

## **CONNECTING DONORS WITH GRANT-MAKING**

### **Transatlantic Community Foundation Network Working Group: “Strategic program management, effective and innovative grant-making”**

**December, 2001**

In order to carry out the work of a community foundation, one of the fundamental principles is how we connect our donors to grant-making. Donors needs vary considerably and therefore the community foundation must be as responsive and flexible as possible. Moreover community foundations have intimate knowledge about the needs of their communities and can call the donors attention to specific problems that need to be addressed.

The working group has collected examples from each other and TCFN colleagues to share the experience from both sides of the Atlantic. This will lead to recommendations for strategic and innovative grant programmes that will in turn attract donors to entrust community foundations with their charitable giving to meet the need of the community.

#### **The foundation as a “broker”**

We seek to bring further attention to, and provide examples of, the foundation’s role as a broker between and among people, ideas and resources. We believe this role is fundamental to a community foundation’s work, regardless of size, age, or location. It is important to recognize, however, that this brokering creates a natural tension within the organization. This tension exists as foundations seek to create innovative programs and grants which may not necessarily appeal to donors. At the same time, the foundation needs to think about its donors and the types of programs and grants that are attractive to them.

This tension is further magnified by the difficulty of raising unrestricted dollars in today’s world. More and more donors want to provide direction or advice about where and how their contributions should be used. These donors provide important resources for the community, but may limit the foundation’s ability to design and implement programs that address specific needs.

The goal in working with these donors is to develop trust and confidence in the community foundation so that ultimately the donor will delegate responsibility to the foundation for longer-term funds. In other words, we believe community foundations must work with their existing donors to gradually expand the donor's horizons to help the community foundation accomplish more in the community. And we believe that the expertise donors bring, both individually and collectively, adds value to the foundation's grant-making. We view the brokering role as the key element in this strategy. Success in implementing this strategy is directly linked to the four principals described below.

First, **know your community**. It may sound simple, but it is impossible to connect a donor to a program or organization, if the foundation doesn't know it exists. But simply knowing the organization exists isn't enough. To be truly effective, the foundation must strive to understand the linkages and relationships among organizations and programs and be willing to bring organizations together on occasion to discuss issues of common interest. It must also seek to understand the cultural, economic, social and other factors, which impact the work of the organization. And finally, it must be able to communicate this information effectively, both through its "regular" program of grant-making, and to its donors.

Second, **know your donors**. Determining what the foundation's donors are interested in funding is a critical step in the process. In some cases, it may be quite obvious from stated intentions, but in other cases, you may have to dig further. Again, finding out about the interest areas is important, but it doesn't give you the whole picture. It's also important to find out why that interest exists. This can often open up a conversation with a donor that provides a much richer understanding of the donors' intent, and a much higher probability that the foundation will hit the right approach when asking for support. This approach also acknowledges that different types of donors – corporations, individuals or foundations – may have different needs and motivations.

Third, **connecting donors with community needs**. It is here that the first and second points above begin to come together. Often times, donors who are presented with new information about a program they are interested in, or information about a new issue facing the community, they will respond. This helps the foundation strengthen its relationship with the donor as a respected advisor. An advisor that is able to not only find information on its own about a particular issue, but also to respond to requests for information from the donor. As the level of trust between the donor and foundation grows, so too does the possibility that less restrictive gifts may follow.

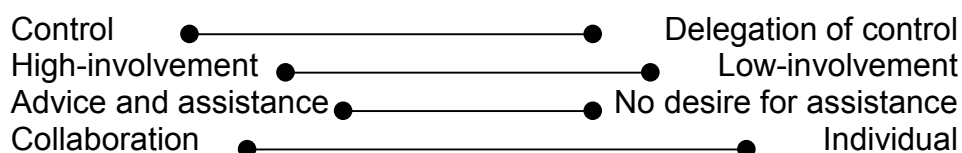
Fourth, **connect your donors to each other**. Enabling donors to have conversations with other donors can open possibilities for collaboration and joint funding of projects. This is where the power of the foundation to build community can express itself most clearly. Building small communities of donors who are

interested in specific cause or area can enable the donors to do more collectively than they could individually.

### Connecting donors with grant-making

The principals mentioned above provide the background for connecting donors to grant-making. As we have said, donors vary in their needs and therefore the community foundation must be as responsive and flexible as possible. More over, community foundations have intimate knowledge about the needs of their community and can call the donors' attention to specific problems to be addressed.

As a way to address this issue through specific examples, we have developed the following continuum. Donors vary in their desire for:



**Control** from a donor's perspective is the ability to direct or advise, within applicable law, grants to specific NGOs. **Delegation of control** means the donor is willing to give up this "authority" to the community foundation.

**High-involvement** occurs when donors have an active relationship with the NGOs they are interested in funding. These donors may want to go on site visits or to design their own process for receiving and reviewing requests for support from NGOs. Donors who are less involved (**low-involvement**) take a much more hands off approach to their relationship with potential grantees. This may not be seen as a negative factor, it could be an indication of the donor's level of trust in the foundation.

Many donors want the foundation to provide **advice and assistance** in identifying potential grantees, or even specific programs, which those grantees may be running. Other donors have **no desire for assistance**, and simply want to use the foundation as a means for giving.

Donors who seek **collaboration** come to the community foundation looking for other donors to share ideas and considering participating in each others' projects. However, many donors seek to do grant-making by themselves (**individual**).

Every donor or potential donor that comes into contact with the foundation has a point on each of the four lines. However, few, if any, donors are at exactly the

same point on each line. In addition, it is difficult, if not impossible, to cleanly separate the impact one category has on the next. In other words, every donor is different and must be approached differently if the foundation is to attract the donor to its grant-making program.

The distinctions are important, however, to provide us with a framework from which to discuss this issue. The case studies that follow are divided into each of the four categories. However, each example may also be helpful in understanding an approach that might work for a donor in another category.

Control ●—————● Delegation of control

**High Level of Control** - The donor, a successful businessman, has a strong interest in coupling education with community service. He also has a close connection with the local college from which he graduated. The Foundation's staff worked with the college to identify which graduate departments might be interested in accepted graduate students who would couple their education with part-time employment in an area NGO as part of their graduate education. The college thought few NGOs would have such an interest since they would also have to pay a salary. The Foundation's staff identified more than 30 NGOs that were interested in this opportunity and most subsequently identified specific jobs or projects they would create if assigned a graduate student. The program has now been established. The donor, through his advised fund, is providing scholarships for the 10 graduate students enrolled in the program, and all have been paired with local NGOs. The College is paying for the students' health insurance. Our success with this donor resulted from our ability to identify NGOs throughout the community that had an interest in securing a graduate student through the program. In addition, we were able to involve the donor as we developed the program. He even joined our staff in most of the visits made to NGOs to determine their interest in the program. He wanted to be involved in every key decision regarding the program and the Foundation was able to accommodate his wish for a high level of control. (Greater Milwaukee Foundation, USA)

**From Control to Delegation** - the long term solution. Last year we accepted 3 major gifts (\$17.5 million, \$10.5 million and \$6 million). All are donor advised and mostly endowed. In each case, the donors have signed fund agreements that turn these into unrestricted funds after one generation. (Community Foundation of Ottawa, Canada)

**Delegation of Control** - The donor, who wishes to remain anonymous, wants to help students who have financial need complete their college education. The Foundation provided her with information on the Sponsor-A-Scholar program that has been developed with the local YMCA. Through this program the YMCA

recruits an adult mentor for each class of 30 students beginning with the first year of high school. Each mentor agrees to work with a student for four years of high school and one year of college. Each student also receives a guaranteed scholarship if they complete high school and go on to college or technical school. The scholarship funds are held at the Foundation. In the first graduating class, all 30 students completed high school and 28 went on to college or technical school. Without the program less than one half of the students would be expected to graduate. Given this information and the assurance that she would remain anonymous, the donor now provides the Foundation with annual grants to help guarantee scholarship assistance. Letters from the students she is supporting are mailed to the Foundation and we forward them to her so that her identity will remain a secret. Our success with this donor rested on our knowledge of a program that has proven results while also providing her with complete anonymity. (Greater Milwaukee Foundation, USA)

**Delegation of Control** – The community foundation helped local groups develop a health information drop-in center hosted at the local public library. The center provides information on health issues and also meeting space for self-organized support groups on health issues. The dollars provided by the community foundations helped to leverage support from local health insurance companies that are required by law to provide support for prevention services. The foundation also leveraged money from an individual donor who has a particular interest in health issues. (Gutersloh Community Foundation, Germany)

High Involvement ●—————● Low-involvement

**From Low Involvement to High Involvement** - We rented a small van and took a group of 12 donors on a series of site visits one afternoon. Their evaluations indicated that the experience exceeded their expectations. One donor had always been shy and had kept herself and her fund anonymous. She had set the fund up a few years ago when she sold her high tech business and come into some wealth but philanthropy was very new to her. After the site visits she said she hadn't been able to stop talking to her family and friends about what she'd learned. She had no idea that there were such issues of poverty, etc. in our community nor that there were so many exceptional people and organizations providing assistance. Since then she has been back to one of the schools as a volunteer, brought her mother in to meet our grants committee and offered to work with one of our other donors who is in a similar situation. (Community Foundation of Ottawa, Canada)

**High Involvement** - A founding board member of the foundation had given a variety of gifts in kind since the inception of the foundation. His wife became a member of the grants committee. She visited many of the groups who were applying for grants and was also involved with our celebration events. When we launched a challenge to raise £1-million in 1997, the combination of both their

roles within the foundation encouraged them to pledge £1/2 million. The challenge was successful and their fund now stands at £3/4 million. They also allocate part of their fund to help individuals in crisis .I had told them about a young woman who had been homeless and unemployed needing money to buy clothes to start a new job. The foundation had helped her with a grant of £100. After a couple of months we received a letter from her with £40 enclosed. She told us how grateful she was and that the job was going well. She asked that the money be used to help someone else. The family was very moved by this story and as a result they annually put money into the individual fund. (Community Foundation for Calderdale, UK)

**High Involvement** - A presentation at a national conference inspired our past Chair and his wife to establish the Youth in Philanthropy Fund at Hamilton Community Foundation. Since the generous gift, a Youth Advisory Council was established in 2000 and these young people have worked to define their goals and vision, make fundraising plans and actively participate in proposal review for our Community Fund. Representatives of the YAC visit the donors on a quarterly basis to update them on their activities, and the donors feel very much connected with this group of emerging leaders. (Hamilton Community Foundation, Canada)

**High Involvement** - A local businessman in the construction field renovates homes in Miami inner city neighborhoods. He recently set up a donor advised fund with an interest in directing his grant-making to these very same neighborhoods. Seeing with his own eyes, “idle kids with a lot of idle time”, he wants to actively support programs that expose children to supervised arts and sports program. He has relied on the Foundation to provide access to programs targeting at-risk kids. The Foundation has been the “connection” to organizations and contacts, including a “connection” to the tennis director of a local university who conducts a tennis summer camp for inner city youth. (Dade County Community Foundation, USA)

**Low Involvement to High Involvement** - A large corporation (Water Company) who had given 'flow through' funding to the foundation was encouraged to visit some of the projects that they had funded. In the course of this happening one of the groups - a local food co-operative based at the local health centre - highlighted an additional need. They needed a vehicle to deliver the food out to rural areas and to those who were housebound. The project had been helped in the start up phase by the foundation . The food co-opeartive received national press coverage due to the pioneering nature of the project. The donor was very impressed and agreed that they would provide a van. This happened within a few momths. The van is now operational and the food co-operative logo is painted at the side of the company logo. We hope that the next site visit by the donor will extend the funding for a further year. (**Calderdale Community Foundation, UK**)

Advice and assistance ●—————● No desire for assistance

**High Level of Assistance** - The donor established a donor advised fund and had a particular interest in addressing a particular need at the local hospital where her husband died. She was distressed by the condition of the patient waiting room for the intensive care unit. It was noisy, lacking in privacy, and had very uncomfortable furniture. Family members would often sleep on the floor during the night while waiting for news of their sick relatives. The Foundation's staff discussed the donor's interest in paying to remodel the waiting room and met with resistance. Hospital staff felt that there were higher priorities for physical improvements including doctors' offices. They finally prepared draft plans for remodeling the room and the donor felt the plans were inadequate. The Foundation's staff located a very respected interior designer and then contracted with the designer to prepare plans for remodeling the room. The donor agreed to pay for the designer's expenses. Many months later the remodeling was completed and the room refurbished. Hospital staff was so impressed with the final results that they then decided to remodel, at their own expense, other patient waiting rooms. The Foundation's success with this donor rested on our ability to provide the day to day assistance she needed to complete this project while also involving her at key steps along the way such as the approval of the final plans. (Greater Milwaukee Foundation, USA)

**High Level of Assistance** - A donor had an idea to create a "civil rights fund" within the community foundation. However, the donor did not have a clear idea of what she wanted the fund to look like. Based on conversations with the donor, foundation staff created a vision statement for the fund, which was then approved by the donor. At the same time, a board member of the foundation was appointed to chair a committee to further discuss and define how the fund is to be carried out. The recommendations of this committee will be shared with the donor for approval and the preparation of a request for proposals from the fund in the community. (Community Foundation for Southern Arizona, USA)

A donor holds a fund in his own name that has broad scope and the Foundation has come to realize his particular connection with literacy and the spoken word. An author by profession, this donor has responded positively to urgent requests from organizations providing service in the literacy field. These requests come to the Foundation through our Immediate Response Fund, a fund that awards small grants for unforeseen programs. The first request was to fund a program coordinator position in a Family Literacy program where both parents and caregivers were given the opportunity to read and discover the excitement of books through reading together. There was a four-month gap between major funder's distribution timetable, therefore the program found itself in a serious cash crisis. In the second case, the donor responded to an urgent request of a summer literacy program to keep children at risk of failure reading the summer, and keep their skills at the maximum before the next school year. In both of these instances, the Foundation approached the donor, sent the application, and followed up by a discussion with the donor about his options. (Hamilton Community Foundation, Canada)

The Bishop of Como started an effort to create an archive that would collect all of the historical documents dating back to the 1500s for all of the churches in the area. A prospective donor expressed an interest in providing a major gift for this effort. The community foundation met with the donor and the Bishop to discuss instead the creation of an endowment fund in the foundation so that both the short-term capital requirements as well as the long-term operating funds would be available to support the archive. The foundation also offered to match, dollar for dollar, contributions to establish the endowment fund. A board will be formed to oversee this effort and the foundation will have one seat on the board. (Fondazione Provinciale Della Comunita Comasca, Italy)

Collaboration ●—————● Individual

**High Level of Collaboration** – The community foundation saw the need for continuing research on community needs and issues such as transportation, air pollution, etc. and recognized the expertise of the local university in conducting such research. The foundation is actively seeking the support from a number of local associations (the Industrial Union, Chamber of Commerce, Artisan Union, the local gas and water company, etc.) to jointly establish an endowment fund in the foundation that will generate enough income to underwrite one new research effort annually. The foundation will match, dollar for dollar, contributions to start the endowment fund. Each of the major donors will have a seat on the board that will be established to determine the research needs and the next steps for dealing with research findings. The foundation will also appoint one-half of the board members. (Fondazione Provinciale Della Comunita Comasca, Italy)

Since 1995, Hamilton Community Foundation has been interested in the whole aspect of Neighborhood Grant-making and Technical Assistance, but was not able to implement these programs due to lack of resources. Last year, Hamilton Community received the largest gift in their history and indeed one of the largest philanthropic gifts in Canadian history. These donors wanted to keep their scope of grant-making very broad. Hamilton Community Foundation approached them with a proposal to provide funding for the research, program development and first year allocations from a Neighborhood Grant-making Program as well as a Technical Assistance Program. The donors were supportive of the idea and we now have hired the consultant to do this research on programs throughout North America as well as to design a sustainable program. It is our expectation that other funders will be most interested in this work. (Hamilton Community Foundation)

Six years ago we approached two private foundations to discuss our common perception that many smaller NGOs have management issues but no resources to tackle them. We agreed on the need for a separate pool of funds that NGOs could apply to for money to get the expertise they need to address a wide range of management needs such as the development of a strategic plan, a marketing study, personnel policies, etc. Each of the three foundations made a grant to the



newly formed Nonprofit Management Fund within the Greater Milwaukee Foundation and each donor has one vote on the committee that reviews the grant applications and selects the grant recipients. Today the Fund has twelve donors (the Greater Milwaukee Foundation, seven private foundations, three corporations, and the United Way), all of which are listed on the Fund's letterhead. Annual grants from the Fund, which is managed by the Foundation, now exceed \$800,000 per year with \$125,000 provided by the Foundation. The growth of this Fund is explained not only by the impact of its grants but also by the willingness of grant makers to collaborate and the recognition each receives as a supporter of the Fund. (Greater Milwaukee Foundation, USA)

A wealthy individual was invited to the annual corporate dinner by one of our members. He became a member himself and after many conversations regarding his interests, we took him to visit several projects near where he lives. One project in particular attracted his attention, a woman who was running a youth club in her own home. The club was formed to stop her sons getting involved with drugs and crime. The group wanted to refurbish the ground floor of a block of flats on a very disadvantaged estate. The foundation got the local council and other partners, including the local health authority and a national charitable trust involved in the project. It became a true partnership of funding and input to the planning process. The donor funded the first years running costs and has agreed to a repeat visit and subsequent 2 years funding. (Community Foundation for Calderdale, UK)

## **Appendix**

Here's how one foundation, the Community Foundation of Ottawa, designed their program to connect donors with grant-making:

### **PHILANTHROPIC PARTNERS PROGRAM**

#### **Purposes:**

- Provide donors with opportunities to enhance their philanthropic decisions.
- Provide CFO with opportunities to better understand its donors in order to provide them with high quality services relevant to their interests.

#### **Participants:**

Invitations to participate will be issued to selected CFO donors. It may be appropriate to include, from time to time, certain individuals who are not yet donors. This decision will be made on a case-by-case basis.

#### **Activities:**

- Networking meetings
- Speakers followed by discussion
- Site visits
- Presentations by members of CFO's Grants Committee
- Introduction to other learning opportunities (e.g. conferences and seminars) at CFO Member rates
- Video presentations
- Sharing information such as (news releases, books, and articles) via email, fax or post.

#### **Volunteer Leadership:**

The pilot phase will be overseen by a small Steering Committee comprised of volunteers, supported by CFO staff.

The Steering Committee will be chaired by a volunteer, preferably an advised fund donor.

The Chair is appointed by the CEO and reports to the CEO.

The appointment is for one year, initially the 2001 calendar year.

A Vice Chair may also be appointed.

#### **Staff Support:**

All staff support will be coordinated through the CEO.

Coordinator of Donor Services, will be responsible for organizing meetings and supporting the Chair and CEO in all aspects of this initiative.

#### **Pilot Phase:**

The program will initially be piloted for a period of two years. During that time, adjustments will be made as required. Before deciding to continue the program

beyond the pilot phase, a thorough evaluation will be conducted. The program will be extended only on the basis of a positive cost/benefit analysis.

What do we want to measure? Some examples:

- donor satisfaction with the program as indicated in a survey;
- number of donors who add to their funds
- number of donors who refer their friends or colleagues
- number of donors who become involved in organizations they've been introduced to in the program
- amount of volunteer time required
- staff time
- direct and indirect costs

### **Resource Requirements:**

The program will require support from staff resources that are already in place: initially 1 to 2 days per month for the CEO and 2 to 2.5 days for the Coordinator of Donor Services. Once the program is up and running more time may be required. No separate budget is required at this time although, in order to provide the participants with the most up-to-date thinking on philanthropic issues, some research may be required. This could be done by attending conferences and should include an investigation of similar initiatives, including the emerging for-profit organizations in the U.S.

### **Timetable:**

January 10	Planning meeting with Chair
January 23	Adjustments/approval by CFO Board
February	Recruitment of Steering Committee Initial communication with participants
March	First networking meeting Initial info sharing via email, etc.
April	Schedule of site visits begins Info sharing continues and is ongoing
May	Site visits continue
June	Presentation by Grants Committee
July, August	no activity other than periodic info sharing
September	Speaker and discussion
October	CFO Annual Celebration
November	Wrap up networking meeting for the year

As you can see from the preceding, this type of process requires a great deal of staff and volunteer time to carry out. But we believe this commitment of time is not only needed, but it is required. It is more and more difficult for foundations on both sides of the Atlantic to raise unrestricted gifts. By connecting donors with grant-making, community foundations are building a sense of community within the organization. But more importantly, they are building their capacity to serve their community.