society.

The private dollar is "magic money" and should be used to: make your program more effective, allow you to reach out to new population groups, let you try new approaches to your work, or make changes in what you offer.

**Editor's note:** *This is a very important question to development officers and we will revisit this issue many times. Readers are invited to send in their points of view.*

**Q Who makes the final decision to grant or not to grant? Program person, chief executive or a committee of the foundation's board?**

**A** Decision making varies with the type of foundation with which one is dealing:

- Small unstaffed foundation - the donor decides.
- Small staffed foundation - the donor decides taking into account staff recommendations.
- Small unstaffed community foundation - a group of volunteers decides.
- Small staffed community foundation - a grants committee decides with staff input.
- Corporate non foundation giving - the boss decides.
- Corporate foundation giving - there could be an employee (senior executives) grants committee and /or staff deciding up to a certain amount. The top executive can have a major say so but the exercise of this prerogative seems to be diminishing.
- Large private foundation - the Board tends to approve what the staff recommends.
- Large community foundation - the Board tends to approve what the staff recommends.

**Q** What takes place when a foundation receives an application for a grant? Is there a process that is followed to evaluate the application? Or is it just passed off for someone to read and then to decide if there is an established process, what is it?

**A** There is no "formula" answer for this question. Foundations are as different as people. If an application has an abstract paragraph at the beginning, a funder can tell in ten seconds if it is eligible for further consideration. Often, the funder can also tell if the application is not eligible and an immediate notification can be sent to the applicant.

Foundations in general turn down 85% of the requests they receive. The point here is for them to spend a minimum amount of time on ineligible applications and then to give thoughtful consideration to those that are eligible. It is not fair to drag out a no answer to the applicant.

The larger the foundation the more the staff members specialize in particular subject areas. Applications are routed to the applicable staff members for research, write-up and recommendation.

**Q** What are the worst mistakes in the presentation of the grant requests? What are the worst mistakes that you have witnessed?

**A** One of the most common errors in grant requests is assumptions assuming the reader knows what initials stand for, what in-house phrases mean, what professional argot means; assuming the reader agrees with the applicant when generalizations are made about the "need for our work" or "the high quality of our services," etc., assuming the reader knows the details when there is a statement such as "we serve youth."

Grant requests should state the need for the program to be funded, but this statement should not evolve into a sales pitch with flowery prose either depicting how good the applicant is or a treatise on how bad the state of things is, i.e. inferring there is a crisis.

Applicants shouldn't promise grandiose results from their programs. It is common to read in a grant request a statement about a major crisis juxtaposed with a statement in the request that they would thus like to increase their program by five more clients, as if this is going to solve the crisis.

Some grant requests are written more by the pound than by the page. It is a challenge to grind through them. This is unfortunate because it was expensive to write the request, it is tedious to read it (sometimes the core of the request is hidden 14 pages inside), and it could have been done more simply.

**Editor's Note:** *We will return to this topic in the future.*

**Q** I understand that it is politically proper to woo the foundation executives with boxes of candy, a bottle of wine, or flowers. Should I be doing this?

**A** There is the person and there is the professional. A foundation staff person is a professional. It is not his/her money, it is not his/her foundation. The staff person is a servant of the institution. To woo such an individual is a grave mistake because you have confused the person with the professional. Giving certificates, plaques, personal recognition is frowned upon.

On the other hand, donors often delight in receiving recognition. These include unstaffed foundations and corporate giving. Corporations appreciate receiving recognition that can be shared with employees.

A seldom used form of relating to funders is to send pictures of what was funded, people using the new program, and professionals at work. Often the funders will use such pictures in their annual reports thus affording the grantee prestigious and valuable publicity.

**Q What is a program loan? How does it work? It is a way to support our budget?**

**A** Many applicants apply for loans with the clear hope it will be converted to a grant in the future. It makes little sense to give loans when it is evident the recipients are in no shape to repay them. It is a nonsequitur to ask for a loan when the applicant agency is in financial trouble.

For the most part, foundations are in the grantmaking business. Most are not equipped to enforce repayments on loans other than to feel bitter about delinquencies when they occur.

One of the worst examples of foundation work is to give educational loans to low income students. The cost in processing, collecting, and keeping track of the recipient is considerable. Such students need grants, not loans.

**Q I have asked for a large grant with the understanding that the foundation would be willing to draw the funds from its capital holdings. The application is never approved. Is it logical for us to suggest that procedure in our requests for large capital or program grants?**

**A** Foundations treat invading capital akin to considering an amputation. Thus, when an applicant suggests the idea it is usually responded to in the negative.

Something else is involved here as well. The foundation is being asked to change the way it normally operates. This can be threatening, the same as for an agency if it received a request to use its endowment.

Another example involves discretionary grants by a foundation executive. As agency personnel discover there is discretionary giving power by the foundation executive they ask for a "discretionary grant." At who's discretion? Maybe for this reason such grantmaking power is often kept confidential.

One way an agency could request a large grant (\$500,000) would be to say to a community foundation "Would you consider transferring \$\_\_\_\_\_ from capital to a designated endowment fund for \_\_\_\_\_ agency? We will match it 1:1 over the next five years and the matching money will be deposited with the community foundation."

"We will receive the income from the new fund. If we need to, we can invade principal of our matching money but we can never withdraw from the original foundation money."

This is a win win situation. The foundation grows and the agency has a permanent source of income. Has anyone ever tried it?

**Q Some of my trustees know some of your trustees. Would it be proper for our trustees to approach your trustees for their support in considering the application?**

**A** This goes on all the time. For you, the executive director, to try to choreograph lobbying by Board members is tricky and perilous, and it can backfire, i.e. antagonize the foundation executive.

Good grantmaking is based on the worth of the idea not on who knows who.

We welcome your questions and comments. The goal of this publication is to create a dialogue between development officers and funders. Contact us by fax (510) 645-1892.

## Useful Resources

The Philanthropic Ventures Foundation publishes two documents for use by development professionals. They are:

"Funding Sources: Who They Are and How To Use Them"	"Proposal Writing Kit - Tips and Techniques"
<ol style="list-style-type: none"><li>1. The Seven Sources of Funds for Nonprofits</li><li>2. Finding Out About Government Funding</li><li>3. Philanthropic Foundations</li><li>4. Corporate Giving</li><li>5. Non-Monetary Sources of Support</li><li>6. Getting Money From Individuals</li><li>7. Gift -vs- Grant</li></ol>	<ol style="list-style-type: none"><li>1. Writing A Proposal: A Conceptual Framework</li><li>2. The Letter of Intent</li><li>3. Sample Guidelines for Application</li><li>4. Proposal Writing Outline</li><li>5. Where Proposals Fail</li><li>6. Grant Making Criteria</li></ol>

These papers (22 pages each) are available by sending \$5 to: **Philanthropic Ventures Foundation**  
1212 Preservation Park Way  
Oakland CA 94612

Corporate giving can take various forms. One of the best indexes relating to corporate donations is: "*Resource Raising: The Role of Non-Cash Assistance in Corporate Philanthropy*" by Alex J. Plinio, President, The Prudential Foundation. It Covers:

Facilities & Services (8 headings)	Public Relations (5 headings)
Loaned Executives (16 headings)	Products, Supplies, & Equipment (4 headings)
Program Related Investments (4 headings)	Employee Volunteering (10 headings)
Legal, Tax, and Accounting Resources	

This publication (56 pages) is available for \$10 by calling Independent Sector at (202)223-8100.

### Comments On "Dialogue"

"The First issue of Dialogue was great! The *Questions from Development Officers* helped answer many of the questions I personally had about the relationship between funders and development staff. I shared the issue with our management team and fund development committee. Dialogue is just what we need!

Dee Kurtz  
Manager, Marketing & Development  
Child Care Coordinating Council of San Mateo County

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