# Introduction An Overview of the Grantseeking Process

LET'S START WITH THE OBVIOUS: every nonprofit organization, from start-ups to well-established, local community organizations to national affiliate organizations, consider foundation grants both a desirable and essential source of funding support. Compared to other revenue generating options, grants appear to take less effort and yield a larger reward. In many respects, that is true. However, the word "appear" is important: while grant seeking is relatively inexpensive in comparison to other fundraising strategies and can, in fact, yield large award amounts, it does have expenses associated with it, including a significant amount of dedicated staff (and possibly consulting) time for research, program planning, budgeting, and attention to details and various deadlines. A strong proposal—that is, a well-written, well-organized, and concise proposal—can bring in substantial income for organizational programs.

That being said, not every organization is ready to pursue or receive grant funding. So before an organization starts on the path of seeking grant funding, or attempts to move up from smaller grants to grants of larger amounts, the staff and board should ask itself: Is the organization ready for grant funding or a significant increase in grant funding?

Organizational leadership should start by answering these five sets of questions:

1. Are the organization's mission, purpose, and goals already well-established and articulated? Does the organization have its strategic plan or annual operating plan in place?
2. Does the organization have solid financial procedures and systems in place? Does it have the ability to effectively track, monitor, and report on how it expends both restricted and unrestricted grant funds?

3. Does the organization have the necessary staff in place to ensure that it can deliver on its stated goals and objectives? Can it do what it promises? If not, does the staff leadership possess the ability to effectively get the right staff in place should the organization be awarded a grant?
4. Is the organizational leadership prepared to do what it takes to meet the requirements that come with receiving grant funding? These requirements may vary greatly depending on the amount and source of the funding, and might include some or all of the following: producing quarterly, semiannual, or annual progress reports (including financial updates relative to the grant); conducting ongoing program evaluation; participating in special training; and attending conferences and meetings (particularly if the funding relates to a special initiative of a foundation). Meeting grant expectations might also require the organization to expand its services, increase its office space, and support staff expansion (with human resources efforts, information technology, and training).
5. Does the organization have solid access to—and understanding of—technology? Foundations of all sizes and focus areas are switching to online submission processes, and many conduct nearly all of their communication with their grantees and prospective grantees via email. In addition, does the organization have an online presence in the form of a website? While not a mandatory tool with most foundations, an organization with a website presents as technologically "in step." An organization needs to honestly assess whether it has the basic technology in place to communicate with funders and access and engage in the grantseeking process online.

If an organization can answer yes to these five groups of questions, it is well positioned to begin the grantseeking process.

In many instances a well-prepared and clearly articulated proposal can build an organization's credibility with grantmakers, whether the organization is initially successful in securing a grant or not. Nonprofits that have the respect of grantmakers are often proactively sought after to work on issues of particular concern to both themselves and the funders. Often this funder solicitation comes in the form of a targeted funder initiative. This provides both the grantmaker and the nonprofit with a unique opportunity to collaborate on a larger scale than they would under an individual grant.

More funders of all types (public, private, and operating foundations, as well as some government funders) are engaging in community or issue convenings, or both, as a routine part of their work. Participation in these types of convenings is another solid way to engage potential funders.

Grantseeking is, naturally, the most popular way for nonprofits to secure funding for programs; however, it is but one of several ways an organization can potentially raise funds. There are many different fundraising campaigns that may increase revenues—and visibility—for an organization, including (but not limited to) direct mail and email efforts, social media strategies involving Facebook, Twitter, and various other social media outlets, mobile strategies, membership drives, work place giving, special events, donor giving clubs, "thons" (as in walk-a-thons, dance-a-thons, and jump-a-thons), and more. These strategies should all be kept in mind in addition to grantseeking as a part of a well-rounded fundraising plan. Not only is a diversified fundraising plan something grantmakers like to see, but it is vital to a nonprofit's ongoing work, as gaining support is important to build shared ownership in the nonprofit by constituents and other supporters, so it remains well grounded. Also, grantseeking is a process that takes time. Some grant cycles take as long as six months from the time a grant proposal is submitted to the time an organization learns whether it has been funded. Then, if an organization is awarded a grant, it might take up to another few weeks before funding is received—which is increasingly being done by wire transfer as opposed to mailing a paper check (once again a reference to the increased need for organizations to have appropriate technology in place). If an organization is in need of immediate funds, writing a grant proposal is not the most effective way to raise it in most cases, although there is always an exception to the rule.

Nonprofit organizations have seen some fairly significant shifts in the funding climate over the last few years, but one thing remains the same, particularly for larger organizations: the vast majority of the funds raised in the private sector come from individuals, not foundations. The chart in **Figure I.1** illustrates this point.

Government funding, delivered through grants from federal, state, and local agencies, adds billions of public dollars that are not factored into the chart in **Figure I.1**. That said, government funds are typically offered for projects aimed at very narrow target audiences and qualifications, so grantseekers should do their homework to ensure that there is indeed a match worth investing the time to produce these typically onerous grant proposals—it will most certainly take time and clear intention, not to mention the fairly significant due diligence to steward this kind of funding once secured.

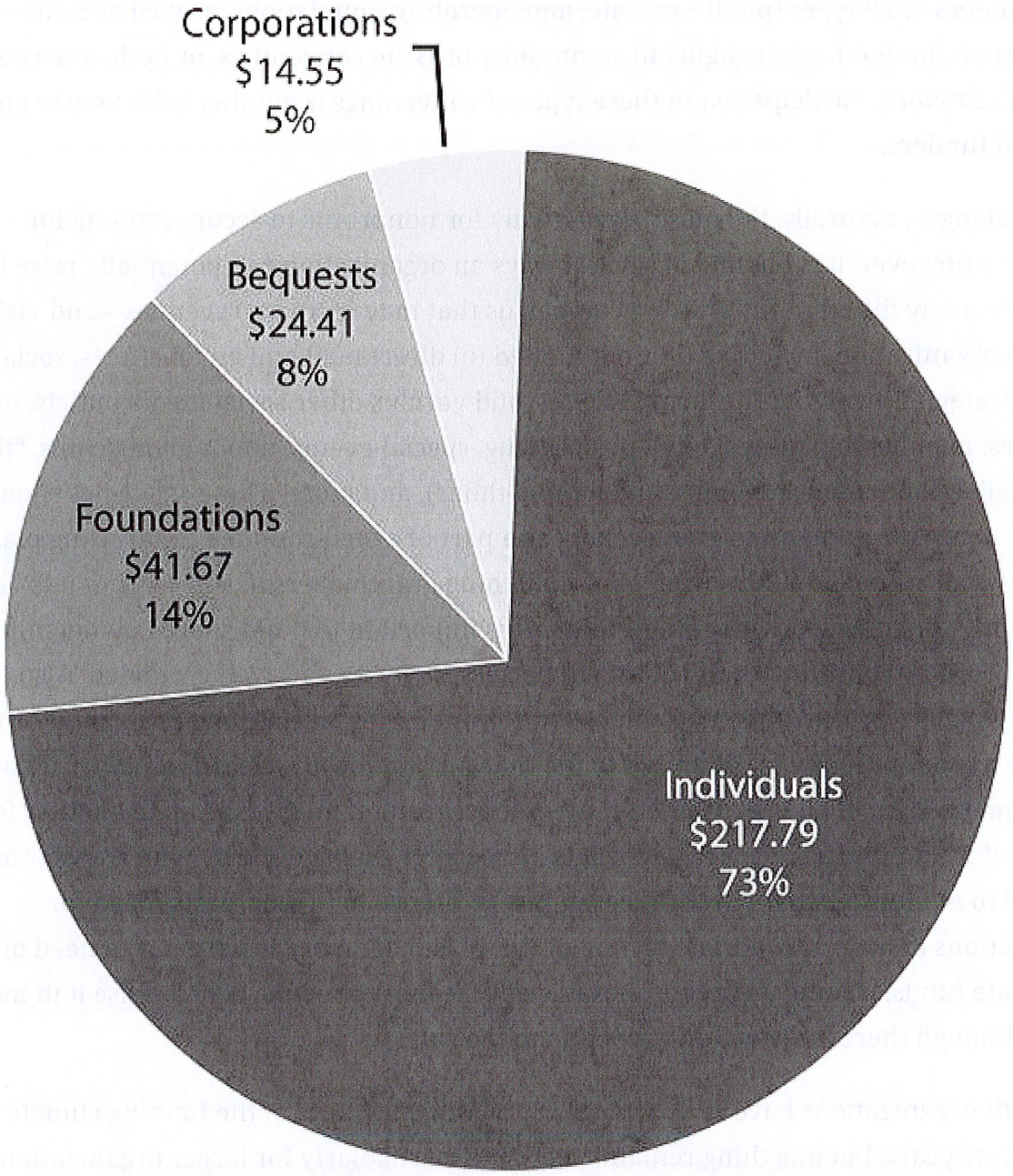


**FIGURE I.1 2011 Contributions: $298.42 Billion by Source of Contributions (in billions of dollars—all figures are rounded)**

*Source:* Giving USA Foundation, Giving USA 2011: The Executive Summary of the Annual Report on Philanthropy for the Year 2011. Glenview, Ill.: Giving USA Foundation, 2012.

## Reality Check

All foundations are not created equal. Many—though by no means all—national foundations are, by and large, directing the lion's share of their grants to larger

organizations (national nonprofits, including those with affiliates throughout the nation, major universities, hospitals, museums, and the like). Yet there are literally thousands of local, regional, and statewide foundations that fund various-sized organizations. Smaller and mid-sized foundations are often located in the very communities of the organizations themselves. Therefore, organizations seeking grants need to be diligent about conducting thorough prospect research up front and before the first word is written for any new grant proposals. This is also all the more reason for grantseekers to state their case clearly throughout its proposal.

## Categories of Support

Organizations are dynamic and have varied financial needs, which typically fall into one of the following categories:

- *Operating* (general support or unrestricted income). This is the funding nonprofits need to pay rent, utilities, and the other everyday costs associated with running the organization—the basics that allow it to

fulfill its mission. Typically, the sources of general operating funds are individuals (through annual fund campaigns, direct mail campaigns, and special events), earned income, and grants.

- *Program* (temporarily restricted income). Program or special project funding is of primary interest to most grantmakers, be they foundations, corporations, or even government agencies. It is funding that organizations receive to start a new program, continue running or expanding an existing program, or launch a time-limited project.
- *Capacity building.* This special project funding is used for a targeted effort to increase an organization's capacity to better support its mission and fulfill its particular administrative or fundraising goals. Some foundations are willing to invest in capacity-building grants to organizations doing great work.
- *Capital or equipment.* Funds for capital support are often raised through a targeted fundraising drive known as a capital campaign or through seeking special equipment grants. These intensive efforts—designed to generate a specified amount of funds within a specified time period for construction, remodeling and renovation, building expansion, or the purchase of land or equipment—typically involve large-scale individual major gift solicitations, followed by substantial support from foundations and corporations. Some government agencies also provide funds for capital projects.
- *Endowments.* Funds for endowments are often generated through bequests and planned gifts; that is, through giving by an individual to an organization under the terms of a will or trust. Endowment funds may also be received as part of a capital or endowment campaign, using the methods for raising capital or equipment funds. In some cases, a longtime funder dedicated to an organization over a period of time may be willing to make an endowment grant, which may be a way to solidify their support of said nonprofit or may be a part of an exit strategy on the part of the grantmaker, particularly if they have been funding the nonprofit for a while. Generally the endowment principal is held as a long-term investment for the organization, and the interest income is used each year for operating needs.

There are other categories of support that might be considered under one of the categories already outlined or might be stand-alone. These include

- *Planning.* This is the funding nonprofits need to support a continuing process of analyzing program data, making decisions, and formulating plans for action in the future, aimed at achieving program goals.

- *Research.* Funds awarded to institutions to cover costs of investigation and clinical trials. Research grants for individuals are usually referred to as fellowships.

## Definitions

*Earned income.* "Money received by an organization in return for the sale of a product or rendered service."

*Capacity building.* "The development of an organization's core skills and capabilities, such as leadership, management, finance and fundraising, programs, and evaluation, in order to build the organization's effectiveness and sustainability."

## The Proposal Process

There is no secret or trick to writing a winning grant proposal. The keys to success are

- Documenting an unmet community need, which the grantseeker is in a position to address
- Developing a clear plan for the program (or operations growth or capital work)
- Researching funders thoroughly
- Building strong relationships with funders
- Targeting proposals carefully
- Writing a concise proposal

Whether preparing a proposal for a foundation or a corporation, the process of proposal writing will be essentially the same. Organizations will

- Identify an unmet need that said organization can or should address
- Determine if other organizations within the community they service are currently attempting to address this unmet need
- Develop the plan to meet the need
- Determine whether there are potential partners or collaborators
- Identify potential funders and begin to build relationships with them
- Write the proposals, with each being tailored specifically for one potential funder
- Engage in strategic follow-up once the proposal has been submitted

This book covers the proposal process in detail in **Steps One** through **Twelve**. The major components of a proposal are as follows:

- *Cover letter:* a short letter that accompanies the proposal and briefly describes its significance
- *Executive summary* (or *proposal summary* or *summary):* a very brief (usually one to two pages) overview of the proposal
- *Problem statement* (or *statement of need* or *need statement):* a compelling description of the need to be addressed by the grantseeker
- *Organization background* (or *background statement):* a presentation of the nonprofit's qualifications to carry out the proposed project
- *Goals and objectives:* a description of what the organization ultimately hopes to accomplish with a program (goal), and a spelling out of the specific results or outcomes to be accomplished (objectives)
- *Methods* (or *strategies):* a description of the programs, services, and activities that will achieve the desired results
- *Evaluation:* a plan for assessing program accomplishments
- *Sustainability:* a presentation of the nonprofit's strategies for developing additional funding to continue the program after the initial grant funding is over
- *Budget:* a line-item summary and narrative of program revenues and expenses

A proposal's format and length will vary depending on the grantmaker. In general, proposals contain the same key components to help funders understand that an organization has a sound plan that meets an important need and will make a positive impact on whomever it serves. The format laid out in this book is commonly used among funders but is by no means the only format possible. In fact, as previously mentioned, many funders large and small are moving to an online grant proposal process. These processes, while sometimes limiting an organization's ability to go deeper in explanation and details due to space limits, typically follow to a large degree the step-by-step process outlined in this book.

The step-by-step process is a useful and hands-on way to develop an organization's thoughts and present its program. After following these well-defined steps, it will be much easier to put the results into whatever order the funder requests. The importance of following each grantmaker's guidelines cannot be emphasized enough. These guidelines will walk

grantseekers through each funder's requirements for proposal development, packaging, and submission. The proposals on the *Winning Grants Step by Step, Fourth Edition*

website show some of the different formats required by different funders. Many foundations belong to a regional association of grantmakers (RAG); RAGs provide education, networking, and services to their members and advocate for foundations' interests and concerns with policymakers. Members of a RAG may use a common statewide or regional application form (some examples of which can be found on the website), which makes the process of grantseeking easier. Be sure to check with your local RAG to find out if common applications exist in your area.

## Types of Proposals

Broadly speaking, there are three types of proposals.

*A letter of intent* (or *letter of inquiry)* is generally a two- or three-page summary (though some funders may request a specific number of pages) submitted when the funder wishes to see a brief description of the project before deciding whether to ask for a longer, more detailed proposal. This document must focus on how the proposed project fits the priorities of the funder. It should also clearly describe the need and outline the plan to meet it.

A letter proposal is the type most often requested by corporations. It is typically a three- or four-page description of the project plan, the organization requesting the funds, and the actual request. The letter proposal and the letter of intent are often confused by grantseekers. The difference between a letter proposal and a letter of intent is this: In the letter proposal grantseekers are actually requesting funds. In the letter of intent grantseekers are only introducing their idea to the funder in order to determine whether the funder has an interest in receiving a more detailed proposal.

The *long proposal* (or *full proposal),* a format that includes a cover letter and a proposal summary, is the type most often requested by foundations. Corporations should not receive this format unless they specifically request it. Long proposals range from five to twenty-five pages, with most funders being interested in receiving about seven to ten pages, plus attachments. In the longer proposal, the grantseeker has an opportunity to give many details about the project and its importance to the community. When using this longer format, grantseekers should make sure that the funding request—the actual dollar amount —is not hidden. It should appear in the cover letter and in the summary as well as in the body of the proposal.

Foundations employing an online grant submission process will abide by much of what is outlined above, although the space for each step is likely to be more condensed than a

typical document proposal, so grantseekers should be prepared for that eventuality.

# Tips for Writing Proposals

There are three basic things grantseekers should keep in mind when conceiving their proposals:

1. Picture the reader of the grant as a friendly and fairly educated person who hasn't been around in a while and doesn't have a clue about the work of the organization, but she's interested. What would the grantseeker share to transfer excitement and a sense of mission?
2. Be sure to use compelling facts, but equally important, be sure to tell compelling stories that highlight what the organization does, how it does what it does, and why it matters. Put a face, place, and situation to the facts to make them real.
3. Always keep in mind that a grant is not just a grant; it is an investment on the part of the funder. Foundations have limited resources and are focused on advancing the foundation's mission. Therefore, it is important to their board and the larger community that they make smart investments.

The heart and soul of an organization's proposal will come from those who have identified the problem or unmet need and conceptualized the program to address it; they must be an integral part of the proposal development process. Grantseekers need to decide on one person to write the proposal—either the staff person with the strongest writing skills or an outside grantwriter—and have that person working closely with those who developed the program to be funded. Keep in mind that the proposal will suffer if the writer selected—whether internal staff or outside grantwriter—does not have an understanding of what the project is, why it is important to the community, and why the organization seeking funding is best qualified to undertake the project. And even when the writer does have this understanding, it is essential to have the program staff involved in the development of the grant proposal.

Stick to the following principles when preparing the proposal:

- *Follow the grant guidelines.* Organizations do not want their proposal dismissed on a technicality, which happens more than most grantseekers think. It is common for grantmakers to make explicit the format they want followed. Make the proposal visually attractive, but do not overdo it. Whenever possible, break up the written page.

Use a reasonable font size, and use bulleted lists and other formatting tools to make each page look inviting—but follow the instructions outlined by each individual funder.

- *Get the facts straight.* Make sure data are relevant and up-to-date to support the need for the program. General data to help set a framework for the statement of need are worthwhile, but the most important data are the facts and figures specific to the geographical area served, target audience, and other key elements.
- *Do not make the organization's proposal so bleak that the reader sees no point in trying to address the problem.* Use an affirming writing style, and present a well-reasoned, thoughtful presentation. A grant proposal should contain some elements of emotional appeal yet also be realistic and factual.
- *Be aware that many grantmakers read the executive summary first, followed closely by the program budget.* If they go beyond the executive summary and budget—congratulations; at a minimum their interest is sparked. For this reason, grantseekers should consider developing the proposal summary last.
- *KISS (Keep It Sweet and Simple).* Avoid jargon and do not overwrite. Make it easy for someone who probably is not an expert in a particular field to read, understand, and successfully digest the entire proposal. Jargon (specialized words that only people in the relevant field will understand) acts as a barrier to understanding, and people cannot be sympathetic to things they cannot comprehend. Be thrifty with words, particularly now in the age of online proposals, where word limits are typically in place, but do not sacrifice information that is critical to making the case for the project.
- *Get some honest feedback on the proposal before submitting it to a funder.* Ask one or two people (maybe a staff or board member or even someone outside your organization) to review the proposal carefully. Does everything make sense? Is the need clear? Do the proposed objectives (**Step Four**) and methods (**Step Five**) seem to be an appropriate response to the identified unmet need? Use the answers to these questions to strengthen the final proposal.
- *Remember that one size does* ***not*** *fit all.* After developing a proposal, study the guidelines of each prospective funder identified as a possible match for the program and tailor the proposal for each one accordingly. It is true that most funders want the same basic information. That said, it is also true that they request it in different formats, which will require reordering sections, cutting and pasting, and possibly relabeling some sections (for instance, the problem statement may become the need statement). Occasionally, additional material

may need to be added or some material deleted from the original version. By tailoring the proposal for each funder, each proposal reviewer will potentially be provided with confidence that the proposal is responding to the specific grantmaker's concerns.

- *Plan ahead.* The grantseeking process typically operates within six-month to nine-month windows, and each funder operates on its own schedule. From the time a proposal is submitted to the time a potential funder responds will be on average six months, and many funders have specific deadlines for receiving proposals. Develop a calendar that lists all foundation and corporation prospects and their deadlines. Also maintain a list of each funder's priorities that seem applicable to the organization's desired program, and then be sure to clearly spell out the parts of the organization's program that fit those priorities. This calendar will help grantseekers stay organized and on track as numerous deadline dates and priority areas are juggled.