For non-profit organizations, seeking support from corporations and foundations has become an essential part of an integrated fundraising program, and yet many find it particularly frustrating. In contrast to government programs, the selection criteria is often mysterious and contact with those who could help elusive.

The major lesson of this presentation is that corporation and foundation fundraising is **fundamentally different** from government grants programs. This presentation will discuss the differences and use a step-by-step approach to successfully finding support from these sources.

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The first question is, why should nonprofits look to foundations and corporations for money? The obvious answer is that they need to. Government funding is being squeezed at every level, and individual donors can only cover part of that loss. Corporations and foundations are often particularly interested in new efforts that address local community needs, since that is where most of them concentrate their funding.

The aggregate size of corporate and foundation giving is huge, and main areas of funding – education, health, and human services – encompass most of the areas in which non-profits have programs.
The opposite question is also appropriate: why would corporations or foundations be interested in non-profits?

Most corporate and foundation giving programs want to do something that meets the real and specific needs of their communities. Feeding the hungry, educating the next generation, and making the community a better place to live are all good deeds that funders want to be associated with. In addition, in many cases, a relatively small investment in a particular program can make a big difference by building on existing efforts. Since most nonprofits are ongoing organizations that support their infrastructure through multiple means, funders can be confident that their support will continue past the life of the specific project.
This is the most important point of the presentation: corporations and foundations have a fundamentally different approach to making funding decisions. It is a contrast of “fairness” as opposed to “stewardship.” Not understanding this difference will lead to frustration and the lack of success.
The government grants process— the one that is more familiar to most nonprofits – tries to ensure that every applicant as an equal chance of success. This emphasis on the fairness of the process can be seen in such things as having a detailed request for proposals (RFP) that describes every detail of the grants selection process including the evaluation criteria. Experts in the particular area are brought together to review the proposals, and staff members are assigned to help applicants understand the process and evaluation criteria.
In contrast, the process for foundations and corporations emphasizes that they are the stewards of someone else’s money. They pay careful attention to the intent and interests of the original donor, whether that be a wealthy individual or a corporation. For that reason, they often look to programs that they already know are successful. They also make use of information that is informally gathered from community leaders and other funders. Perhaps most perplexing for nonprofits familiar with the government funding approach, there might not be a specific proposal outline or staff who can answer questions. In almost all foundations, the final decision makers are trustees who are not experts in the field, but rather representatives of the community.
Both government agencies and foundation/corporations want to fund outstanding programs. It is not that the foundation/corporate process is “unfair” or that the government is not a good “steward” of public funds, but that the basic approach to funding is different. To be successful in finding funding from either source, grant seekers must understand the difference and tailor their proposals accordingly.
Now we can turn to some of the differences between corporate and foundation giving.

Corporations are careful stewards of their brand, and being seen as good citizens in their local communities is an important part of that branding effort. Programs that enhance the local community that can be highlighted in public relations campaigns are often supported. They may also be interested in programs that enhance their workforce, either directly (e.g., skills training for current positions) or indirectly (e.g., scholarships to encourage local high school students to excel in science or engineering). Companies often restrict their funding to programs in the communities in which they operate because they want to be seen favorably in those communities. They may also restrict funding to programs that have employees as contributors or volunteers, so knowing where your volunteers work is important.

Usually the most important determinants of corporate giving are its leadership. The personal involvement of the CEO or Board Chair in your program is probably the single most important way to gain corporate support. Corporate leaders need to be cultivated over a long period of time.

Finally, there is a special category of corporate giving called “cause related marketing” that has a direct connection to marketing of products. These are often seen in slogans such as “For every box of cereal sold, XYZ Corporation will donate $1 to ABC Charity.”
campaigns have special and complex issues, and should be entered into carefully.
Foundations also have reasons to give, but they are often different from corporate or other funders.

First and foremost, most foundations try to honor whoever gave the money – a wealthy individual, a corporation, or individual donors – by following the guidance that they gave as to how the money should be spent. It is crucial to know something about the donor(s) and how the foundation interprets that legacy today.

Foundations also are often places of true altruism – they want to make the world and their community a better place. Often that is manifested in working on specific programs to improve the community.

Some – but not all – foundations want their donations to be visible and to have a prominent place in the community. However, this is not always true, and it is important to know if the foundation cares about such things before offering to name a building after them.

Private foundations are also required by their tax status to disperse the equivalent of at least 5% of their total assets for charitable purposes each year. For example, a foundation with a $100 endowment must disperse at least $5,000,000 per year. Since the donor
received a tax consideration when the foundation was created, foundations can only give support to other charitable organizations, as defined under the Internal Revenue Service rules as 501(c)(3) organizations. If you are a nonprofit, but not a charity (i.e., donors can receive a tax deduction for donating to you), under most circumstances you cannot receive foundation funds.
For many nonprofits, the first impulse to is begin by writing a proposal. **This is a mistake!**
First comes a sometimes lengthy process of cultivation and developing relationships.

While the cultivation process is different from government grants, good grant writing is similar: identifying an important need, matching it to a strong program to meet that need, and describing it in a compelling way is always the goal. However, certain differences should be followed.

First, as frustrating as it may be, every foundation and corporate giving program will have its own individual approach to the process. **It is essential to follow their guidelines exactly.** Many foundations request a one page or short summary as the first approach. Provide the requested information in exactly the way it is requested. While it is tempting to “repurpose” a proposal (i.e., take out the name of one funder and substitute another), never do this. A program officer who is reading these may be scanning through dozens (or hundreds for a large foundation) of similar proposals, and “creative” formats usually only annoy. Similarly, do not send additional materials (e.g., publications, videos, promotional brochures) unless requested to do so.
Now we come to proposal writing itself in a step-by-step approach, but notice that actually **writing** the proposal is step 8 of 9 steps! Most of the hard work comes **before** the first word is written.

Most of the steps will take time. One of the implications is that trying to find foundation or corporate funding when your organization is in trouble is not likely to be successful. Each funder will have its own way of going about selection, and nothing will cause that to change.

As should be obvious by now, one of the first steps is to understand what connections you may have to the foundations and corporations in your community. Create a thorough list, and don’t forget to look in unexpected places. You may not have Board members who are connected (although you should), but you may have employees who are neighbors. You will never know unless you ask.
Now to the step-by-step process of successful proposal writing.

Consistent with all the advice, the most important step is to nurture relationships. It is also the most time consuming and energy intensive. It is understandable that understaffed nonprofits are reluctant to spend months or years developing relationships that may or may not be fruitful. And yet is almost always necessary.

Almost all foundations and corporate giving programs have websites, and although they vary in how much information they share, they are the essential first step in knowing the funders interests. It will usually have a description of programs they have funded, a history, and a list of the Board of Trustees – all important items of interest.

Perhaps the greatest mistake nonprofits make is having the only communication be the proposal itself. If it is rejected, they may try again once or twice, but then give up. As in any relationship, development includes having regular communication. May sure that the funders hears about your successes and good works. If you have events, invite foundation staff. You are trying to establish your program as one that has a track record of meeting the needs of your community.
In keeping with their responsibility to be good stewards, foundations and corporations often look for programs that they already know to be successful. Even if they are funding new programs, they want a track record of success. Smaller foundations with limited or no staff in particular do not have the ability to search for every worthwhile program in their community.

This makes it especially important that potential funders hear and see your successes. Work to have your positive results picked up by the local media and maintain your own stream of information into the community. Many nonprofits (particularly faith-based organizations) are uncomfortable with self-promotion, but it is essential in creating a positive image in the community that will bring you to the attention of funders.

This also illustrates an important difference between the government grants process and private funders. In the government process, program officers are usually prohibited from actively soliciting information on potential grantees, and sometimes they cannot even share what they know about past performance. In foundation and corporate funding, you should expect that program staff will always seek out this information, especially from groups that have funded you in the past. That makes it essential to retain an excellent relationship with those funders, even if they are no longer actively supporting your program.
Step 3: Do Your Homework

- Find out what the foundation or corporation funds and at what level
- “Over the transom” proposals are never successful - - and no multiple copies!
- Tailor the proposal carefully to match the language (“buzz words”) of the foundation or corporation

This is a critical but often neglected step. Most corporate giving programs and foundations have websites, and this is always the first place to look for information on the history of the organization, its major program areas, and recent projects that have been funded. Every program officer has funny stories about the proposal that makes the nonprofit look ridiculous because they did not do even the most basic research (a personal favorite: the Duke Endowment receives proposals addressed to the original donor, James Duke – who died in 1922!). This is proof positive that the nonprofit is not taking the proposal seriously and will lead to automatic rejection.

As mentioned before, “over the transom” or unsolicited proposals are almost never successful (the percentage is actually less than 4%). This is particularly true when one proposal is sent to multiple funders without changing the format because it is easier for the nonprofit. The proposal also needs to be matched to the goals identified by the funder. If you as the proposal writer cannot identify how your proposal fits the goals of the funder, why should the funder consider it?
Large national funders (e.g., the Gates Foundation, the Ford Foundation, the Walmart corporate giving program) work hard to make their programs known to the public, and also have many millions to give away each year; however, compared to the needs, their funds are stretched thin. Many nonprofits look to large national funders first because they have heard about their efforts.

That is a mistake, since most philanthropic and corporate money is local (or “place based” as it is sometimes called). The vast majority of foundations provide support only in limited geographic area, and corporations usually fund based on local needs in places where they do business. It is important to understand the funder’s restrictions.

Because most funding is local, it is essential to have local residents who are active in the community involved in your organization. Their ability to open doors for you is critical to accessing funding at the local level.

Finally, if you do seek support from a major national funder, they will probably expect to see that you have received funding from those in your community because those funders know you best.
Many grant seekers forget that funders have their own goals that they are committed to accomplishing. Sometimes it is the prestige of being associated with a visible and important project in the community; other times it is support for an institution important to the original donor.

The “About Us” section of the funder’s website will give you insight into the organization’s history, values, and current priorities. Read it carefully, along with the list of current grantees, for ideas on what the grantmaker funds and why. Present your program in terms of those goals.

One of the goals of corporate giving programs is to involve their local employees. Many have matching programs; some require that an employee is a volunteer or personal donor before they will consider a nonprofit for funding. Once again, you need to carefully consider the connections you may have at all levels of the corporation who could help you, not just the executives who you might recruit for the Board.
This is a critical step in successful grantmaking, but one that is often neglected by nonprofits. Nonprofit leaders are so passionate about their services that they tend to try to include every detail in the first presentation. It is essential to create, simplify and clarify all of the major elements of your proposal. *This is much harder than it sounds.*

Create a presentation that lasts no longer than three minutes. It should have all the basic elements of the program. You should also have answers to all of the logical follow up questions. It is important to write it down and practice your presentation until you have it memorized. You will be nervous and the more this is second nature, the clearer it will be.

If you want to see how well you are doing, try the “mother test.” Call up someone who does not know your program and ask them to listen to your pitch. At the end, ask them to repeat it back to you. If your mother (or friend) responds, “Oh, doesn’t that sound lovely,” you know you have work to do! Your presentation should be clear enough that a non-expert lay person can easily understand it.

This is not an unrealistic standard. The trustees of most foundations and corporate giving committees are exactly these kinds of people – engaged and committed leaders in the community who are interested in making their community better. If you can’t explain your project in a way they can understand, you will not succeed.
It is always preferable to talk to a program officer of a foundation or corporate giving program before you start writing. Unlike staff members evaluating government grant proposals, program officers often can and will give you a sense of how well your proposal meets the criteria of the funder. Smaller funders may not have staff or a way to contact the funder directly, but take the time if they do.

Do not be defensive or offended if a program officer tells you that your project is unlikely to be successful. That information saves you time and effort and allows you to focus on other places where you might have a closer match to funding priorities.

You are likely to be nervous when you begin talking and will have the tendency to keep talking to fill the space. Give your carefully rehearsed summary statement from Step 6, and then wait for the funder to respond. Listen carefully to what they say and any guidance they give you, rather than trying to respond to every possible question at that point.
Finally, we come to the actual writing of the proposal. Notice that this comes at the end of the process (Step 8 of 9) rather than at the beginning. A great deal of hard work needs to be done before this point, which may take months or years. One lesson is that foundation or corporate funding can never be a short term fix for a funding shortfall from other programs. The cultivation process needs to be in place first.

Everything you know about grant writing still applies. Just be sure to answer the “Three Whats”:

• **Do What?** There needs to be a clear and concise statement of what the project will do to meet an identified need. This seems so obvious as to not need repetition, but some proposals focus on justifying the need rather than saying how the need will be met. Once again, it is much harder to be clear and concise than fuzzy and verbose. Write it down, ask others not associated with the project if they understand it, and continue to sharpen the focus.

• **So What?** Foundations and corporations want to know that their funding will make a real difference in their community. Do not assume that a program officer will be able to articulate this; it is your job to make this clear. The program officer will be presenting recommendations to a Board of Trustees or to an internal corporate committee, few of whom are likely to be experts in your area of work. Make the case for the difference your
project will make to them as concerned fellow citizens, not technical experts.

• **Then What?** Sustainability is often the hardest question for nonprofits to answer, but as an ongoing organization, this should be something that can be explained effectively. It does, however, suggest that it is better not to pin an entire project on outside funding. If it is an important part of your mission, why are you not funding it now? If the project will disappear as soon as outside funding does, it will not be compelling to funders.
Lastly, remember that you are good at some things and not others. Don’t follow every new funding announcement that is not in your area of strength. You will not be successful, you will become frustrated, and you will also develop a reputation as a group that wastes the time and energy of funders.

If the answer from the funder is “no,” try to find out why. Once again, if the guidance is that your project is not a good fit or that your track record is not as strong as others, don’t be insulted or defensive. This is important information that will save you time and effort in the future. Very few proposals are funded on the first try.

Finally, you do good things that you are proud of. Pursue funding for those things and you have a much greater chance of success.
Here are some resources for your initial research.

The Foundation Center contains a huge amount of information that is searchable and web accessible. It has several levels of membership (some resources are free) and it is well worth the money if you are planning to pursue foundation funding regularly.

The websites of individual foundations and corporations are the most important resource for research, and should always be examined carefully. Corporate giving programs may not have the same level of detail, but news stories may give you hints as to funding priorities.

The Internal Revenue Service requires all 501(c)(3) charitable organizations to file an extensive tax form called the IRS 990. These are public documents (unlike individual tax returns) and are available for free online at www.guidestar.com. These give you specific information on the size of the foundation and the individual projects they funded during a year, and can be an important source of information.
Thank You!

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