

# Contributions

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Grant Smarts

## When is a rose not a rose? Gertrude Stein revisited, or toward a typology of support

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If you've been seeking grants for any period of time, you know that most grant makers prefer to fund *projects*. But you're also aware that organizations need many kinds of support, of which project support is only one.

The tricky problem arises when, in your eagerness to secure financial support, you are tempted to describe something as a project which really isn't. You hope to slip one past the funder, in other words.

But such an approach rarely works, and in fact, it can backfire, impugning your credibility and damaging any chance you have at establishing a good relationship.

Part of the problem is that there is little consensus on what constitutes a need appropriate for grant support. We lack what I call an accepted "typology" of fundable needs.

A quick look through The Foundation Center's *Foundation Directory*, the "Bible" of grant-seeking, will confirm this. Currently the Directory lists 37 types of support (capital, operating, endowment, and the like). Eliminating those terms which merely offer alternative labels ("Special Projects" as an alternative to "Program Development") reduces this number to 31 distinctly different types of support.

For our purposes, we can disregard those types of grants awarded to individuals, which further reduces the number to 27. To simplify this further, we

can also eliminate those categories such as "Matching funds," "In-kind gifts," or "Program-related investments."

Even after this paring down, however, there still remain 22 different categories which represent a panoply of grant types: annual campaigns, building/renovation, capital campaigns, conferences/seminars, consulting services, continuing support, curriculum development, debt reduction, emergency funds, endowment funds, equipment, exchange programs, general/operating support, internships, land acquisition, professorships, program development, publication, research, scholarship funds, seed money, and technical assistance.

*That's much too large a number for everyday use!*

Simplifying the types of support would be in everyone's interest—seeker and funder. The following four categories, which I believe achieve this, are offered as a more manageable way of thinking about institutional needs.

### Category #1: Project

A project is a definable set of activities which advances your mission and has several phases which follow in a predictable, chronological order:

Phase 1) Conceptualization or planning

Phase 2) Development or recruitment

Phase 3) Pilot operation

Phase 4) Full implementation  
Phase 5) Conclusion (only applicable in some cases).

If the activities for which you are seeking support don't have at least four of the five steps listed above, you don't really have a project, and it's pointless to pretend you do.

### Category #2: Capital

Capital refers to any physical item(s) you require to conduct the activities which advance your mission. Capital needs range from the very complex to the simple.

A complex capital need would be for a building to facilitate biotechnology research; a simple need would be for canoes to enrich an outdoor education program.

If you're not sure whether the need is for capital or some other category, this test may help. If it refers to acquiring anything that won't grow by watering or feeding (i.e., that is inorganic), then it's probably a capital need.

Many funders exclude capital from the kinds of support they like to award. In response, grantseekers are often tempted to disguise their request by focusing on the *function* of the capital item. For instance, if you are running an outdoor education program and need money to purchase canoes, you might focus on the benefits of safe boating skills in an effort to disguise your capital need.

This is a delicate situation. You may be able to persuade some funders to become involved despite their reservations about capital funding, while others may not be amenable to such an approach.

But don't delude yourself. A grantmaker will recognize your request as a request for capital.

### Category #3: Operating

It costs money to conduct business, and since many nonprofit enterprises provide services for free or for less-than-cost, operating expenses are frequently needed to compensate for this unnatural pricing system.

Utilities, building maintenance, administration—these are essential, and simply must be paid for. Nevertheless, there's a reluctance on the part of grantmakers to consider requests for operating expenses.

As in the case of grantseekers trying to disguise capital needs, so, too, do grantseekers routinely try to camouflage needs for operating funds. Again, such efforts are futile, since any grantmaker who has been in the field for more than 10 minutes will recognize what you're up to, and your effort to deceive will damage your credibility.

An alternative strategy used by experienced grantseekers is to bundle such costs with legitimate project costs, and hope the grantmaker will overcome the re-

*Continued overleaf*

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## When is a rose not a rose?

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luctance to support operating costs by allocating them in relationship to a project.

Just as persuading a funder to reframe capital items in the context of their function, this also is a dicey strategy. A positive response from a grantmaker largely depends on her flexibility, and the degree to which she's inclined to respond positively to your request.

Fortunately for nonprofit executives, grantmakers seem to be more receptive these days to the notion that organizations frequently need help with basic expenses and that such costs represent a valid avenue for grant support.

In fact, every time you encounter a grantmaker's reluctance to provide operating support, you have an opportunity to help change the tide on this issue by raising the grantmaker's awareness of the compelling case for operating support.

Even if you can't get the grant you seek at the moment, it will help in the long term if you present your case to the grantmaker and plant the seed for future consideration. Of course, if the foundation or agency you're approaching does not explicitly refuse to consider requests for operating support, my suggestion is, "Go for it!"

### Category #4: Infrastructure

Just as cities must invest in streets, bridges, and sewage systems, so organizations require infrastructure investments to ensure continuous service. Three kinds of efforts can be thought of as contributing to the infrastructure of a nonprofit organization.

First, strengthening the administration often calls for additional resources. Many organizations begin as volunteer-driven efforts in response to an urgent

need, and after the start-up phase must obtain paid, full-time administrative leadership to thrive. This is a critical juncture in the life of an organization, and external funding may be required to make this leap.

Second, changes in your organization's environment often place demands on people which require skills or resources not currently available. Lately, hospital administrators faced with the sea change of managed care have found themselves ill equipped to meet the challenges of today's healthcare environment. They need to call in a variety of financial and business consultants to guide their organization through the challenging transition.

Third, just as individuals need savings to cover unanticipated expenses, so nonprofit organizations need endowment funds. Unfortunately, most grantmakers prefer that individual donors establish and augment endowment funds.

Some grantmakers will happily award grants year after year for an ongoing activity, but prefer this route to endowing it (believing they can manage assets more effectively than people who run nonprofit organizations).

Under some circumstances, funders do recognize that increasing fiscal stability merits their involvement and they can be persuaded to participate in endowment-building efforts.

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As I have discussed in detail elsewhere, the route to successful grantseeking lies in building relationships. I hope that by thinking of your need in one of these four broad categories you will be in a better position to discuss them with a grantmaker, and that this discussion—open, honest and above board—will be integral to establishing the relationships which will result in obtaining the support you seek.