

DIALOGUE

A Periodic Newsletter for Grantseekers

- **Bill Somerville, Editor** -

Dialogue is published by Philanthropic Ventures Foundation to help improve relations between funders and grantseekers at non-profit organizations. *Dialogue* was started at the request of a development officer, and follows a question and answer format. Readers can ask any question they want regarding the private philanthropic dollar. Email: bsomerville@venturesfoundation.org.

Wouldn't It Be Wonderful If...

A while back the Editor gave a list of predictions for philanthropy (Issue #36). Listed below is another list – this list depicts the Editor's hopes as to what will happen in philanthropy in the near future:

Wouldn't It Be Wonderful If –

- Foundations became more supportive of venturing and tolerant of some failures by nonprofit programs.
- Foundations trusted more and there could be paperless giving, or at least far less paper required.
- Foundations threw out schedules and gave grants quickly.
- Foundation personnel left their desks more often to visit nonprofit programs.
- Foundations exercised their unique status and did more convening on topics of concern.
- Foundations offered services such as advice on fundraising, workshops on operational effectiveness, seminars with experts.
- Foundations offered nonprofit personnel the opportunity to intern for a week at a time at a foundation.
- Foundations asked nonprofit personnel how they could be more helpful.
- Large foundations considered lead grants, wherein they set aside \$1 - \$5 million for five years with the income going to an outstanding agency(s) for operating support.
- Foundations took donors/board members on field trips for site visits to see first-hand how human service programs work.

What are your hopes for the future of philanthropy? Readers are welcome to send submissions. Facsimile: 510-645-1892 Email: bsomerville@venturesfoundation.org.

“Grants...It really isn’t easy giving away money.”

From the Non-Profit Times (July 10, 2006):

Despite claims that giving money away is easy, Dennis McIlroy, in his book Foundations and Higher Education offers certain findings indicating that giving away money can be complicated and difficult.

These findings come from a gathering of information from philosophers, philanthropists and foundation officers.

Among the findings:

— Grantmaking is more subjective than objective and is based on the assumption that judicious funding decisions are possible. There is no precise measuring stick to select a successful grant project.

— Foundations rarely publicly articulate the tenets they apply in grantmaking. Their grantmaking criteria are rarely described and too rarely discussed.

— Grantmaking may be inherently difficult because of the danger of doing more harm than good.

— Some foundations overreact to the subjectivity of grantmaking by attempting to quantify all aspects of the process. Others adopt an attitude of detachment that borders on arrogance.

— Foundation staffs are often the targets of animosity from rejected applicants, and the tenuous relationship with grantseekers may cause fear, anxiety, isolation, aggression and narcissism.

— The power of money may corrupt foundation officers no less than other professionals. Foundation officers have been known to succumb to the “God complex.”

— A “genius for charity” is often cited as a necessary quality for foundation officers.

This excerpt from the *Non-Profit Times* emphasizes the subjective nature of grantmaking. The Editor has long felt that in the final analysis, the decision of whether or not to give a grant is a subjective decision, essentially – Do we like it or not? This points again to the need to create relationships with funders because if the people know you, it helps in making a subjective decision in your favor.

Q: There’s a lot of talk about Baby Boomers, Generation X, Generation Y, etc. Given the generational differences between these groups, is there a difference in the way they should be approached for donations?

A: Donors are getting younger, both from new wealth and from inheritance. These younger donors speak about accountability in the grants they make. They are new to the field of giving and consequently they want to be responsible. Unfortunately, their evaluation methods often become an overlay, one-size-fits-all, which they impose on the grantee, and it doesn’t work. It is always important to know who your audience is in formulating your approach. Having said that, the Editor is not advocating changing your program to fit the desires of the donor. Sometimes there is a learning curve on both sides.

Q: Is it possible for an organization to be free of foundation funding? Do you know any organizations whose funding is 25% or less from foundations? What is the healthiest mix of funding?

A: Foundation funding is soft money because foundations are perfidious lovers. They love you and leave you and consequently their funding is soft. Start up efforts depend a lot on foundation funding, but it is very tenuous for established programs to depend on foundation grants. The healthiest mix of funding would include fee for service, membership, contract money, then grants, gifts, special events.

Q: With the great transfer of wealth that is occurring and will continue to occur, do you see more gifts being made to foundations in the form of donor advised funds, or to nonprofit organizations?

A: Some of this is happening now. Community foundations have donor advised funds which now represent the greatest portion of their assets nation-wide. There is still a huge amount of money to be transferred through inheritance and it remains to be seen if the young beneficiaries will become philanthropists. The Editor feels a big part of philanthropy will become amorphous as the new young donors go every which way in their giving.

Q: Is there a way to create a giving consciousness among donors?

A: Feedback to donors can do wonders. They like anecdotal examples of what their money is doing. Pictures, short narratives, personal statements, media coverage all tend to give satisfaction to donors.

Q: How would you advise a new organization to catch the eye of key foundations?

A: Write to the foundations. Be brief and to the point. Let them know about your work. Include addenda if necessary. Make it such that your work relates to the interests of the foundation to which you are writing. Try to find out the name of the foundation Program Officer who relates to your field of work and create a relationship by calling, inviting a visit, keeping the person informed of your progress.

Q: What is really meant by “foundation does not accept unsolicited grants”? Is there a way to get around that?

A: It seems more foundations are going this route in order to reduce the workload and to focus on particular issues. If your program is within the foundation’s focus areas, point this out to the foundation when you write to them. The Editor recommends using regular mail, as opposed to email. Always write to a person at the foundation, never “Dear Sir/Madame”. If your work has resulted in some interesting outcomes, share this with the foundation you are writing to and try to create a relationship.

Q: I recently learned that Hopi Indians fund ideas that are brought to them by community members. That way, they know there is a need. Is there a similar “litmus test” for foundations to fund organizations?

A: This is a question of validity. Do more than just send a newsletter. Give foundations facts about your work and the people you serve. Foundations want to fund significant programs. It’s up to you to help foundations understand the factors of significance in your work. Your question speaks to one of the “hopes for the future of philanthropy”: that foundation personnel will know the field well by leaving their offices and getting to know outstanding programs. So that, as in the Hopi community, foundation personnel will truly be members of the community in which they work.

Dialogue

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ABOUT THE EDITOR



Bill Somerville has been in non-profit and philanthropic work for 46 years. He was the director of a community foundation for 17 years, and in 1991 founded Philanthropic Ventures Foundation where he serves as President and Executive Director. PVF is a demonstration foundation practicing unique forms of grantmaking and conducting initiative philanthropy. He has consulted at over 300 community foundations in the United States, Canada, and abroad, on creative grantmaking and foundation operations. In addition to *Dialogue*, he publishes *Building Community Foundations*, which is distributed to all community foundations. His primary interest is in the creative and significant use of the philanthropic dollar.