Fly with the Fundamentals in this Challenging Economy! Part 2

Wednesday, April 11, 2012

Contributed By Dalya Massachi
Published By Charity Channel

Editor's Note: This is the second of a two-part article is based on Dalya Massachi’s September 2011 keynote speech to the Grant Professionals Association chapter in Miami Valley, OH.

Last week In Part 1, we discussed the five priorities on the grant-seeker’s mind. Now let’s tune in to what funders are telling us about what’s going on for them in today’s grant-making scene. Once we understand where they’re coming from, we can figure out how to point ourselves in the right direction before we approach them.

Many foundation folks are telling us that they are more cautious about giving multi-year and capital grants. Because they cannot predict what their assets will look like a year from now, they would rather not make multi-year commitments. I understand that! Who wants to get locked into a long-term contract when you can go short-term without any penalty?

In addition, capital grants signal that the nonprofit wants to expand in some way, and tough times are usually not the best times for doing that. Instead, it’s often the time to hunker down and keep the current fires burning. So many foundations are tending to focus more on the essential things an organization is doing RIGHT NOW.

But we can also focus on at least one major bright spot that is emerging from this economically troubled time.

You know how one of the pet peeves of every grantwriter is that foundations so rarely provide general operating support? Well, some foundations have gotten the hint that giving project-specific support is not the best way to keep a nonprofit afloat during hard times. So they’ve started giving more of those precious core operating grants! They want to support their grantees in weathering this storm, and they know that only the organizations themselves know what they need to do that.

These foundation folks are asking themselves this: “If ABC organization goes away, who will we support to deliver those services after the recession?” They want to ensure that the best organizations survive over the long-term, so they’re providing the general operating support to make that happen.
In terms of project grants, funders these days want to help sustain programs that do two big things:

1. They deliver services that are core to the mission of the grantee organization, and
2. They address the funder’s own mission and strategic direction.

I’m saying that the programs you propose need be centered on your strengths or core competencies, so the funder will see you as the most capable organization to carry out the work of highest interest to both you and them. They also want to make sure that your work will be coordinated with the efforts of their other grantees in your topic area.

You may watch the video version of these ideas:
http://youtu.be/oPbPYGVqSYM

Making That Connection with Funders

Now, exactly how DO you make that connection between your organization’s mission and that of the funder? It’s simple but not easy:

- Do your research, and
- Cultivate strong relationships (a.k.a. schmooze).

I mention these two related evergreen best practices because they’re even more crucial during tough economic times. Without clear, strong connections you simply have a poorer chance of getting funded!

You have to do your homework! Make absolutely certain that you’ve found a great role that your organization can play in the funder’s world.

The good news is that these days there is no shortage of easy-to-access information about funders. This is completely different from the days before the late nineties, when we didn’t have databases to review, but had to pour through volumes and volumes of heavy funder directories. But now we can read funders’ own websites and access a whole host of information about them online. We can find out how a funder sees itself.

Is it an image of a cutting-edge risk-taker, or one of a more conservative benefactor?

Is the funder hands-on, or does it prefer to play a more limited role? Do you get a sense that the funder is interested in becoming an equal partner with you? In essence, you have to figure out where they’re coming from. And remember, that since not all foundations are seeing their assets decline, you need to find out the latest information on your specific prospects.

But databases and websites will only go so far. You need to make your best effort to develop relationships with funders—before and after you apply! So schmooze away!
The old adage is true: People do business with people they know and trust. It’s your job as a grant-seeker to get to know your prospective funders as well as possible.

Remember, in this down economy many grantors’ giving programs are in flux. So make sure that their published information is still current, right now, today. Also, there may be some changes in the works for the next funding cycle or two, and you need to know that!

Find out if the size, duration, and type of project you are proposing is appropriate—and adjust if necessary. You may even want to ask if the funder is currently making any program-related investments (which are similar to loans to nonprofits). More foundations are now open to that, as a strategy to help nonprofits get through this economic slump.

As you schmooze, think back to the five FIRST priorities we discussed in the Part 1 of this article. How can you confirm the beliefs you share about your issue area, and build on that with information about your unique niche or approach?

My best advice here is to listen more than you talk (we have two ears and only one mouth for a reason). Remember the 80/20 rule of sales: 80 percent listening and 20 percent talking. Make your best effort to step out of your own shoes and into theirs.

Then, when it’s time to write your proposal, you’ll be ready to speak their language and become reader-centered, NOT writer-centered.

If they like what they see, they may want to help you make your proposal even stronger. If so, jump at the chance! Even if you don’t get funded this cycle, developing a working relationship can help you in the future.

The truth is that we grant-seekers are dedicated to making our communities better, and so are grant makers! They really want to contribute—especially in these hard economic times—and we have to show them that working with us will offer that opportunity!

Watch the video of these ideas:
http://youtu.be/QzIEhQwnAmU

Tweaking According to the Shifting Economic Winds

During this recession, many funders have found ways to cut their operational costs, so they can continue to provide as much grant funding as possible. Naturally, they also want to know how your organization has done more with less money. While funders may or may not specifically ask about ways you have adjusted, you can be proactive and demonstrate any streamlining you have done at your organization. Show them that you are agile and can tweak as necessary!

What opportunities have you found to boost your efficiency? By sharing this information
with the prospective funder, you will show that you are responding positively to economic challenges and finding ways to continue to achieve your mission.

I say “opportunities” because this may actually be a good thing! Finding ways to streamline your organization will serve you well as you strive for long-term sustainability in the “new normal” economy. And it may actually be long overdue!

For example, many organizations have started to collaborate much more with strategic partners. They’re coordinating their work to do more of what each partner does best. They’re eliminating tangential programs that were diverting resources away from core programs. They’re also making sure they don’t duplicate each other’s services.

In this economy, perhaps even more than before, grantors want to support those strategic collaborations! They want to fund organizations that:

1. Play to their unique strengths;
2. Maximize their precious resources; and
3. Contribute essential threads to the community’s interwoven fabric.

Funders are looking to support strategic collaborators who are learning from each other’s experiences and are beginning to reap the benefits of economies of scale.

A cautionary note on this one too: Finding a way to connect to another organization just to be able to say you are “collaborating” will not work. It will fool no one. Be strategic about your choice of partners, and work in a genuine way that benefits everyone involved—especially your clients.

If you focus on everyone’s strengths in a way that truly improves the work you all do, both individually and collectively, your effort will succeed. If it’s not that type of arrangement, go back to the drawing board.

A few other cost-cutting measures you will want to tell funders about include:

- Any strategic direction changes you’ve made.
- How you’re diversifying your funding sources.
- And any new or increased fees for services.

By the way, a simple way to collaborate is to share back office operations or office space. You can also band together to get group discounts. These are all great cost-cutting measures, as well.

Speaking of saving money, be prepared to share with funders any non-monetary ways that they can support you. These suggestions are especially welcome in this economy, because many funders are increasing this type of help. Examples include:

- meeting or retreat space
Reminder: Remain Confident

Let me offer a reminder to above all, remain confident about your organization's potential and your belief that you will succeed in funding it. Only then will you ensure that your organization soars.

Check out this video clip of this final segment (with a story!):
http://youtu.be/aiJXFKksBM0