A manual by Ingrid van Rotterdam

Revised and Updated by Canadian Centre for Philanthropy, 1999 and 2004

Building *Foundation* Partnerships

The Basics of Foundation Fundraising & Proposal Writing

About the Author

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As Director of Information Services for the Canadian Centre for Philanthropy, she co-edited The Canadian Directory to Foundations, developed the Grants Index database, delivered seminars on foundation fundraising and proposal writing, and developed funding proposals for the Centre.

As Director of Regional Grants for the Ontario Trillium Foundation, one of Canada's largest foundations, Ingrid worked with hundreds of social service organizations in the application and grant-giving process. She trained many community leaders in the evaluation of social services organizations and their programs and proposals. She also worked with the Donner Canadian Foundation.

Among her many activities as Executive Director of the Canadian Booksellers Association, she was involved in the successful development of sponsorships, major funding proposals to government, and annual fund development.

Ingrid is experienced in many aspects of organizational development, including financial development, policy development, program/product development, and non-profit resource structures (board, volunteer, and staff).

Acknowledgements

The author wishes to acknowledge Allan Arlett for his assistance in developing the overview of Canadian foundations and in adding his insights to the section on solicitation; Arthur Bond for reviewing and advising on the background information on foundations; Catherine MacKinnon and Rob Ross for reviewing and advising on the contents of the book; Rose van Rotterdam for research, editorial support, and content review; and Norah McClintock for a thorough editorial review.

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Foreword

Foundations, particularly private foundations, have a number of inherent strengths. First, unlike most other funding sources, a foundation's granting income is relatively constant, often even greater each year. Its resources are not linked to fluctuating profits, as are many corporate donations budgets. Nor are they subject to the changes in direction and priorities which can affect government granting. While the support of private individuals is by no means insignificant, it, too, varies with their incomes.

Foundations are expected, and are often called upon, to provide a considerable degree of leadership, a role for which they are eminently suited. Since they are highly regarded by all sectors of society, foundations are very effective "lead donors." It may be difficult for a foundation to make that first move, but it normally has a domino effect on other granting agencies, with gratifying results for the success of the campaign.

Of great importance to effective granting is co-operation between those seeking funds and those making grants. The Council on Foundations in the U.S. has adopted a statement of principles and practices for effective grantmaking. One of these principles is: "Open communication with the public and with grant-seekers about the policies and procedures that are followed in grantmaking is in the interest of all concerned, and is important if the grantmaking process is to function well, and if trust in the responsibility and accountability of grantmakers is to be maintained."

Such co-operation implies responsibility on both sides of the granting equation. Once foundations have formulated and published their areas of interest, the onus is on those seeking support to research all available sources, such as the Canadian Directory to Foundations & Grants, to determine which foundations are best suited to, and most likely to be receptive to, their needs. For example, if playground equipment is required, a community foundation (if one exists in that area) would be the most appropriate body to approach. It should also be obvious that a private foundation whose published interests are health and education is unlikely to look favourably upon applications relating to the performing arts. It is in the grant-seeker's interest to follow proper application procedures and provide appropriate information.

The co-operation between those seeking grants and those making them should be a two-way street where interaction and communication bring rewards both to foundations and to society.

The rewards to society are obvious. A glance at the scope and diversity of giving in even a few of our foundations sets them out for all to see.

And the rewards for foundations? The opportunity to preserve what is good on earth, to support what feeds the soul or stimulates the intellect, to encourage a talent or save an endangered species or to keep alive the dreams and aspirations of others is not only a privilege but a sacred responsibility. For foundations, that responsibility is the source of incalculable satisfaction.

Richard M. Ivey,
Former President,
The Richard Ivey Foundation
Toronto, Ontario

Overview of Contents

This manual has two primary objectives. First, we hope that it will add to your understanding and appreciation of the important contribution that foundations make to Canadian society. Second, by following the steps outlined in this manual, you should be able to assess the relative importance of foundation funding to your organization and assign resources accordingly. This manual attempts to present the best possible practices in building relations with foundations – practices based on the principles articulated in the foreword by Richard Ivey.

The manual begins with an up-to-date description of the foundation community. This will help you to understand how foundations work and the reasons for the manual's emphasis on certain aspects of building foundation partnerships. This is followed by a framework for foundation fundraising. The balance of the manual is based on this framework.

Before embarking on the research portion of the fundraising process, you are asked to look inward and to evaluate your organization's readiness to engage in foundation fundraising. A significant amount of the foundation fundraising effort is devoted to research. To begin with, you will be shown how to identify the largest possible universe of foundation prospects, and then how to narrow this down to your best prospects. By the time you finish the research process, you should have complete files on your top foundation prospects, including detailed information on individuals within those foundations and any possible connections to your organization.

Many grant-seekers move directly from research to solicitation. However, it is worthwhile to take the time to develop a relationship with your top foundation prospects. A number of relationship-building suggestions are provided, almost all of which will capitalize on your existing assets.

Because of our emphasis on personal contact, many of you may wonder about the need to develop a good proposal. The chapter on proposal writing will show you the many benefits of a good proposal and lead you step by step through a model for proposal development. At the end of the proposal-writing process, you should have a solid program plan, including an evaluation component, and a realistic budget.

The ideal solicitation scenario is described, as well as various alternative strategies. If your application is successful, you can work to develop an even closer relationship with your funder. It is important to demonstrate good stewardship of a grant and to continue the cultivation cycle. If your application is unsuccessful, we suggest ways to continue the cultivation strategy. You will appreciate how important it is to demonstrate good stewardship of a grant and to continue the cultivation cycle.

Worksheets are included to help you monitor and evaluate your progress in building foundation partnerships. Do not feel bound by them. Feel free to adapt them to better serve your needs.

Chapter One

Foundation Facts

What Is a Foundation?

Canada Customs and Revenue Agency (CCRA) makes a distinction between charities that disburse funds and those that carry out their own charitable programs. Those that carry out their own charitable programs are called, simply, Charitable Organizations. Those that primarily disburse funds are called Charitable Foundations.[1] There are two types of Charitable Foundations: public and private. The designation depends on the nature of the relationship between the directors (or founders, trustees, etc.), and on the source of funds. Public Foundations raise funds to carry out their own programs and activities or to fund other qualified donees, a CCRA term that includes registered charities (see Appendix E for more information on qualified donees). Private Foundations usually receive money from one source and disburse funds to qualified donees: most often, these are family foundations. There are about 4,000 Private Foundations registered with CCRA. It is important to note that this classification is made on the basis of an organization's initial status and may not adequately represent its current activities. Some Private Foundations broaden their funding sources to the point where they should be re-designated as Public Foundations; others develop charitable programs of their own and so move into the realm of Charitable Organizations.[2] The Canadian Centre for Philanthropy tracks Canadian foundations and provides detailed background information on the 2,300 that are actively making grants. The information presented here is based on data provided by the Canadian Centre for Philanthropy.

Canada’s Top 100 Foundations

Canada's top 100 foundations by assets control 70% of the assets of all the foundations and give 51% of the grant money; together, they have assets of about $8.3 billion.

Canada’s top 100 foundations by grants control 50% of the assets of all the foundations and give 70% of the grant money; together, they give $806 million in grants.

Family Foundations

Family foundations are generally the best known and certainly the most numerous foundations in Canada. A large share of the assets of Canada's foundations is in the hands of family foundations. Family foundations are usually established by a wealthy individual or family. Their areas of granting interest can usually be attributed to the funder's or family's interests; however, many larger family organizations now look at broader needs within the community. Governance and management vary widely. The largest family foundation in Canada (by assets) is Fondation Lucie et Andre Chagnon.

[1] It is important to note as well that although an organization may have the term “foundation” in its name, this does not necessarily mean that it is a grant-giving organization. Many Charitable Organizations call themselves foundations, as do some non-charitable organizations.

[2] David Sharpe, *A Portrait of Canada’s Charities.* (Toronto: Canadian Centre for Philanthropy, 1994), pg. 19

Corporate Foundations

Corporate foundations derive their funds from profit-making businesses; they are Private Foundations. Legally independent of the corporation, the corporate foundation is nevertheless closely tied to the corporation through its board and funding. In developing a proposal for a corporate foundation, one sometimes needs to look more closely at the relationship between the proposed project and the corporate mission. Donor-recognition opportunities may also need more emphasis. Many corporations also have giving programs that are not channelled through their foundations (e.g., funds for the sponsorship of various activities). Because of their direct relationship to the business interests of the corporation, these giving programs are not treated as charitable activities.

Corporate foundations can be structured so that in profitable years, the corporation can donate money to the corporate foundation, and that money can then be invested so that it increases in value over time. When corporate profits decline, the corporation can draw upon some of the funds that have already been accumulated, in order to even out the flow of donations. This enables the corporation to maintain a more consistent level of donations despite low profits, and enhances both the management and public-relations aspect of corporate donations. In this way, charities benefit from a sustained level of corporate donations that enables them to provide better services to those in need.

Most corporate foundations, however, function mainly as vehicles through which funds flow in and out on an annual basis. These realize only some of the benefits of a Private Foundation. It is to be hoped that, in addition to serving as a vehicle to manage a corporate donations program, each of these foundations will gradually develop a steady pool of assets.

Community Foundations

Community foundations are established to assist in meeting the needs of a particular community. Usually classified as Public Foundations, they nevertheless function much like Private Foundations. Funds are derived from the contributions of many donors (often through bequests), and donors may designate their funds to particular areas of interest. Granting is usually restricted to the community in which the foundation is located, with the board of the foundation representing broad segments of the community. The Winnipeg Foundation, established in 1921, is the oldest community foundation in Canada and one of the oldest in North America. The Vancouver Foundation is the largest in Canada and ranks among the top foundations in North America in terms of grants.

Until recently, few community foundations have attracted the financial contributions needed to become significant philanthropic forces in their communities, though the Vancouver and Winnipeg Foundations have long been the exception to this. But there is evidence of significant growth in the development of a number of community foundations. The combined assets for the top ten community foundations have increased 85% between their 1992-93 data and their 1997-9 data. The Edmonton Community Foundation, for example, has increased its assets from $32 million in 1993 to $107 million in 2002, a 240% increase. The Calgary Foundation has grown from assets of $21.5 million in 1993 to $137 million in 2003, a 537% increase.

The history of community foundations demonstrates that they need to achieve a certain critical mass of assets in order to make the grants in their community that will build their profile and credibility. This positions them to attract more financial support. The commonly accepted figure for this critical mass is $10 million. It is heartening to see that a number of community foundations are moving in this direction. The establishment of Community Foundations of Canada, which promotes the community foundation movement across Canada, has provided an opportunity for community foundations to benefit from each others' experience and to improve the public's understanding of their role and importance.

Some family foundations have decided to become part of their local community foundation instead of operating as independent entities. For example, in 1998, the Edith H. Turner Foundation transferred its assets to the Hamilton Community Foundation and became the Edith H. Turner Foundation Fund within that foundation. As community foundations begin to establish solid track records in their communities, there is reason to believe other family foundations will follow this example.

Special Purpose Foundations

These are Private or Public Foundations that have been established with a very specific purpose. Usually, they give within their own province. Over the last number of years, there has been a boom in the creation of hospital foundations across the country, but because they are essentially the fundraising arms of hospitals, with the funds they raise going directly to their own hospital, they do not normally meet the definition of a foundation as applied in the Directory. The Hospital for Sick Children Foundation is, however, an exception to this rule, as it allocates almost $3 million per year to organizations and institutions across Canada in the field of child health.

One of the unexpected results of the replacement of private medical insurance with provincial plans was the establishment of foundations for the support of health and medicine in Alberta, Manitoba, and Ontario. The physicians participating in the private plans determined that the remaining reserves in the plans would be used to establish foundations.

Some foundations have a legal origin and focus; they receive their funds through interest accruing on lawyers' trust accounts. Examples are the Law Foundation of British Columbia, the Alberta Law Foundation, the Manitoba Law Foundation, the Law Foundation of Ontario, and the Law for the Future Fund. Their grant programs support legal aid, law libraries, legal education, legal research, and law reform in their respective provinces.

Government Foundations

With the growth of government-run lotteries, funds available to charities from governments have increased considerably in recent years. Although these do not meet the formal definition of foundations (in that they are often established through lottery funds), many government foundations function very similarly to other foundations, and operate with varying levels of independence from government. The Ontario Trillium Foundation and the Wild Rose Foundation in Alberta are examples.

Service Club Foundations

Service clubs such as the Rotary Club, the Shriners, and the Lions Clubs, have always played an important and high-profile role in Canadian society and Canada's charitable sector. Some service clubs have established charitable foundations. A number of these exist as a result of member bequests and donations. In some cases, funds are raised from special events.

Keys to Understanding How Foundations Operate

There are a variety of factors that affect a foundation's operations. The most important are: size, staff, involvement of the original benefactor or family, and geography.

Large, Staffed Foundations Without Benefactor Involvement[3]

1. Areas of interest are generally clearly defined.
2. A tendency to support specific projects through large grants paid over three to five years.
3. Grants are usually conditional upon the receipt of regular progress reports.
4. Regular reports, disclosing current areas of interest, are usually published by the foundation; these are periodically reviewed.
5. Operating, endowment, and capital grants are not usually considered, except occasionally for specific activity within the context of a large institutional capital campaign.
6. It is unusual (but not unheard of) for the board to still feel obliged to view requests from the perspective of the founder.

[3] Large and middle-sized foundations with a staff and with the benefactor or their immediate family still involved will have many of the characteristics noted for large staffed foundations, but funding areas of interest may be influenced in part by the personal or family interests of the donor.

Middle-sized and Small Foundations Without Staff

1. Often have some form of benefactor or family involvement; the contact person may be the family or business lawyer.

2. Decisions about funding generally reflect family interests.

3. Giving is generally made in their own geographic area.

4. Within these geographic boundaries, they often support a wide range of organizations. Therefore, geographic location is generally more significant than subject focus in determining a grant.

5. Though their grants are smaller, they are more likely to give operating funds and capital funding.

6. Organizations can become a favourite cause and receive funding on an ongoing basis.

7. Personal contact with board members is more significant in dealing with small foundations.

These characteristics are to be approached with caution. Foundations are not all the same. There are significant differences in granting procedures and criteria, even between foundations of the same size. What is true for one large or small foundation may not be true for another. It may be stating the obvious to say that the need is greater than the ability to give – a foundation may be able to fund only 10% of all requests received. Therefore, all foundations have some criteria, whether formal or informal, to assist with their decision-making. A foundation's funding criteria usually include:

- Funding Interests (e.g., Arts and Culture, Community Services)
- Granting Region
- Size of grants
- Types of Support (e.g., endowment funds, seed money)[4]
- Types of recipients (for example, whether they fund well-established organizations with a track record or new organizations; whether they only fund qualified donees (which is usually the case); whether they fund individuals (which is usually not the case))

It is worth noting that Canada's 100 largest grant-giving foundations provide 70% of the grants awarded. Therefore, depending on your funding requirements, this group of foundations may be particularly important to you. Should this be the case, we suggest that you spend considerable time applying the principles and techniques described in this book to these foundations.

[4] It is helpful to review some often confusing granting terminology – what is meant by capital, building, and equipment grants. Capital grants are frequently an umbrella term encompassing both buildings and equipment. However, foundations may say that they will not fund capital, but will fund equipment. There is also the phrase "capital campaign", which refers to a large, comprehensive, institutional fundraising campaign, and which may include programming. Building and equipment grants are more obvious in their meaning. Where possible, it is useful to clarify how a foundation is defining these terms.

Staffed and Non-staffed Foundations

One of the most significant factors in how foundations operate is whether they are staffed. Data gathered by the Canadian Centre for Philanthropy indicates that only 14% of Canadian foundations have full or part-time staff.

Generally speaking, large Private Foundations with assets of more than $15 million, or which make more than $1 million in grants annually, do have staff. So do community foundations, government foundations, and foundations attached to professional associations.

The larger foundations are usually staffed when boards have decided that the workload is too great to handle on a volunteer basis. The addition of staff usually results in a more structured foundation, clear fundraising guidelines, deadline dates for applications, and a clear decision-making process. Often, specific subject areas are identified for funding, and the foundation then seeks to fund the best projects within these areas.

The geographic focus of staffed foundations is generally broader than that of non-staffed foundations, and often extends beyond a city or region to become provincial or nation-wide. To strengthen their ability to deal with proposals within the subject areas they have identified, staffed foundations often reach beyond the family of the original benefactor and recruit board members who can bring expertise and knowledge to foundation decision-making. Some foundations establish advisory committees to help evaluate proposals, or send them out for peer review. Staff either bring in or develop expertise within the foundation's areas of funding interest.

Non-staffed foundations may fear publicizing their activities; they worry that they will be inundated with requests that they do not, as volunteers, have time to handle. Staffed foundations, however, recognize that by publicizing their interests, they will attract appropriately focused applications. However, Centre data indicates that only 7% of Canadian foundations publish some form of publicly available report.

Large three- to five-year project grants tend to be the order of the day for staffed foundations, with an expectation of periodic progress reports. Awarding grants for operating funds is much rarer for staffed foundations than for non-staffed. However, a review of the number of grants given by the top 50 foundations by assets, almost all of them staffed, shows a considerable range in the number of grants awarded and the average size of grants. Of the 35 of these foundations that have identified the number of grants they award, 16 gave more than 100 grants, 16 gave between 25 and 100 grants, and three gave fewer than 25 grants.

Staffed foundations are much more interested than non-staffed foundations in seeing that there is a process in place to evaluate the results of funded projects. The Muttart Foundation, for example, places a heavy emphasis on evaluating the projects it funds. It has stated, “We believe that evaluations help us to make better decisions. They help grantees assess the impact of their projects. They help other funders decide whether to duplicate programs or to assist other organizations which offer similar programs.”

Chapter Two

Preparing for Foundation Fundraising

Foundations invested over $346 million in charitable organizations in 1993. In the same year, donations (both receipted and unreceipted) from individuals equaled $8.2 billion, and those from corporations equaled $1.2 billion.[5] Foundation funding represents only a small percentage of private giving in Canada. Nevertheless, there are many features that make foundation fundraising an important component of any fundraising program. A diverse funding base leaves an organization less vulnerable to sudden shifts in the interests or priorities of funders.

The Role of Foundation Fundraising in Your Organization

Foundations are the only granting entities whose main purpose is to give away funds. They have a more stable and predictable flow of funds, whereas corporate giving is susceptible to shifts in the economy. More data is available on foundations than on any other type of donor. This allows for good decision-making on the part of the grant-seeker, and an efficient application of time and effort.

While the foundation community as a whole represents a diversity of interests and styles, individual foundations are quite stable in their interests, styles and people, allowing you time for careful planning, cultivation, and the building of long-term relations. Foundation staff, where they exist, can be helpful advisors to your organization. They can also be a useful means of testing your program.

Foundation involvement in your organization can add credibility disproportionate to the actual dollars given. Foundation gifts can help leverage other gifts. A broad base of donors provides a tangible demonstration that there is broad public support for, and interest in, your work.

Cultivation Cycle – Framework for Foundation Fundraising

The key thing to remember is that an organized approach that matches your organization's objectives with the objectives of foundations, and that identifies personal connections between individuals involved with your organization and those involved with the foundations you plan to solicit, leads to the best possible results, both in terms of financial support and agreeable working partnerships.

Buck Smith, one of the most respected institutional fundraisers in the United States, coined the phrase “cultivation cycle” to describe how to build a successful long-term partnership with a foundation. The following steps are an adaptation of this process, which can be applied to all forms of fundraising and volunteer recruitment. The steps are:

1. Internal preparation: agreement on goals, agreement on priorities for funding, agreement to support the foundation fundraising process, preparation of documents (case resources), and a description of each project based on the research checklist process.

[5] Sharpe, pg. 19

2. Preliminary identification of foundation prospects through a review of past files, research using the *Canadian Directory to Foundations & Grants*, and suggestions from members of the Board and other friends of the grant-seeking organization. Preparation of preliminary foundation prospect files, matching organization interests, priorities, and need. Ranking foundation prospects.
3. Detailed research into the top foundation prospects to develop in-depth information on foundation interests, philosophies, style and methods of operation, key foundation people and their backgrounds and interests, etc.
4. Development of a relationship with top foundation prospects through a cultivation strategy that includes establishing timelines and assigning responsibilities, using existing organizational products, events and contacts for each foundation prospect. Implementation of the cultivation strategy.
5. Development of detailed program plans and proposals for each activity for which funding is being sought.
6. Submission of requests to appropriate foundations at the appropriate moment, as determined by cultivation strategy. At this stage, the foundation will have either invited the request, or, at least, will not be surprised to receive it.
7. If successful, say thank you, continue the cultivation strategy, and report back at critical moments during project's lifespan.
8. If unsuccessful, say thank you, seek clarification and guidance, and, if appropriate, continue the cultivation cycle.
9. In all cases, manage data, update files, evaluate and record process, and repeat the cycle.

Internal Organizational Requirements for Building Foundation Partnerships

Fundraising should be part of your organization's comprehensive planning process and should be integrated into other organizational functions. Foundation fundraising is most effective and efficient as a planned, ongoing activity, rather than a sudden, isolated burst of activity. It is important that the Board, staff, and volunteers understand the time, effort, and planning that go into the fundraising process in general, and foundation fundraising in particular.

CHECKLIST ONE, The Internal Readiness Audit Checklist, provides an overview of the organizational ingredients for effective foundation fundraising. It lists the organizational structures, skills, and data that will help your organization build foundation partnerships. Use it to determine your readiness.

CHECKLIST ONE
The Internal Readiness Audit

DATE___________________

DOES YOUR ORGANIZATION HAVE:	YES	NO	TO DO
1. Goals and priorities for fundraising?			
2. Institutional resources, including designated staff, volunteer leadership, and organizational structures (such as a fundraising committee) supportive of the fundraising effort?			
3. A good relationship between the various fundraising efforts (such as direct mail, sponsorship, etc.) and the foundation fundraising effort?			
4. A formal relationship between the fundraising function and other parts of the organization?			
5. An understanding by organization administrators of the fundraising program; its link to public relations; the needs determination process; the strategy around targeted grant solicitation?			
6. The ability and commitment from the Board and other volunteer leaders to build strong relationships with community leaders, corporations and foundations?			
7. A detailed fundraising operating plan specifying timed goals and assigning responsibility?			
8. A donor relations program, including acknowledgement, cultivation, and recognition?			
9. High-level involvement on the part of the CEO and the Board, and a good level of expertise in solicitation activities?			
10. A corporate and foundation relations program practising research and cultivation?			
11. A general, Board-approved case for support?			
12. Quality proposals and a proposal review system?			

Human Resources Requirements

Whether an organization is large or small, what counts is that the work be organized. It is important that someone, whether a staff member, volunteer, or consultant, be assigned the role of fundraiser. This person will act as the researcher and strategist whose major responsibilities include:

1. Identifying prospects
2. Gathering all data possible
3. Developing volunteer networks
4. Ensuring that letters of inquiry, briefs, and proposals are properly prepared
5. Overseeing follow-up to requests
6. Ensuring that the cultivation of foundations is a continuing process

Large organizations embarking on major campaigns usually work with a campaign chair and cabinet, with special sub-committees to develop prospects in various sectors, additional sub-committees for appropriate geographic regions, a communications committee, and, of course, staff. Smaller organizations are more likely to have one part-time staff person and one volunteer devoted to fundraising. The campaign committees referred to above point to essential activities and responsibilities.

1. Someone must be responsible for overall planning and coordination of activities.
2. Foundation fundraising must be coordinated with other fundraising activities, particularly any fundraising efforts aimed at the corporate or individual sectors.
3. Geographic representation may be important: be prepared to make use of personnel and volunteers on this basis.
4. Someone must be responsible for developing, implementing, and maintaining a communications strategy. This is an essential component of relationship building.
5. Someone must be responsible for prompt and regular internal communications, communications to the board and other volunteers about the cultivation strategy for each prospect, and ongoing progress reports.

Using Volunteers

Fundraising is an activity that benefits from the use of volunteers. If your organization is small, consider thinking about an evolving fundraising structure. At this stage, your key volunteers may consist of one person, a committee of ten, or several individuals scattered across the country. It depends on the size and scope of your organization and project. Volunteers can be helpful in a variety of ways:

1. Research: There is usually a lot to do. A volunteer research committee can carry some of the load. Appropriate tasks are outlined in Chapter 3.

2. Relationship building: Not only are volunteers important in identifying links between foundations and your organization, they are important for developing relationships with foundations through introductions, presentations, invitations, etc. Each volunteer may have only one task, to make a phone call or attend a meeting.
3. Geographic representation: Depending on your location, you may benefit from volunteers outside your own community who can do background research work for you or act as ambassadors for your organization. Support materials for ambassadors are outlined in Chapter 3.

Here is a list of potential volunteer sources:

- past donors
- Board of Directors or Trustees
- previous Directors
- members of your organization, or their friends or relatives
- prominent friends of your organization
- spouses or other family members of your Directors
- active volunteers
- community leaders and other prominent people in the community who may feel an affinity for your cause
- leaders from other supporting organizations, including funders
- new corporate leaders in your community who would welcome the opportunity to get to know the community
- librarians and professionals like lawyers, bankers and trust officers, insurance people, accountants, stock brokers, and corporate executives. These are particularly useful in research work.

Documents Required to Support Fundraising Activity

You must present to prospective and past donors a consistent case for support. The entire process of fundraising research and solicitation is more efficient and effective if you have some key documents at your disposal. We will refer to these documents as case resources.

Case resources are used in researching foundations, in cultivation, in preparing proposals, and in solicitation. They provide everything a prospective donor may need or want to know about your organization. They may be documents you already have on hand, or you may have to create them specifically for this purpose. Case resources are board-approved documents. Using them, staff and volunteers can move through the research and relationship-building process more efficiently and can respond to foundation requests for information quickly. For example, much of the data needed to identify appropriate foundations (as gathered through the Organization and Project Description Worksheet) can be found through existing case resources. As well, parts of your proposal can be written using material and data from case resources.

WORKSHEET ONE lists the documents that make up your Case Resource File. The documents should be in a presentation style suitable for circulation to prospective foundations at a moment's notice.

WORKSHEET ONE
Items for Case Resource File

DATE___________________

ITEM	HAVE	NEED	WHO TO FIND/ DEVELOP	DATE/ COMPLETION
1. A mission statement including philosophy, values and the need being addressed				
2. General statement of goals				
3. Descriptions of programs and services and the linking of each to a goal and the mission				
4. How the Board is elected or appointed, who it represents, and how it functions				
5. Staffing, both paid and volunteer, for delivery of services				
6. Description of physical facilities and mechanics of program delivery				
7. Financial information presented in a variety of ways: i.e., narrative, numerical and graphic, to give a clear picture of how the organization acquires and spends its money				
8. Description of the organization's long-range and short-range planning processes and the current long-range or strategic plan				
9. Brief description of how and why the organization came into being				

ITEM	HAVE	NEED	WHO TO FIND/ DEVELOP	DATE/ COMPLETION
10. Current board list with community/ business affiliations				
11. Advisory group list(s) with community/ business relationships				
12. Financial statements/balance sheet for most recently completed FY				
13. Current year operating budget				
14. Biographical sketches of key volunteers/staff				
15. Statistical data which quantify mission/ goals/objectives of organization				
16. Selected reprints of articles about organization/mission				
17. Letters of endorsement and recognition of service				
18. Tax exempt letters from Canada Customs and Revenue Agency				
19. List of major donors with/without gift amounts				

* *Basics of Fundraising Study Guide, published by The Fund Raising School, Indiana University Center on Philanthropy, from a pre-conference session of 1991 Canadian Centre for Philanthropy conference, Survive and Thrive in the Nineties. (Used with permission)*

Chapter Three
The Research Process

The Preliminary Research Process

Foundation fundraising consists of 80% research, and 20% preparing for and making the request. So be prepared to do your homework.

Why do research? To identify the "shared values" between your organization and your foundation prospects in order to build and maintain the "exchange relationship".

What is research? The systematic acquisition and recording of pertinent data on current and prospective foundation donors.

The Philanthropic Investment Approach

Foundations often view their grants as philanthropic investments – an exchange of products and benefits for resources. An investment view of fundraising requires you to articulate the potential return on investment for the donor. You must know, and know well, the person whom you are trying to attract into making an investment. Hence the need for thorough research in building foundation partnerships.

The donor's motivation is one criterion that affects what the return should be. Return can be interpreted as "What values does the donor fulfil by giving?" or "What goals will the donor achieve by giving?". These are subtle questions. Therefore, the research process has a number of layers that will lead you to the foundations most likely to give you their support.

There are three parts to the preliminary research process:

1. Research yourself.

    - Apply the Organization and Project Description Worksheet (WORKSHEET TWO) to each of the activities for which you are seeking funding.

    - Identify those who have given to your organization in the past.

2. Identify as many potential grantors as possible based on matched areas of funding interest, geographic location, and personal connections.

3. Make the best match. From this list of prospects, identify and rank the top ones. It all adds up to the right person approaching the right foundation in the right way with the right request at the right time.

PART 1. Research Yourself

To find the right foundations to approach, you first need to develop some information on your organization. The development of your case resource file, as discussed in the previous chapter, is the first part of your internal preparatory work. Now you must describe in some detail the priorities for which you are seeking funding.

WORKSHEET TWO, The Organization and Project Description Worksheet, will help you do this for both the research and the proposal-writing stages. In answering the questions related to the subject areas of your organization and/or specific projects, think broadly and narrowly, but stick to terms that relate substantively to the work of your organization. As a first step, use a brainstorming session to develop a preliminary list of terms that describe your organization's or project's areas of concern. Then using the list of Subject Terms for Foundation Funding Interests & Grants (pg. xxiii), ensure that your terms match the terms being used to describe the funding interests of foundations.

The Importance of Past and Current Donors

Past donors are the most likely source of future support. A past donor has already made the major decision to give and is now an investor in your organization. Also, people give to people that they know, trust, and like. If you keep past and current donors informed and treat them properly on a sustained basis, it increases the likelihood that they will give to your organization again. Past donors are also more likely to help you in a volunteer capacity – in identifying individuals, for example, or assisting with the cultivation strategy.

Most non-profit organizations have a granting (or sponsorship) history of some kind. But most charities keep poor records on who their past donors are. Files are kept only for the life of the project. Much contact information is not recorded. This information can determine the fundraising capacity of any organization. You should have detailed knowledge of your organization's past connections to foundations, including unsuccessful approaches. As this is a community with a sense of history, you should gather data on foundation funding to your organization as far back as possible. For all past foundation approaches, you need to know:

1. Who made the contact?
2. What approaches were used? Was the connection geographical or based on mutual interests or personal connections? (Bear in mind that approaches that were used in the past may no longer work.)
3. What were the objectives of the funding?
4. If successful, what was the grant amount and what was your follow-up?
5. If unsuccessful, what was the reason?

WORKSHEET TWO
Organization and Project Description Worksheet

Note: To compete the first four questions, use the list of Subject Terms for Foundation Funding Interests & Grants on page xxiii to identify terms that best describe your subject areas.

PROJECT
NAME:____

1. What is the major subject area of your organization?

____

2. What additional subject areas are you involved in?

____

3. What is the main subject area of this particular proposal?

____

4. What related subjects does the proposal deal with?

____

5. What population groups are served by your organization?

____

6. What population groups will benefit from this proposed project?

____

7. What type of support are you seeking (e.g., project, seed money, building)?

____

8. What geographic areas will be served by the project?

____

9. Will the project have any impact beyond the community where it will be operated?

____

10. How much will the project cost in total?

____

11. How much foundation support are you seeking?

12. What other sources of support will be used to meet project costs?

13. Who has supported or expressed an interest in your organization's programs? (Note past and current funders, members of the Board, volunteers, etc.)

**An adaptation of a model in Foundation Fundamentals, pub. By the Foundation Center, N.Y., 1986*

PART 2. Identify as Many Potential Grantors as Possible Using the Canadian Directory to Foundations & Grants

More is better! The first goal of the foundation research process is to identify as many foundation prospects as possible using three different approaches to identification:

1. Areas of funding interest
2. Geographic location
3. Individuals

One of the advantages of foundation fundraising is the existence of readily accessible information on foundations, largely through the *Canadian Directory to Foundations & Grants*. The Directory is produced through a combination of the following: research to identify the active granting foundations; an analysis of foundations' public information returns (form T3010); and foundations' active involvement in the preparation of data through a detailed and comprehensive questionnaire that they fill out.

What follows is a research methodology which starts with the *Canadian Directory to Foundations & Grants*, supplemented by additional information resources. The most important research tools in the Directory are five of the Indexes:

Index of Foundations by Funding Interests
Index of Foundations by Subject Terms of Grants Given
Index of Foundations by Location
Index of Individuals
Index of Foundations by Name

Index of Foundations by Funding Interests

This index lists and cross-references subject terms that describe the funding interests of foundations. It will lead you to the foundations whose subject interests most closely match your own. There are 516 cross-referenced terms organized into nine broad subject areas:

- Arts and Culture
- Charitable and Voluntary-Sector Development
- Education
- Health
- International Activities
- Religion
- Sciences and Social Sciences
- Social Services
- Sports and Recreation

Taking all the terms you used in answering questions one to six in the Organization and Project Description Worksheet, make a note of all the foundations that appear under the subject terms related to your area of activity. Also, the Index of Foundations by Funding Interests has cross-references to other, related terms. Make a list of all the foundations that appear under each of these terms, too.

Here is an example of the subject terms that might be used for a library that serves a multicultural clientele and is seeking funding for a project to enhance its collection in order to address the needs of its adult patrons. This might lead to foundations that have expressed an interest in:

- Literature
- Writing
- Libraries
- Academic and Research Libraries
- Adult and Continuing Education
- Literacy
- School Libraries
- Community Centres
- Multiculturalism
- Social Development

Index of Foundations by Location

This index lists foundations by province and city. It will lead you to foundations operating in your geographic location. Use this index, along with your Organization and Project Description Worksheet, to begin researching foundations to see if they are suitable prospects.

As we noted earlier, in the case of smaller foundations, geographic location will often be more significant than subject focus in determining a grant. You should learn as much as possible about foundations, both large and small, operating in your own backyard.

Smaller local foundations should, of course, also be investigated for their interests and giving range. It is not unusual for them to give to the same organization year after year. However, this may not be due to a hard-and-fast policy. Over time, in a planned way (i.e., through a cultivation strategy), you can make them aware of the service you are providing and the ways in which you enhance life in the community.

Index of Individuals

This is an alphabetical list of all directors and trustees of Canadian foundations. It will lead you to the foundations with which these individuals are associated. Your board, past directors and prominent friends of the organization should review the list to see if they recognize any names, and identify possible links from the organization to the individuals. Ideally this should be done in a group or in a one-on-one setting (rather than alone) to "build" the information. What are you looking for?

- Foundation people whom you know
- Foundation people whom your Board knows
- Foundation people whom friends of your organization know
- Foundation people to whom someone you know has access

From this list of potential connections, you can begin researching the foundations to see if they are suitable prospects. Continue the research process on the foundations that you have identified as prospects.

Although the development of personal contacts is important with all of your foundation prospects, it can be of special significance with smaller foundations. Research on individuals is, therefore, an integral part of preliminary foundation research. This will be covered in detail later as we look into the in-depth research on individuals connected to foundations and your organization.

PART 3. Make the Best Match – from this list of prospects, identify and rank the top ones.

You should now have a list of foundations that make grants in your areas of activity and your geographic location, and to whom you may have access through personal connections. Now read each foundation's entry in the Directory.

You can now begin to rank the foundations according to their potential as sources of funds. Some will have all, or many of, the right ingredients: related interests, appropriate granting region, appropriate giving capacity, etc. For some, the areas of interest may be so broad as to make it difficult to determine their suitability; strong "people" connections to such foundations can, however, lead you to keep them on your list for further research. For others, a review of the record in the Directory will eliminate the foundation from your prospect list – one or several of their criteria will exclude you or your project from their scope of activities. For example, it is unrealistic to expect a grant when your project does not:

1. Fall within a foundation's areas of interest

2. Meet its eligibility requirements

3. Fall within a foundation's granting region

4. Match the type of funding a foundation provides

This is especially true when there is no record of the foundation having given outside these boundaries. Often, such restrictions are part of the legal instrument creating the foundation and cannot be disregarded. If there is no legal restriction, as we shall discuss later, personal relationships/influence can sometimes override all these factors.

It is time for you to begin organizing the information you are developing on foundations. WORKSHEET THREE, Preliminary Research Profile for Foundations, is an example of how to organize the foundation record in the Directory and the information you have developed in the Organization and Project Description Worksheet.

Once you have captured the results of your preliminary research in this format, you can communicate this information to the appropriate people in your organization.

WORKSHEET THREE
Preliminary Research Profile for Foundations

Note: To fill in the required information on this worksheet, use the Canadian Directory to Foundations & Grants to fill in "Funder", and Worksheet Two to fill in "Your Organization" and/or "Specific Project".

FOUNDATION NAME:____DATE:____________________

	FUNDER	YOUR ORGANIZATION	SPECIFIC PROJECT
1. Name, Address, Contact Person		N/A	
2. Financial Data: Total assets; Gifts received; Total grants; Grant ranges; Period of funding		Your Funding Needs?	Funding Needed for Project
3. Subject Focus	1. 2. 3. 4.	Your Organization's Activities (in order of importance)	Project's Main Focuses of Activity
4. Type(s) of Support Provided		Type(s) of Support Needed	Type(s) of Support Needed
5. Geographic Limits		Geographic Areas Served	Geographic Areas Served
6. Population Group(s) Served		Your Population Groups	Your Population Groups
7. People (officers, trustees, staff)		Possible Links Within Your Organization	Possible Links Within Your Organization
8. Printed Guidelines			
9. Application Deadline			
10. Application Procedure			

The In-depth Research Process

As you learn more about the unique features of your foundation prospects, strategies for approaching them will suggest themselves and entirely new possibilities may come to light. Continue to develop information on the top prospects, primarily in the following areas:

1. The granting history of the foundations
2. Corporations behind the corporate foundations
3. Individuals connected to foundations and to your organization

A number of information resources can help you develop detailed information on your top prospects. These will be introduced throughout the rest of this section and summarized at the end.

Learning about the Granting History of Foundations

Why is it important to know the past grants given by your top foundation prospects?

1. Some foundations have such broad statements of purpose that it is impossible to know whether to approach them without examining their full giving record.

2. The *Canadian Directory to Foundations & Grants* identifies the stated interests of foundations at the time of publication. As time goes on, their interests may change and their actual grants will be an important indicator. A cautionary note: it is possible that a foundation has not made any grants in a stated area of interest because it did not receive any applications worthy of support in that area.

3. This information can help you to identify other grant recipients operating either in your subject area or in your geographic location. Other recipient organizations may be able to provide useful insights to a foundation's decision-making process or funding interests. The focus is on sharing information. If you want information on a particular foundation you must also be willing to exchange information.

The Directory includes all grants of $5,000 or more made by the foundations it lists. Information on all grants made by foundations is available on the foundations' Public Information Returns (form T3010), which you should order for each of your top foundation prospects. Several years of public information returns for your top prospects will give you a picture of the foundation over time, rather than just a snapshot of one specific year. However, if any foundation has recently undergone a fundamental change in its grants program, the record of past giving is only of historical interest.

The T3010, which is submitted to Canada Customs and Revenue Agency at the end of each fiscal year, provides detailed information on financial data, officers and directors, purpose, and a listing of all grants made for that fiscal year. The granting information includes the names of recipients, their geographic location, and the amount of each grant. Public Information Returns can be ordered from CCRA for a small fee from the Charities Division at 1-800-267-2384.

Learning about the Corporations Behind Corporate Foundations

Before approaching a corporate foundation (or other departments in a corporation) for funding, it is important to gather information on the corporation. The advantage of a corporate foundation is that, ideally, the giving capacity of the corporation is protected by building up capital in a separate fund. However, the financial health of a corporation may still have an impact on its giving programs. A number of corporate foundations have not developed a large enough asset base to have significant earnings from their investments. The corporation, therefore, gives funds annually to the foundation, which the foundation, in turn, gives out in grants. When profits are down, so too are these annual allocations.

It is important to know the individuals connected with the corporate foundation, as well as other key individuals in the corporation. This helps you to understand the position of the corporate foundation within the overall business and also provides more potential individuals to connect with. Sources of information on corporations include:

- Annual Reports
- Financial Post
- Globe and Mail Report on Business and social column
- Directory of Directors
- Financial Post Survey of Resource Industrials, etc.
- Business magazines
- Scotts Industrials
- Chamber of Commerce Listing
- Canadian Book of Corporate Management
- Who Owns Whom - Dun & Bradstreet Ltd.
- The Blue Book of Canadian Business
- Donor lists of other institutions

Learning More about the Possible Personal Connections Between Individuals in Foundations and Your Organization

It is unlikely that you will ever make a presentation to an entire foundation board. Foundations generally do not operate this way. Your efforts in creating interest and support will be focused on individuals. Your relationships with the individuals associated with foundations may be the key to your success. These relationships may be built on mutually shared interests or “personal” connections to your organization.

The overwhelming majority of foundations do not have staff with whom you can meet to discuss a proposal or funding idea. Personal contact with the volunteer boards of foundations is, therefore, very important. Foundation directors sometimes have some discretionary power to support applications from their own areas of interest. Once you have identified a prospective foundation through the subject or geographic approach, it can be very helpful to get your proposal to the person in the foundation who is most interested in your cause, or who has the most influence on the foundation board.

This is less true for the large, staffed foundations (about 14% of all foundations, according to the Canadian Centre for Philanthropy data). When foundations have staff, these should be regarded as the main entry point to the foundation. They should not be bypassed. If you have a personal connection to one of the foundation's directors, this should be discussed with the staff. In all cases, good human relations are a key ingredient to foundation fundraising. Courtesy, discretion, and patience are owed to foundation staff and volunteers. It is important not to jeopardize long-term prospects through short-term mishandling.

Most foundation officers and directors come from the corporate world. Some of them are involved in making corporate gifts as well. The mishandling of an approach to a foundation can therefore have unforeseen consequences elsewhere.

In looking for a possible “personal” connection to a foundation, it is important to have detailed profiles of your own current and past directors, and the influential friends and customers of your organization. From your preliminary research on foundation individuals with potential connections to your organization, identify those affiliated with your top prospects. Research must now be conducted on them to provide an in-depth profile, to find a possible personal connection to your organization, and to better understand their interests and motivations.

There are a variety of reference resources available to research people involved with foundations.

1. The Index of Individuals in the Canadian Directory to Foundations & Grants
2. Directory of Directors
3. Who's Who in Canada
4. Canadian Who's Who
5. Social columns in newspapers and magazines where you may learn about all major donors to an event or campaign; relationships between people and between corporations; interests and hobbies
6. Business sections in newspapers and magazines, etc.

To make the information accessible and meaningful to volunteers and others in the fundraising process, it is useful to capture it on a form. WORKSHEET FOUR is one example of a form that can be used to develop information on foundation individuals. The same form can be easily adapted to gather information on your own board and prominent friends.

WORKSHEET FOUR
Foundation Individuals-CONFIDENTIAL

FOUNDATION: ____

DATE:____

NAME: ____

EDUCATION: ____

OCCUPATION/TITLE:____

CURRENT ADDRESS: ____

HOMETOWN:____

BIRTH YEAR:____

POLITICAL AFFILIATION: ____

RELIGION: ____

Corporate/Professional Relationships	Volunteer Contact	Non-Profit Boards, Clubs Society, Honours	Volunteer Contact

Assigning Research Responsibilities

Someone should be assigned responsibility for researching individuals and making the connections to your organizations. Ideally, this person should have a committee to help them. See Chapter 2 for sources of volunteers.

The committee is responsible for:

1. Holding group meetings or one-on-one meetings to review lists of foundation names, collect all additional information, and identify all possible connections.
2. Reviewing the names of members of your organization's board, past directors, key volunteers, clients, and friends. The committee should also have detailed histories of the organization's own key volunteers.
3. Identifying any potential connections to the foundation community and reviewing these with other people.
4. Developing as much background information as possible on both foundation individuals and the organization's individuals, and meeting with the Board, administrators, and volunteers.
5. Recommending cultivation strategies (follow-through) for each potential contact.

While someone must take responsibility for coordinating this work, some of the tasks are well-suited to delegation. Someone confined to home might appreciate the opportunity to undertake the task of gathering information from specific newspapers/magazines each week; someone else may research directories.

If your research has led you to foundations outside of your geographic area, consider using "ambassadors" in those locations to help you with further research. These volunteers can gather information on potential granting sources in their geographic area and recommend strategies for involving these prospects in the organization. They can also help you to develop relationships and take advantage of cultivation opportunities in a variety of locations.

Because these ambassadors may be scattered across the country, you must take special care to provide them with everything they need to help you and to act on your behalf. Be sure your ambassadors have:

1. A broad definition of the organization and the projects for which funding is being sought
2. A list of information sources to be researched
3. A list of the information requirements for each prospect
4. Names of potential donors you have already identified in their area, and for which you want full information
5. A list of your organization's upcoming and annual events, and major products to use in developing a cultivation strategy.

The Complete Foundation File

Primary sources of information include those provided by foundations themselves. These documents should be in your top prospect files:

- Information from the foundation's Web site, if it has one. (See page xxix)
- Annual reports, where available. Studying a foundation's annual reports for the past three or four years will usually provide important information about the foundation.
- Printed funding guidelines
- Newsletters
- Press releases
- Copies of all correspondence

In addition, your foundation files should contain the following information from secondary sources:

- The public information return (form T3010) that foundations have to file annually with Canada Customs and Revenue Agency
- The foundation record from the Canadian Directory to Foundations & Grants
- Newspaper clippings
- Individual and corporate entries from various directories
- The Organization and Project Description Worksheet for the project that seems appropriate for this foundation, the Preliminary Research Profile Worksheet, and the Worksheet on Foundation Individuals

Everything You Need to Know about Your Top Foundation Prospects

Your information on your top prospects should now be as complete as possible. Use WORKSHEET FIVE to make sure you have all the information you need for your top foundation prospects.

The information in your foundation prospect files should be updated regularly to provide a dynamic, centralized base of funding information for the organization. Developing such a system helps to compensate for one of the biggest problems that non-profits face – the lack of continuity in fundraising efforts, resulting from high staff turnover.[6]

[6] Judith Margolin, *Foundation Fundamentals: A Guide for Grantseekers, 4th ed.* (New York, NY: Foundation Centre, 1991)

WORKSHEET FIVE
Checklist for the Complete Foundation File

FOUNDATION NAME:____DATE:______________________

	HAVE	NEED
1. Purpose and funding fields of interest		
2. Overview of past giving. Ideally, you should have information covering a number of years to get a sense of the foundation's priorities and direction.		
3. The Foundation's track record of supporting organizations or causes similar to your own. Has the foundation made a commitment to your field, or were the grants made because of a special relationship between the foundation and the recipient organization?		
4. Granting region.		
5. Size and number of grants. Note carefully the size of grants awarded for the sector you represent rather than the average size. For example, a foundation may award significantly larger grants to performing arts institutions than to social service agencies. Look at the highs and lows in grants as well as the average median amounts.		
6. Length of time for which grants are awarded.		
7. Types of organizations the foundation has supported. Do they tend to be large or small? Traditional or non-traditional?		
8. Application deadlines and frequency of meetings. Timing of your application can be important. Try to find out what the best time is from the staff or through another contact.		
9. Types of grants the foundation gives. Do they give grants for projects or capital funds? What are their limitations?		

	HAVE	NEED
10. Exclusive funding or joint funding. Does the foundation favour projects where other foundations or funding sources share the cost?		
11. Fiscal year end. Foundations may not know how much money they have earned on their investments, and therefore how much they must disburse, until near the end of their fiscal year.		
12. Personal relationships. Who can or should meet with whom to discuss the project – the webs of individuals connecting the foundation to your organization?		
13. Your prior contacts with the foundation and the results of those contacts.		
14. Profiles of Officers and Directors.		
15. Staff.		
16. Contact.		
17. Any particular philosophical or political point of view that is known to affect funding?		
18. The purpose of its funding? This can make sense of all the other information and may carry a significant influence in funding decisions.		

Chapter Four
Pre-Proposal Development

Developing Relationships with Prospects

As individuals, we all face the same dilemma that foundations face. Over the course of a year, we are asked to support dozens of organizations, but we have the resources to support only a few. Just like foundations, we develop criteria to cope with the flood of requests. If we have some personal knowledge of an organization and its work, either through our own involvement or the involvement of someone close to us, we tend to give that organization greater consideration. Similarly, the more a foundation knows about your organization before you ask for funding, the better your chances of success.

According to Norton Kiritz, President of the Grantsmanship Centre in Los Angeles and an expert in proposal writing who makes his living by helping organizations develop good proposals, "eighty percent of grants that are given are as a result of prior contact with the organization that is making the approach for funding."

To maximize the results of the research you have done to this point, you should develop and implement a cultivation strategy for your foundation prospects. Cultivation is evolutionary; the results are not instantaneous. The goal of your cultivation strategy is to meet face-to-face with foundation representatives to discuss your organization and its activities.

Preparing Now for Tomorrow

When developing a cultivation strategy, it is helpful to categorize your foundation prospects into potential short-term, mid-term, and long-term donors: that is to say, donors that are ready to give now, and donors that require varying lengths of time before they can be approached. You should also have a contact plan for current donors.

- Short-term prospects: these are foundations you can approach today. They know your organization, either because they are past funders or because you have established a relationship with them.
- Mid-term prospects: these are foundations that know your organization but with which you have had minimal or no meaningful contact.
- Long-term prospects: these are foundations that your research tells you are strong candidates for support because of their interests and capacities, but who do not know your organization at all, and with which there has been no contact. You need to build a relationship with them from scratch.

How do you move from being an unknown entity to becoming partner with a foundation?

Too often, foundations are contacted only at times of financial need. An effective foundation fundraising program requires long-term planning. Once you have identified those foundations that appear to have interests compatible with your own, you should start to familiarize them with your goals and programs. This can be done by sending appropriate publications and special-events invitations to foundation officials, and by generally keeping the foundation informed about the organization. The potential foundation donor will understand that you are hoping to interest the foundation in supporting you and that they need to get to know you before they can make that decision.

An effective cultivation strategy can be developed only if the fundraising, public relations, and service- and product-delivery functions of your organization are working together. It is not necessary to spend a great deal of time or money to build this relationship. Your organization will probably already have meetings, events, and activities planned which would be suitable for potential donor involvement. Ask yourself these questions:

1. What programs are we offering this year that can be used to reach out to potential donors?
2. What services do we offer that would be suitable for involving donors?
3. What special activities or projects are we undertaking this year?
4. What communications pieces will we be producing this year?
5. What meetings are we holding that would be appropriate for guests or guest speakers?

WORKSHEET SIX, the Internal Audit of Opportunities for Cultivation, will help you identify your organization's opportunities for cultivation. Use these opportunities to develop an appropriate cultivation strategy for each of your foundation prospects. This work is usually best done in group sessions that include your volunteer committee and your ambassadors.

The following list includes other ideas and suggestions for relationship-building activities:

- Invitations to presentations and special events.
- Invitations to events that offer networking opportunities, such as donor recognition dinners; or invitations to speak at events.[7]
- Sending selected issues of your newsletter to inform foundation prospects of your work in their areas of interest, or of people who are involved in your organization: e.g., a profile of one of your directors or of the Board of Directors.
- Offering to provide more data on your common areas of interest, or to help with their information needs.
- Invitations to sit on special advisory bodies, task forces, or your Board. Be careful, though. Asking for time is like asking for money – the same cultivation and solicitation principles apply.
- Sending personal notes from one of your key people with connections to the foundation, together with attachments of interest: e.g., your newsletters, your latest research findings.
- Sending press clippings or providing press coverage which may be of interest to them.
- Thank-you notes acknowledging a contribution they may have made to your field.
- Invitations for them to visit your organization.
- Requesting a visit between your volunteer and a peer at the foundation.

Many foundations appreciate meeting the customers or clients of the organizations they are funding or being asked to fund. Consider taking a client to a meeting with a foundation or inviting a foundation prospect to an event for your clients.

[7] Even if your invitees cannot attend, they will remember that your organization gave them an opportunity for involvement and made a point of keeping them informed.

WORKSHEET SIX
Internal Audit of Opportunities for Cultivation

List the existing activities you could use to gain the interest and involvement of your prospects.

1. PROGRAMS	2. SERVICES	3. SPECIAL EVENTS, ACTIVITIES OR PROJECTS	4. COMMUNICATIONS PIECES	5. MEETINGS

Letters of Inquiry

Some foundations request that organizations send a letter of inquiry before submitting a full proposal. Refer to the *Canadian Directory to Foundations & Grants* to determine if this applies to any of your foundation prospects. If so, use your Case Resources to develop the content. A letter of inquiry has the merit of determining whether the foundation has any interest in your project or organization; it can save you considerable work if the foundation is not interested.

If the foundation has not provided any guidelines for an inquiry letter, use the following guidelines:

1. Keep it to one page.
2. Give a brief description of the program.
3. Indicate why you are applying to this particular foundation.
4. Briefly describe the rationale and purpose of the program.
5. Request proposal guidelines and an annual report.
6. State that you follow up with a phone call.
7. Avoid making reference to cost or budget; stick to the reason for your inquiry – your project.

Program Plans

The development of an effective proposal begins with a clearly defined program or project plan. Your plan becomes an organized way of thinking about your program and how it will work. A variety of documents from your Case Resources (discussed in Chapter 2), including agreements or goals, and descriptions of each project, will support the proposal development process.

Organizations that allow sufficient time and support to program planning and proposal writing derive an improved record-keeping system, enhanced credibility, clarity of goals, the development of tangible objectives, increased knowledge of the program area, better evaluations, and better financial management.

Chapter Five
Proposal Development

Framework for Proposal Development

While most foundations do not provide application forms, a limited number do supply detailed instructions on what to include when submitting a proposal to them. If they provide guidelines, they expect them to be followed.

The grant proposal can take many forms. The contents of each proposal will be dictated by the guidelines of the foundation you are approaching. You may want to emphasize, or de-emphasize, certain features of the organization and program in need of funding in response to a particular funder's interests and needs. Emphasis may also change depending on whether the proposal goes to a private foundation, a corporate foundation or a community foundation.

A good starting point is the program-planning and proposal-writing model developed by Norton Kiritz of the Grantsmanship Centre in Los Angeles. This model has not only helped many non-profit organizations think clearly about their needs, but has also helped many funders evaluate the projects and proposals submitted to them.

The components of the model are presented below:

Prepared and written in this order

1. Issues Definition: an accurate and specific definition of the problem
2. Objectives: the establishment of feasible, measurable objectives
3. Methods: the choice of appropriate means to address the problem and meet the objectives
4. Evaluation: a plan to evaluate progress and impact
5. Future Funding: a plan to meet future or ongoing funding requirements, if any
6. Budget: a budget that will give an investor confidence
7. Introduction: an introduction to the organization that inspires confidence and enthusiasm
8. Summary: a clear and concise summary of the above, which a funder could base a decision on if it were the only piece read

Presented and submitted in this order

1. Summary
2. Introduction
3. Issues Definition
4. Objectives
5. Methods
6. Evaluation
7. Future Funding
8. Budget

Issues Definition

Depending on the nature of your sector, organization, and project, this can variously be called the Need, the Issue, the Problem, or the Challenge.

The basis of an effective program and a compelling case begins with a clearly defined issue supported by evidence. The definition of the issue to be addressed is the most important part of your program plan and proposal. Before you can solve the problem, you must understand what the problem is.

In all cases, the issue refers to an existing condition, external to your organization, which you believe you can change for the good. In effectively addressing an issue, it is key that your organization is close to your customers or clients. The more engaged an organization is with its client group and stakeholders, the better able it is to understand and meet real needs. The client's perspective must be evident throughout the program plan and proposal.

For our purposes, the word "client" is interchangeable with the word "customer", and customers may be defined broadly to include a variety of "stakeholders." You should think broadly about who your organization's customers are and include their perspective in your plan and proposal.

Quality information is needed to clearly define an issue and to make a compelling case for support. Also, you can establish meaningful objectives, and demonstrate or test program effectiveness, only if you have baseline data that defines and measures the issue today. Information may already exist in feasibility studies, program evaluations, needs assessments, etc. You may need to develop some additional information to be able to define the issue with more precision. Appendix B lists a variety of information sources and information-gathering techniques that may help you to better define and support the issue your organization wants to address.

It is important to be precise in your definition of the problem/need/issue you propose to deal with, so that your objectives can be specific. It is also important to be realistic about whether or not you have the capacity to address the issue. If it is a large problem, try to define the piece of it that falls within your means and mandate.

Discipline is required at this stage to concentrate on the problem your organization is going to address. Do not describe the project. In the problem statement, your organization is not mentioned, except as a source of information – you are describing a condition external to your organization.

There are four keys to an effective issues statement:

1. There must be a logical connection between the issues and your organization (the introduction of your organization is dealt with later).
2. The existence of the issue/problem/challenge is supported by evidence.
3. The issue/problem/challenge is clearly defined.
4. The issue/problem/challenge is solvable and the organization has an obvious role to play in the solution.

Stylistically, the issues statement must be free of jargon, interesting to read, make a compelling case, and be as brief as possible. Use WORKSHEET SEVEN to evaluate your issues statement.

WORKSHEET SEVEN
Checklist for Issues Statement

Note: Purpose and goal statements can be pulled from Case Resources – see Worksheet One.

PROPOSAL TITLE:	YES	NO	ACTION TO BE TAKEN
1. Relates to purposes and goals of applicant			
2. Is of reasonable dimensions – not trying to solve all the problems of the world			
3. Is supported by statistical evidence			
4. Is supported by statements from authorities			
5. Is stated in terms of clients' needs – not the applicant's			
6. Is developed with input from clients and beneficiaries			
7. Is not the "lack of a program" unless the program always works			
8. Makes no unsupported claims			

Norton Kiritz, Program Planning and Proposal Writing, pub. by The Grantsmanship Centre, L.A., CA., 1980

Establishing the Objectives – describing the future

Objectives are developed from your issues statements and state how your project will respond to these issues. Successful achievement of your objectives should change the current environment in a specific way and to a defined extent. In the chapter on the research process, we introduced the concept of philanthropic investment. A brochure prepared by the Foundations Committee of the Canadian Centre for Philanthropy states, "Foundations subscribe to a philosophy of productive philanthropy rather than charity; projects must show more than need alone."[8] In establishing your objectives, you must define precisely what results and products you will deliver in exchange for resources, and precisely how the environment will be changed. Once again, discipline is required to concentrate on the problem and not to describe the project activities. Objectives are the outcomes of activities, not the activities themselves. Staff who design programs and write proposals frequently confuse means and ends:

Ends are the objectives which, when achieved, will tell you that you are successful. Objectives are introduced with the words "to increase", "to decrease", "to reduce", and "to eliminate".

Means are the methods chosen to achieve the objectives. Methods are introduced with the words "to provide", "to establish", "to create", "to determine", and "to promote".

Objectives signify changed conditions; they describe the results or outcome of your program. They must be attainable, realistic, and measurable. Therefore, you must include factors that enable a project's success to be evaluated on an objective basis. Numbers and dates provide important tools for accountability.

Objectives have three characteristics:

1. They are specific: An objective tells exactly which problem is to be addressed. If the problem statement has been defined according to its various component parts, each of these parts may have a corresponding objective.
2. They are measurable: An objective is framed in terms of how much and how many. It states to what extent the problem or need will be resolved.
3. They include a time frame: An objective gives a specific date for its achievement.

The development of objectives should be done in coordination with those responsible for their implementation. An objective does not include the action steps and activities you will undertake to fulfill your objectives. Action steps and activities are methods.

Methods

Here you will describe the methods (activities) that you will use to achieve your objectives. Your methods should:

1. Flow naturally from problems and objectives.
2. Clearly describe program activities.

[8] *Preparing for Partnership.* Brochure prepared by Foundations Committee of the Canadian Centre for Philanthropy. (Toronto: Canadian Centre for Philanthropy, 1992)

3. State why each activity was selected.
4. Describe the sequence of activities.
5. Describe the staffing of the program.
6. Describe the clients to be served and how they were or will be chosen.
7. Present a reasonable scope of activities that can be conducted within the time frame and according to the resources of the program.

When explaining how you selected your program activities, be sure that:

- You demonstrate your knowledge of the field. Explain why you chose this approach over others: was it to test a new approach? Was it to duplicate a highly successful program tried elsewhere? Was it at the direction of your clients and in consultation with experts?
- The feasibility of your methods is accompanied by an explanation of the rationale for why you chose them. Justification could come from past experiences, as well as the experiences of others in the field. The funder's confidence in your ability to achieve your objectives should be confirmed.
- You explain the cost effectiveness of your approach, ideally through a cost analysis, comparing the cost of delivering the service to the cost of not delivering it. The scope of the program's impact must be acceptable and reasonable in comparison to the dollars being spent. Determine the unit cost of delivering the service. This can be compared to unit costs for other services to determine efficiency.
- You seek benchmarks outside of your own organization. Often, the areas of activity you are considering have been attempted and evaluated by other organizations. This gives you another opportunity to demonstrate your knowledge of the sector and adds weight to the project itself.

Critical paths, project work plans, and flow charts are all helpful in providing a picture of the project and how it will unfold. Here is a simple way to develop a critical path:

1. Set up three columns.
2. Label the first one “Action”. In this column, describe what each action will be.
3. Label the second one “Dates”. In this column, you will specify the start (and sometimes end) dates for the particular action.
4. Label the third one “Who”. In this column, state who is responsible for each action.
5. For planning purposes, work backwards, beginning with the target completion date of the entire project and the final action that will conclude the project.
6. Ask yourself: what is the action that will precede the last one, when should it start, when should it be finished, and so on.

Beginning at the end and working backwards will encourage you to allow the appropriate length of time for each activity. You will conclude with your ideal start date and thereby determine if your target completion dates are realistic.

At the daily implementation level, and depending on the project, critical paths and project plans can become extremely detailed and complex. For the purposes of the funding proposal, the work plan needs to identify the major activities, in particular any activity which requires spending money.

Evaluation

Evaluation is becoming a critical aspect of any project plan and is an important tool for the management of both your organization and your program. It is as important as the accurate definition of the problem. It has been proven that what gets measured gets done – a good reason in itself to engage in evaluation. Properly done evaluation should result in:

1. Improved identification of customer needs
2. A system for regular feedback about client satisfaction
3. Clarification of key results and performance indicators
4. Identification of what works and what does not work
5. Priorities for program improvement or recommendations for program discontinuation
6. Strategies for continuous quality improvement
7. Ongoing benchmarking of performance

Remember that evaluation is not an event but an ongoing process. The section in your proposal that deals with evaluation should:

1. Present a plan for evaluating the accomplishment of objectives, which includes what you realistically believe can be done in terms of evaluation.
2. Present a plan for evaluating and modifying methods over the course of the program.
3. Tell who will be doing the evaluation and how they were chosen.
4. Clearly state the criteria for success.
5. Describe how data will be gathered.
6. Explain any test instruments or questionnaires to be used.
7. Describe the process of data analysis.
8. Describe any evaluation report to be produced, including the process for reporting results and receiving feedback from funders.

When incorporated into the original program design, evaluation need be neither expensive nor time-consuming. One key is to link project objectives and evaluation design.

If you keep the need for evaluation in mind while you are developing your program objectives, you will be forced to think clearly about what you are trying to accomplish. If you discover that you have set objectives that cannot be evaluated, this is probably because:

1. Your objectives are not specific enough; or
2. Your objectives describe process, not outcomes. The specific numbers and dates listed in your objectives and methods form the basis of your evaluation.

In summary, the evaluation process will answer two questions for you and your funder(s):

1. Were the objectives met (progress evaluation)? Why? Why not?
2. How effective was the program design; what were the actual activities compared to those originally proposed (process evaluation)?

See Appendix D for a sample outline of an Evaluation Report.

Budget

A good budget is a critical factor in determining whether your organization will receive funding. More than any other component, the budget will highlight the quality of your planning. All the confidence and excitement that has been built to this stage of the proposal can be undermined by a poor budget presentation. The budget must demonstrate:

1. Your commitment to operate in a cost-effective manner.
2. A realistic assessment of the financial resources required to implement your project.

The budget must be detailed, yet simple to understand, and should reflect exactly the narrative in your methods statement. Although you will usually be requesting only part of the total project costs from an individual foundation, you must present the total project budget to each foundation prospect. This will clarify how you expect all of the project costs to be covered and the role of the individual foundation's contribution in the total project.

The budget should present both estimated expenses and incomes. The income budget will demonstrate feasi-bility, commitment, and good planning. When preparing your budget, keep the following principles in mind:

1. Budgets should be as accurate as possible, and should be based on sound research and reasoning.
2. All expenses relate to the project activities and should be explained in the budget notes section which accompanies your actual listing of expenses.
3. Expenses should be broken down by category (see below) with a complete list of accurately costed items within each category. (If something is overlooked or expenses are under budget, your program will suffer.)
4. Budgets should include the dates and time frames of expenditures.

Expense Categories

- Salaries and Benefits
- Contractual Services
- Travel and Subsistence
- Equipment

Any permanent items that must be used to conduct the project

- Supplies
- Other

    Postage

    Courier

    Mail

    Telephone

    Rent

    Utilities

The expense budget should not include:

1. Any line items such as Miscellaneous, Contingency, Hospitality, or Etc.
2. A lump sum representing overhead. You must determine the percentage of the organization's total resources that are used in the project and include that percentage in the project budget with an explanation of your calculation.
3. Any expenses that are not explained in the narrative of the methods section of the proposal.

The expense budget should not change substantially as you raise funds for your project. It will only change if some aspect of your project design changes. The income budget, on the other hand, changes to reflect your actual income as grants and donations are confirmed.

The Income Budget [9]

The total income of the organization or project must equal the total expenses. This balance will be achieved by including funds yet to be raised in the income part of the budget. It will include the grant you are requesting from the foundation to which you are submitting the proposal.

Income Categories

- Cash

    Available money from bank accounts, treasury bills, etc.

[9] *Guide to Fund Raising from U.S. Foundations.* (Washington, D.C.: The Funding Centre, 1989)

- In-Kind

  Lists products or services donated to your organization for the project. These items must be mirrored verbatim in the expense budget: i.e., do not list anything as an in-kind contribution that is not listed in the expense budget. This includes the donation of a person's time (volunteers)[10]. Examples of in-kind donations:

  An accounting firm will administer the finances.
  A computer company will donate equipment.
  A printer will print manuals at cost.
  A secretary volunteers administrative services.
  The organization itself will cover the rent and utilities costs.

- Earned Income

  Income that will be generated as a result of sales of products or services associated with the project. For example:

  Ticket sales
  Fees for service and contracts for service or product
  Tuition and registration fees
  Space rental
  Membership sales
  Subscription sales

- Contributed Income

  Lists all contributions committed, pending, and to be requested. Remember that the proposal budget is a projected budget, not an actual budget. You are estimating as precisely as possible the expenses and sources of income for the project. State how much you are expecting from:

  Individuals (e.g., direct mail)
  Special events
  Service clubs
  Foundations
  Corporations
  Government
  Your board of directors (a strong commitment from your board can influence funders)

The foundation to whom your proposal is directed should be listed last in the Contributed Income category. This placement highlights the request, illustrates that you are aware of the foundation's normal giving range, and shows how their contribution fits into the big picture. It also shows that the foundation's support is crucial to the project.

It is not necessary to itemize the list of outstanding grant applications and prospects. Sometimes you do not yet have this in place. But you must provide enough information to show a funding plan.

[10] This is related to the market value of the work being done. For example, your project estimates 20 hours of legal fees. A lawyer, who generally charges clients $150 an hour, agrees to donate 10 hours of time. Therefore, the total expense is listed as $3,000 and the in-kind income is listed as $1,500. If the lawyer is making an in-kind contribution as a carpenter, the value of her contribution is calculated at the hourly market rate for the type of labour she will be performing, not her normal legal fees.

The income budget will change as new grants are received and those that were listed as pending are committed or drop off the list.

Future Funding

This section describes a plan for the continuation of the project beyond the grant period and/or the availability of other resources necessary to implement the grant.

The plan most likely to generate confidence will:

- Describe how other funds will be obtained, if necessary, to implement the grant.
- Describe growing revenues from other fundraising activities (such as direct mail, annual campaigns, etc.).
- Describe concretely how the program will have minimum reliance on future grant support by generating its own revenues over time.
- Describe concretely how your organization will absorb the cost of the project or program through revenues from other program or business activities that are targeted to sustain this program.

Appendices

Do not rely too extensively on attachments to get important information across. If you think a piece of information is very important to your case, include it in the main part of the proposal.

Each appendix must be very carefully chosen to strengthen the case being made. If the foundation has guidelines concerning additional attachments to the grant proposal, follow these exactly.

Generally, appendices will include:

1. A list of your Board of Directors and their professional affiliations and qualifications.
2. Your two or three most recent annual reports.
3. Your most recent internal financial statements.
4. A copy of your letters patent and business number.
5. Pamphlets of printed information pertinent to your organization or grant request.
6. Newspaper articles with pertinent sections highlighted.
7. Letters of appreciation.

The Introduction and the Credibility Statement

Credibility: The quality or power of inspiring belief; worthiness of belief.

Credit: Influence or power derived from enjoying the confidence of others; reputation entitling one to be trusted with money or goods.

Key Factors Affecting Funding Decisions

Funding decisions are driven by a combination of factors, all of which you must address in the proposal.

1. The compelling issue and project at hand. This forms the bulk of the proposal, from the issues statement to the budget.
2. The general effectiveness of your organization, as demonstrated by working within your mission and by setting and meeting goals.
3. Your unique role and contribution to the sector or larger system of which you are a part, and the funder's agreement that this sector and the issues it addresses are worthy of support.
4. Your organization's reputation within this sector and elsewhere.
5. Your ability to demonstrate a broad base of support.
6. A view of the world or philosophical underpinnings, including operational principles which are in harmony with the funder's.

Aside from the first, you should address these key factors in your introduction.

Why Write the Introduction Last

Although the introduction and the credibility statement lead the case for support, they are best written after the problem statement has been written. Defining the problem first will:

1. Provide a focus to the introduction, which might otherwise include extraneous information;
2. Ensure that each point being made is relevant to and supportive of the issue you are choosing to address; and
3. Demonstrate characteristics of your organization's operations and values that you believe are important for successfully tackling the problem.

You may customize your proposals by making slight changes to the introduction to highlight the features of your organization and your project which most closely reflect the interests of the particular foundation being approached. This is not to mislead prospective foundation funders, but rather to give them the most pertinent information with which to make their funding decision.

Establishing your Credibility

The most important component of the introduction, and some might say of the entire proposal, is your demonstration of credibility, which concentrates on the reasons for the success of your organization. This does not describe the specific talents of your staff members (see Methods section) but focuses on the strengths of the organization. The following questions are answered:

1. What sets your organization apart from other, similar organizations?
2. Why are you the best organization to do what you are doing?

You must cite past successes to prove your claims. This is not a reiteration of your history, but a demonstration of your organizational strengths, which might include:

- Leadership taken on issues: e.g., any firsts that your organization is responsible for
- Recognition from peers and other leaders in your community or field
- External evaluations confirming the impact of your organization
- Demonstrations of expertise – documents produced by your organization, speeches made by staff or board, recognition by other organizations
- The quality of people involved in your organization (key volunteers and staff, if their names and qualifications are likely to inspire confidence)

Ingredients of a Solid Introduction

The introduction will provide a general description of the organization and its activities.
A good introduction should:

1. Clearly establish who you are, including your purpose and goals.
2. Give a sense of your philosophy, values, and operating principles.
3. Describe programs and activities, including the size and characteristics of your clients.
4. Provide important historical facts: for example, the establishment of your organization.
5. Provide evidence of accomplishments or highlights of achievements, which could include statistics, internal or external evaluation results, quotes/endorsements from recognized experts in the field, other funding sources, or feedback from clients' perspectives.
6. Support the qualifications of your organization with respect to the subject to be addressed and the proposed activity.
7. Illustrate your position in the marketplace, including collaborative efforts with other organizations and the use of your expertise by others.
8. Place the proposed activity logically within your mission, goals, and long-range plans.
9. Generally describe your volunteer leadership.
10. Explain the connection, as you see it, between the funder and your organization.
11. Lead logically to the definition of the issue/problem.

In some cases, you may want to include a statement of grantor recognition. This statement will demonstrate to the grantor the benefits of supporting your organization. You should stress specific actions your organization can take that will highlight a grantor's image and role. In the case of corporate foundations, this will lead to a good corporate image. For community foundations, it will lead to increased community appreciation and understanding, and possibly donations.

Stylistically, the introduction should be brief, interesting, and free of jargon. Give the introduction to someone not familiar with either your organization or your field. All comments and questions posed by this person should be carefully considered in rewriting the introduction.

The Proposal Summary

The summary appears at the beginning of the proposal and may be the only piece a foundation representative reads. It should, therefore, clearly and concisely summarize the request in an interesting manner. It can also help you to prepare your cover letters. The summary should:

1. Identify your organization.
2. Include at least one sentence on credibility.
3. Include at least one sentence on the problem.
4. Include at least one sentence on the objectives.
5. Include at least one sentence describing how you will achieve your objectives.
6. Include the total cost of the project, funds already obtained, and the amount requested in this proposal.

Evaluating Your Proposal

Every component of your proposal should be related to every other component in a logical way. Beginning with the issues statement, there should be at least one objective for each issue you have agreed to tackle and at least one means (method) for accomplishing each objective.

Remember that the potential donors reading your proposal probably do not work for your organization, in your profession, or in your industry. Therefore, it is extremely important that you have a person outside your organization, profession, and sector read your proposal and comment on it. Most questions raised by this person concerning the proposal will require editing the proposal. These may be questions about words, concepts,
or relationships that are not clear.

Have someone other than the proposal writer use WORKSHEET EIGHT, the Proposal Evaluation Form, to rate your proposal.

Finally, the following approach is very effective for testing the readability of a proposal:

1. Does the first sentence of each paragraph introduce the idea?
2. If you took the first sentence of each paragraph in a section in sequence, would the resulting paragraph make sense?
3. If you took the first and last sentence of each section in sequence, would the result be a summary of the proposal?

Some Final Dos and Don’ts of a Foundation Proposal

Content characteristics:

- Be positive and use wording that presents your project as something that will happen. Do not use phrases that show a lack of confidence or commitment such as “would like to”, “could possibly”, “may have an effect”.
- Do not call attention to your past mistakes in a written proposal, but be prepared to discuss them and the solutions in a meeting.
- Do not use adjectives such as “unique”, “wonderful”, or “innovative” when describing your project or organization. These words are subjective and lessen your credibility. Describe your project and organization objectively and concretely, giving readers the tools to make their own judgement.
- Avoid acronyms and jargon. The external reader should have taken care of this.
- Do not use personal pronouns.
- Do not use contractions (e.g., “can’t”, “won’t”).
- Do follow any application instructions carefully.
- Do not include more appendices than requested.
- Make sure your numbers add up.
- Support your comments.

Format your proposal to make it easy to read. The following are recommended:

- Double-space or 1.5-spaced.
- Set margins of at least one inch.
- Use headings and sub-headings to break up copy.
- Use simple sentences and short paragraphs.
- Where possible and appropriate, use point form instead of narrative text.
- Use simple and inexpensive bindings – staples and paper clips will do.
- Number all pages.
- Be brief. Your proposal should be only as long as necessary to communicate the information needed to make a decision. The optimum length is 5 - 8 pages.
- Include a table of contents for longer proposals.
- Include a title page, on the organization's letterhead.
- Put all footnotes on the same page as the text to which they refer, not at the end of the document.
- Send only the number of copies requested.

WORKSHEET EIGHT
Program Evaluation Form

EVALUATION AREA:	RATING: A=good, B=acceptable, C=poor	COMMENTS AND SUGGESTED IMPROVEMENTS:
1. Title		
2. Writing Style (readability)		
3. Appropriate Tone		
4 Summary (succinct and motivating)		
5. Documentation of Need		
6. Establishment of Track Record		
7. Explanation of Method		
8. Objectives (specific / measurable)		
9. Staff Credentials		
10. Evaluation Design		
11. Future funding plans		
12. Budget (thorough)		
13. Budget (clear)		
14. Appendices		
15. Logical flow between parts of proposal		
16. Visual attractiveness		

Omissions / unnecessary inclusions in this proposal:	Things that should have been emphasized more in this proposal:

The Quick Proposal Workbook, pub. by Public Management Institute, San Francisco, CA, 1980

Chapter Six
Post-Proposal Development

Fine-tuning your Proposal

If you can, you should try to meet with a foundation representative before you submit your proposal. A pre-solicitation meeting can help you determine the foundation's level of knowledge about your organization, get an informal reaction to the anticipated program or project for which you plan to submit a proposal, test the dollar level of the grant you plan to request, and identify any special dos and don'ts.

Ideally, you should arrange a second meeting to deliver the final proposal, to provide the opportunity to clarify any points, and to ensure that the person you are meeting understands both the organization itself and the proposal. It is not always possible to be this thorough, but when you can, your likelihood of success increases significantly.

If the foundation has staff, deal with them first. Foundation staff should be consulted and kept informed on the solicitation process. (First, however, you should ensure that you have read any of the foundation's printed materials. Foundation staff do not want to waste their time.) Keeping foundation staff informed helps in the development of a personal relationship between the foundation and your organization. It may also lead to assistance with the presentation of your message and materials. If you have a contact on the foundation's board, check with the foundation staff before trying to meet with the board member regarding the request. Meetings with foundation board members may not be seen as appropriate by foundation staff. It is better not to alienate them!

A face-to-face meeting is often more effective if a senior volunteer accompanies you (or one of your staff) and is seen to be leading the meeting, particularly if your volunteer is a peer of the person you are meeting with. The presence of the volunteer adds credibility to the organization. Volunteers are not perceived to have the same self-interest that staff have in the success of proposals.

Elements of the Ideal Approach

Following are the elements of the ideal approach. The more of these that you accomplish, the greater are your chances for funding.

1. A face-to-face meeting to present your organization and explore the project and its requirements, prior to the submission of the proposal.
2. This meeting is led by a senior volunteer representative from your organization (the Chair or someone accompanied by the Chair) and a person familiar with the details of the project.
3. The meeting is with a person who plays an important decision-making role in the foundation.
4. Your organization's representative and the foundation representative are, at the least, acquainted.
5. The foundation representative is aware of the nature of the discussion to be had, is expecting it, and is, through cultivation, somewhat knowledgeable about your organization.

Depending on how clearly defined the agenda is, it can be useful to approach this meeting prepared to talk about more than the activity you have determined is the most likely fit and highest priority. If other mutual interests begin to emerge, you should be prepared to discuss your plans in these areas as well.

The Volunteer Solicitor/Ambassador

If a foundation prospect is located outside of your geographic area, you may choose an ambassador to conduct the meeting on your behalf.

The ambassador should be well-briefed on:

1. The foundation
2. The person they are meeting with
3. This person's, and the foundation's, relationship and history with your organization
4. The important programmatic and financial information of your organization
5. The proposal, project outcomes, total budget, specific request for this particular foundation, and funding strategy

The Cover Letter

As noted earlier, foundations have different interests, priorities, granting patterns, funding ranges, and guidelines. Your proposal should show how your project fits their pattern of giving. Remember the fundamental rule in fundraising: People give to people. It applies no less here. Written materials sent to a foundation should not take a form-letter approach. Rather, they should be fine-tuned for each prospective foundation, particularly in the cover letter, and with regard to the size of the grant requested.

Deadlines should be respected. Check with the foundation to make sure you have the correct date.

A cover letter plays an important role in engaging the funder and committing them to reading further. Feeling, tone, and momentum are important attributes to get right in a cover letter. Ideally, a cover letter is sent following a personal meeting, and is accompanied by a proposal tailored to fit information learned at that meeting.

A cover letter is usually written on the organization's letterhead, but you may have someone involved with your organization (e.g., on your board) whose profile and name is significant enough that you want to use his/her letterhead and signature instead. A phone number should be included on the letterhead and in the letter. The letter should indicate that the Board or governing body authorizes the priority of the project and the submission of the proposal. Your business number should appear on the letterhead or in the cover letter, and on the title page of the proposal.

The cover letter must be addressed to the appropriate contact in the foundation, and may be carbon copied to another foundation representative where this has been requested or is understood to be acceptable and appropriate. Never address the letter “Dear Sir or Madam”.

Near the beginning of the cover letter, you should state why this particular foundation is being approached. Then provide a one- or two-sentence description of the project's outcomes and include the total cost of the project. Mention any committed or donated money and state the amount that is being requested from this foundation. Other committed funding sources should also be identified.

If you approach more than one foundation at a time, tell each that you are going to several other sources. Going to several carefully selected sources shows that you have done your homework. If you do not yet know which other foundations you will be approaching, explain simply that you will be approaching others. It is not necessary to list all of your potential donors, but it strengthens your case if you can demonstrate that the funding plan is in place.

If you are a past grant recipient of the foundation, some reference should be made to this.

It is not always possible to meet with funders prior to your submission. Your research on past giving by the foundation will guide you as to the appropriate amount to request from each foundation prospect. If this information is not available (which should not happen often because of the legal requirement for foundations to file grant information with their T3010), the following approach can be taken. Identify two or three programs which are organizational priorities at different dollar levels and which fall within the foundation's interests. Submit these. An alternative is to provide detailed information on one activity and indicate that you have one or two other proposals, appropriate to their interests, that you would be pleased to show them. The same procedure can be followed if you are not sure which priority activity would be of greatest interest to the foundation. The cover letter should come from the senior volunteer and the senior staff person of your organization, and should go to the appropriate contact, with the proposal.

Coordinate Requests

Larger organizations seeking funding for a variety of projects must be careful to coordinate their requests so that only one application is presented to a foundation at a time. You should ensure that you have your own priorities in order rather than placing this responsibility on the foundation by having them choose between several different requests. Foundations expect organizations to determine their own priorities, not to leave it to the foundation.

When Your Grant Application is Successful

Once you receive a grant, you should maintain contact with the foundation. It is surprising how few organizations actually do this. A carefully conceived program of continuing contact can produce substantial dividends. Some non-staffed foundations may find it convenient to give you the same grant annually for a number of years. Positive experience with you may make the foundation that much more open to further requests from your organization.

As noted elsewhere, staffed foundations tend to operate differently; but they, too, are influenced by organizations that develop a record of substantive ongoing communication with them. Keeping the foundation regularly informed about the project they have funded provides the perfect reason for contact. Foundations exist to give money away. If you work closely with them, keep them informed, and deliver on your proposal, you will prepare the way for a subsequent request.

Steps to consider when your application is successful:

1. Send a thank-you letter immediately.
2. Consult with the foundation about an appropriate way to credit it for its funding: wording, logo, publicity materials, etc.
3. Issue a receipt promptly. Foundations require proof of payment for auditors.
4. Find out what the foundation's reporting and grant-management requirements are. If none are specified, design your own reporting process. Submit at least a final report for small grants and regular reports for large grants.
5. Submit mandatory grant reports within specified timelines and in the requested format.
6. Offer to present your report to a board meeting.
7. Provide copies of press releases, publications, and other materials related to the project.
8. Look for appropriate opportunities to invite foundation staff and board members to your organization.

If you are fortunate enough to get the entire request funded by one foundation and you get a grant from another foundation for the same project, you must let the second foundation know immediately. This is an excellent time to suggest that there are other important projects appropriate to their objectives for which the money could be used, and immediately provide them with a project description and budget.

Occasionally a foundation will attach a condition to a grant. The two most common conditions are:

1. The establishment of an advisory committee to oversee the grant. Usually the make-up of this committee is at your discretion and will be composed of some volunteers and staff; sometimes the grantor will suggest people.
2. If the grant is a long-term one, that you secure additional funding for later phases of the project in order to be entitled to ongoing support. This condition can be beneficial, creating leverage for you in seeking new funders.

WORKSHEET NINE will help you track your follow-up to grants received.

When Your Grant Application Is Not Successful – rejection is not the end.

Even the most targeted requests may be rejected for reasons that are external to the merits of a particular applicant. They may have received more applications than they can possibly respond to, or they may have too many existing commitments. In either case, they do not have sufficient reserves to consider new requests. If the reasons are not evident, write or call whoever has signed the rejection letter and ask politely for their reasons. You can inquire whether there were any ways in which you could have strengthened your proposal or program design. Do not be discouraged; ask for advice.

Weigh the advice you receive carefully. You may have the opportunity to reapply in subsequent years, particularly if the reasons for refusal were unrelated to your work. If the reasons were directly related to your organization's efforts, you will want to assess whether there will be a future receptive ear to a revised proposal, or whether your mission and the foundation's interests do not converge at all.

Steps to consider when your application is not successful:

1. Send a thank-you letter immediately. Remember that this is not a rejection of you or your organization.
2. Follow-up discussions can be particularly helpful if the foundation has demonstrated a commitment to funding the geographic area or subject field your organization is involved in. Try to find out the reason for the rejection in a courteous manner, but remember that foundations are as reluctant to explain rejection to you as an employer is to a job applicant. Was it timing? Would another time be better? Was it the specific project? Would another area of mutual interest be more suitable? Could they suggest other sources of support?
3. Continue to develop a relationship with the foundation if there is a sense of good will and respect. If your interests are indeed aligned, continue to keep the foundation informed of your activities.
4. If you submit another grant application, acknowledge the previous rejection.

An Eye to the Future

Foundations are always looking for worthwhile programs to fund. They are also overwhelmed with a high volume of grant requests and proposals. To be successful in foundation fundraising, you have to show why their investment in your organization will lead to a successful partnership that yields tangible results. Careful planning, cultivation, and good stewardship of funds will help your organization build successful partnerships with foundations.

WORKSHEET NINE
Funding Through Recognition

Note: Purpose and goal statements can be pulled from Case Resources – see Worksheet One.

Foundation Projects

PROJECT AND FUNDER				
DATE PROPOSAL FUNDED				
ACKNOWLEDGEMENT LETTER				
PRESS RELEASE				
PROGRESS REPORT #1				
PROGRESS REPORT #2				
FINAL REPORT				
RECOGNITION ACTIVITY				

An adaptation of a form by: Strand and Hunt, Prospect Research: A How-to Guide, pub. by Council for the Advancement and Support of Education, Washington, D.C., 1986

Appendix A

Social Investors Checklist

What do Foundations Look for in Applying Organizations?

1. Tax-exempt status

2. Does the proposed project fall within the foundation's areas of interests and within the funding guidelines?

3. Financial strength and stability:
   - accounting system and record-keeping in place
   - financial stability over time
   - diversity of funding base
   - fundraising capacity

4. Track record:
   - solidly documented record of achievement

5. Degree of need for program:
   - demonstrated need and definition of target population
   - outline of process for identifying and measuring need
   - view of experts in the field
   - doesn't duplicate other efforts, or establishes grounds for competition

6. Clarity of program focus:
   - subject to be addressed, activities to be supported, and goals clearly stated
   - budget is clear, corresponds to goals, realistic

7. Workplan/methodology:
   - how work will be accomplished, by whom, and in what time frame

8. Efficiency/cost-effectiveness:
   - comparison of social costs if program not available
   - comparison to similar programs, if any

9. Potential impact:
   - a new model/approach?

- dramatic results and/or long-term impact?
- sustaining or creating a critical community resource
- extent of impact geographically
- if successful, how will results be made accessible?

10. Evaluation:
    - definition and measurement of success
11. Strategy/leverage:
    - other dollars
    - potential policy
    - impact potential model
12. Degree of risk
13. Potential for institutionalization or for self-sufficiency
14. Quality of governance:
    - active board of directors
    - volunteer leadership understands mission of organization
    - appropriate and effective composition of board
    - effective involvement of volunteers
15. Legitimacy in the community:
    - degree of community support and participation
16. Diversity
17. Sense of direction:
    - existence of long-range plan: a vision shared by staff, board, constituency
18. Quality of management:
    - competence of key staff; existence of operating policies and procedures; and records evaluation activity
19. Referees
20. Possible site visit

Appendix B

Sources of Information and Information-Gathering Techniques to Support the Presentation of Your Issue

There are five general approaches you can use to develop information around your issue:[11]

1. Social Indicators

Assumes that certain demographic, socio-economic, and geographic characteristics are related to client service needs. Social indicators can offer useful comparisons between cities or between time periods. Types of information include:

- Census data
- Government statistics
- Agency reports
- Consultation and discussion documents
- Government-contracted research
- Other public records and documents, etc.

Sources of information include:

- Government departments: e.g., Planning, Health, Tourism, Trade
- Colleges and Universities
- Social Planning Councils
- Libraries

Weaknesses – assumptions of need based on social indicators are suspect. Rates and averages will not necessarily apply to individuals in the area. Statistics can be manipulated.

2. Service Use

The focus is on your own usage records plus the records of other organizations offering similar services to a similar client group. Information is provided both on people's use of the services and on the services available. You may be able to estimate a gap between what exists and what ought to exist. In this case it is important that your survey is comprehensive. Information includes:

- Customer characteristics
- Available services

[11] *Doing it Right, A Needs Assessment Workbook*, pub. by Edmonton Social Planning Council, 1988

- Numbers of users
- Numbers of registrations / ticket purchasers
- Waiting lists
- Correspondence

Weaknesses – evidence of need is still indirect: i.e., service availability and use may not actually reflect need. Organization records may not be reliable, and there is no information about the population not receiving the service.

3. Key Informant Survey

Assumes that certain people in the community are in a position to understand the issue you want to address. Who is included as a key informant depends entirely on the subject area of the issue you want to address: e.g., arts, education, health, social services. The selection of appropriate informants who represent a variety of perspectives is a crucial part of the process. Preferably, the views will be obtained through a face-to-face or telephone interview, but a mail-out questionnaire is also possible. Informants may include:

- Service providers, including front-line workers
- Program planners
- Community volunteers
- Representatives of funding bodies
- Public officials
- Beneficiaries of service

Weaknesses – key informants may present biased views; perceptions of need may be inaccurate. Inter-organization competition needs to be taken into account.

4. Community Groups

Similar to the key-informant approach, except that a wider circle of informants takes part. Persons in the community identified as interested in the issue are invited to attend an open meeting or series of meetings. After a presentation, a discussion is facilitated and comments recorded. This information is best used in conjunction with another approach. For your community forum to be successful you will need:

- Diversity
- Publicity
- Input from the community
- Structure
- Follow-up

Weaknesses – meetings can be dominated by interest groups. Only those individuals who are comfortable expressing an opinion in front of others will be heard. Opinions may be poorly informed.

5. Field Survey

Provides the most reliable and valid information from those directly experiencing the need.
You are usually seeking:

- Actual information
- Perceptual information
- Experiential information

A standardized questionnaire is used with a selected sample, through the mail or telephone or face-to-face interviews. From the responses, you can calculate the size of the population to be served and what they require/want. The questionnaire is most effective if designed after a service-use survey or key-informant survey has identified some preliminary needs/wants. It is rarely feasible to survey the entire population group, so usually the information is obtained from a representative sample and extrapolated to estimate the needs/wants of the entire group.

Weaknesses – trained personnel are required to design the questionnaire and ensure that the sampling is representative of the population being surveyed. This approach can be more costly and time-consuming than other approaches.

Appendix C

Approaches to Evaluation

Objective and participant-focused evaluation

- Objective approach:

  Values the perspective, views and opinion of those outside of, or distanced from, the situation, event, organization, etc.

- Participant-focused evaluation, subjective approach:

  Uses primarily qualitative measurements; values the perspective and interests of the participants involved in the program.

Qualitative and quantitative evaluation

- Qualitative approach:

  Involves the collection of data or information (by means of open-ended interviews, etc.), which will provide a description of the circumstances and conditions of the situation.

- Quantitative approach:

  Involves the collection of data or information (by means of questionnaires, interviews or counting), which will provide an account of the scope of the problem or scope of program participation. Quantitative data can provide a superficial sense of direction, identifying the areas meriting further development or research.

Summative evaluation

- Done upon completion of project
- Tends to emphasize quantitative over qualitative data
- Measures outcomes against original objectives

Formative evaluation

- Takes place during project
- Tries to identify what might be going wrong
- May lead to modification in program design
- May lead to modification of original design

For all types of evaluation, data must be collected and analyzed.

Evaluation instruments include:

- Intake forms (most common; may include all kinds of incoming information like purchases, registrations, telephone calls, visits, etc.)
- Follow-up forms
- Personal interviews
- Evaluation questionnaires
- Interview guides for interviewers
- Worker journals
- External documents and records

Appendix D

A Sample Outline of an Evaluation Report[12]

1. Introduction to the project – describe…

a. how the project was conceived and funded

b. what the project's objectives were/are

c. who was involved

d. what the project structures are

2. Description of evaluation methodology – describe…

a. the evaluation approach used and why it was chosen

b. evaluation objectives

c. how the evaluator was selected (may be internal)

d. how the evaluation instruments were designed and implemented

e. how well the instruments worked

f. any limitation of the methodology

g. how representatives of target group were selected for evaluation

3. Analysis of evaluation and project results

a. Outline detailed objectives of project.

b. Note results related to each objective from data collected.

c. Be precise about what was assessed.

d. Describe how conclusions have been drawn from data.

e. Note and explain patterns of responses in evaluation tools – relate them to the project framework.

f. Do not try to cover everything – pick out patterns and recurrent themes, and analyze these.

4. Conclusion

a. Conclude with a summary of how the objectives were reached.

b. Include recommendations for further work or recommendations arising out of the project.

[12] *Keeping on Track, An Evaluation Guide for Community Groups,* pub. by Women's Research Centre, Vancouver, B.C., 1990

Appendix E

Qualified Donees

To meet the requirements for continued registration, a charitable foundation must spend a certain amount of its income each year on charitable activities or on gifts to Qualified Donees. A Qualified Donee is an entity to which a Canadian resident can make a tax-deductible donation. These include:

- registered charities
- registered Canadian amateur athletic associations
- housing corporations constituted exclusively to provide low-cost accommodation to the elderly who are resident in Canada and exempt from tax
- Canadian municipalities
- the United Nations or its agencies
- universities outside Canada prescribed to be universities within student bodies that ordinarily include students from Canada
- charitable organizations outside Canada to which Her Majesty in right of Canada has made a gift during the taxpayer's taxation year or the 12 months immediately preceding that taxation year
- Her Majesty in right of Canada
- Her Majesty in right of a province

Most foundations will make grants only to Qualified Donees, usually registered charities. Most foundations will ask first to see your charitable registration number (i.e., your business number) before proceeding with a grant application.

Appendix F

Additional Resources

1. Bauer, G. David (1999), *The "How To" Grants Manual: Successful Grantseeking Techniques for Obtaining Public and Private Grants, Fourth Edition*. Phoenix, AZ: Oryx Press.

2. Bohnen, Elizabeth (1988), Effective Proposal Development: *A How-To Manual for Skills Training Programs.* Toronto, ON: Ministry of Skills Development. 153p.

3. Carlson, Mimi (1995), *Winning Grants Step by Step: Support Centers of America's Complete Workbook for Planning*, Developing and Writing Successful Proposals, San Francisco, CA: Jossey-Bass. [www.josseybass.com]

4. Conrad, Daniel (1980), *The Quick Proposal Workbook*. San Francisco, CA: Public Management Institute. 115p.

5. Foundation Center, *A Proposal Writing Short Course*, New York, NY. Available in the on-line library at the Foundation Center's Web site at www.fdncenter.org

6. Golden, Susan L. (1997), *Secrets of Successful Grantsmanship: A Guerilla Guide to Raising Money*, San Francisco, CA: Jossey-Bass [www.josseybass.com]

7. Gooch, Judith Mirick (1987), *Writing Winning Proposals*. Washington, DC: Council for the Advancement and Support of Education. 87p.

8. Hall, Mary (1988 – 3rd ed.), *Getting Funded: A Complete Guide to Proposal Writing.* Portland, OR: Continuing Education Publications. 206p.

9. Kalish, Susan (1984 – 3rd ed.), *The Proposal Writer's Swipe File: 15 Winning Fundraising Proposals.* Detroit, MI: Taft Group. 164p.

10. Kiritz, Norton (1980), *Program Planning and Proposal Writing.* Los Angeles, CA: Grantsmanship Centre. 48p. [www.tgci.com]

11. Locke, Lawrence and Waneen Wyrick Spirduso (1999), *Proposals that Work: A Guide for Planning Dissertations and Grant Proposals.* Walnut Creek, CA: AltaMira Press.