

# **GRANTEE GRANTOR RELATIONSHIPS: A RESEARCH STUDY**

**By**

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## **Introduction:**

Foundation and corporate grants are perhaps the single most important source of revenue for many nonprofit organizations in this country. They are certainly the lifeblood of most smaller organizations; smaller not necessarily in terms of size – although that is also a consideration – but also in terms of reach, impact and population served. Interestingly enough, grants also seem to form a large percentage of revenues of several of the largest organizations, despite the fact that these entities have at their disposal fundraising professionals and techniques that others do not.

Fundraising 101 teaches that 75% of all donors to all nonprofits are individuals. Taken as an aggregate this may surely be the case, but individually, the majority of nonprofits cannot reflect this trend on their financial statements. I can vouch that it is not true for any organization I have ever worked, consulted or volunteered for. Even with the awareness that in order to be a viable and self-sustaining organization other avenues of funding need to be cultivated, the emphasis of fundraising is often towards foundation and corporate grants. Whether an organization employs a hundred people or just one, whether it has been in existence since 1950 or since last week, the first step to fundraising is inevitably the cry “let’s write a grant for it”.

## **Are Grants the Solution?**

Most grant writers will agree that it’s not that simple. We spend half our careers trying to convince our superiors and colleagues that good writing – even a good program – are not the guarantees for success as far as grant funds are concerned. How many of us have heard our program staff say “this is a great service, I am sure we will get the money to keep it going”? Even if they understand the level of competition for limited grant money, how many of our board and senior staff still ask us to “do that thing we do” and conjure up a proposal that will wow foundation officials? How many grant writers fruitlessly ask their senior staff and board to talk to their friends/colleagues/golf partners about a proposal before it is submitted to the foundation?

The question arises whether it is really possible to write a grant to an unknown funder and be funded solely on the basis of the program or organization’s merit? Those who write grants day in and day out will usually answer NO. Those who sit on the other side of the boardroom table will usually say YES. But there are dissidents in each camp, as there are in any camp. The need of the hour is to have some documentation or research

that will prove beyond shadow of a doubt which side is right: is it the proposal that gets the grant, or are the relationships between grantors and grantees the deciding factor? Unfortunately no such research has yet been done that will prove anything beyond shadow of a doubt. But this article will try to lend a first hand to the effort.

### **Some Issues For Consideration:**

Discussions with fellow grant writers over the course of several years have focused two major issues in my mind. One is the fact that grant writers undeniably feel the pressure to churn out grant proposals in the “formula” expounded by how-to books, online courses and professional development conferences. A general search on Google will explain this formula to those who are not yet familiar with it – or worse, who think this is something they have cleverly designed themselves and is a secret to all others. We are taught from the first day on the job that a grant consists of (in this order) a summary or cover sheet, needs assessment, program description, goals and objectives, evaluation, budget, etc. While there is nothing wrong with this formula – and indeed a good proposal does include all these components – we are left to discover on our own that it is by no means the only factor for success, and in fact by itself it will seldom be funded. Of course there are always exceptions to any rule, and I have no doubt that hundreds of grant writers all over the country have at this very moment received an acceptance letter from a previously unknown foundation which surprises them to no end. It is this surprise that I want to focus on.

When we conduct basic research on a foundation’s interests, determine that its priorities are a good match to our services, and write a “formula grant”, we are usually surprised when it is funded. It is a pleasant surprise but unexpected nonetheless. It may be for two reasons: either we are just starting out in the field and so every acceptance is wonderful yet surprising; or we cannot believe that the formula worked! So what are we complaining about exactly? We know we are good writers, we are positive that the program we are writing about is an effective program, yet we think it strange if we send out a proposal without any previous connections or relationships with the funder, and it gets funded. Are we not following the books and online courses to the letter?

The answer lies in the fact that after a few rejections earlier on in their careers, most grant writers try to dig deeper into the reasons for their perceived failure, and inevitably come up with dubious answers. A friend of mine who recently decided to write grants for a living was extremely disappointed when her first proposal was rejected; and after talking with other people in her field came to the conclusion that the rejection was due to the fact that her board did not have any connections to the foundation board. Sound reasonable? Maybe, maybe not. If she had come to this conclusion after several months, if not years, of grant writing, it would have been more believable. I myself fell into this trap early in my career. After a few initial rejections at my first job, I went back to the library and came across the advice that including a post-it on the cover sheet with a handwritten note to a foundation official will increase its chances of being read because the receptionist

will assume that you have a prior relationship with the trustee being addressed and hence will include your application with those lucky enough to make it to the boardroom. Is this true? I tried it on my next grant (to a foundation that had never been approached before) and lo and behold: it was funded! Needless to say every grant from that point on included a post-it with a handwritten note. When those grants were rejected I tried to find some other justification... and so the myth was born, in my mind at least. I am positive all grant writers will have similar stories if they think hard enough.

The second issue in my mind that I seek to address is if in fact the foundation grant business is truly a relationship-building business. I use the term business in the most benign sense, partly because my own academic background is business, and partly because every exchange of give and take (whether of products for money or donations for services) can be called a business. What I realized after years of listening to the complaints of other grant writers – complaints which I find myself echoing many times a day – was that there is a formidable school of thought in the nonprofit world that believes that personal or professional connections between foundation officials and nonprofits result in larger and more frequent grant awards, and that it is almost useless to expect grants to be funded if there are no such connections. Hence the surprise when occasionally that does happen.

#### **The Research:**

In order to address the issues above – and give grant writers the world over some ammunition when they go to their senior staff and trustees to convince them of the value of cultivating relationships – I recently conducted an informal research poll using a sample of 47 respondents. These respondents work and live in a variety of states across the country (including Texas, Oklahoma, Virginia, New York, Ohio, Wisconsin, and many more) as well as in organizations of all sizes and budgets, ranging from less than \$500,000 to more than \$5 million. A questionnaire was developed which asked 23 objective-type questions concerning the relationships that board, senior staff and grant writers have with foundation officials, which may include foundation staff or trustees. The objective of the research was to explore the relationships between grantors and grantees, and the effect these relationships have on grant proposals. The results were very interesting, although by no means conclusive. It is up to the reader to decide whether relationships indeed determine funding, and if so, to what extent. Several respondents also included comments and observations that further elucidate – or cloud, depending on your point of view – the issue.

#### **The Findings:**

As mentioned above, the research sample consisted of 47 respondents interviewed through written questionnaires. The respondents were a mix of staff and consultants, senior management and lower level employees. Through accident rather than design, 44% of respondents belonged to larger organizations with over \$5 million budgets; the smallest group (11%) belonged to organizations with budgets less than \$500,000. The

vast majority had other job responsibilities apart from grant writing: running the gamut from major gifts and planned giving to marketing, accounting, etc.

### **Board Relationships:**

The survey showed that most organizations do have connections with funders through their board of directors: 83% of respondent boards had some kind of personal or professional relationship with a private or corporate foundation; 15% however, did not. Despite the small size of the sample, I feel that this is a worrying trend, especially since further calculations showed that 28.5% of those nonprofits with absolutely no board connections to foundations also had the smallest budgets (less than \$500,000). Does this prove anything? Not really, since it is impossible to determine which is the cause and which is the effect; namely, is it a lack of highly connected board members that results in a smaller budget (a likely scenario since budgets are based on forecasts of how much the board and staff can fundraise), or is it a smaller budget that attracts board members with fewer connections (an equally likely scenario since powerful people usually don't sit on boards of smaller, lesser known organizations)? Nevertheless the fact remains that less than 8% of organizations with well-connected boards had budgets of less than \$500,000. The largest group (47%) had budgets in excess of \$5 million.

The survey also discovered that, among well-connected boards, not surprisingly 54% of board members had relationships with foundation trustees, and 18% with both foundation staff as well as trustees. Although this is to be expected, it still provides a powerful argument for grant writers reminding their boards of the importance of cultivating such relationships. Further, among well-connected boards, 25.6% had relationships with 1 to 3 foundations, and 30.8% with more than 10 foundations. Again, these numbers can serve as a basis for informing boards about practices of other organizations and the probable reasons for their success as fundraisers.

Now come the harder questions: whether any of these board relationships actually resulted in a grant, and what percentage of total grants these were. 84.6% of all respondents did indeed indicate that board relationships were crucial in being funded; a mere 2.6% said that connections had no bearing on grants awarded. 51.5% of those who said yes also revealed that in the last fiscal year 1 to 3 grants were obtained as a result of a well-connected board; 18% obtained 4 to 6 grants, and 24% obtained 7 to 10. For the largest number of respondents (30.3%) this formed 10-25% of total grants received during the same time period; a close second was 27.3% of respondents for whom these grants were 5-10% of their total. Interestingly enough, 6% of well-connected boards obtained 60-75% of their total grants due to their relationships, while 3% of them obtained 90-100% of their grants due to connections to foundation officials.

All this might be worth mentioning to our senior staff and board members in order to encourage them to participate in donor cultivation and solicitation. While many boards are willing to do so for major gifts, capital campaigns and even planned giving, they

often expect foundation cultivation to be purely a staff function, sometimes delegated to the grant writer who may not even be senior staff. The findings above are a start in the right direction as they provide some data to back the claim that board member connections need to be made before the best of grant writers can be consistently successful in bringing in grant money.

### **Senior Staff Relationships:**

The second part of the survey discussed senior staff relationships with funders and the effects of these relationships on the grants awarded. Senior staff was defined as CEO, Executive Director, Vice President or Director of Development, etc. 72% of respondents confirmed that their senior staff had relationships with foundation officials; 21% did not. While these are lower percentages than those for board members, they are not unexpected, since boards are in a better position to cultivate such relationships and indeed their responsibilities do include it; senior staff on the other hand may or may not be in the position to have such connections.

As far as budget size is concerned, the numbers are higher than for board members: 36.4% of senior staff with no connections belonged to organizations with budgets of less than \$500,000 – leading to the conclusion that staff have much less ability to cultivate and take advantage of relationships with funders, and this has a bearing on the organization's budget. The importance of board participation in such circumstances becomes even more crucial. Among well-connected senior staff, the majority (51.4%) belonged to organizations with budgets over \$5 million. This finding speaks for itself in my opinion and needs no further clarification.

Who in foundations do senior staff have relationships with, and is this different than board relationships? The survey found that 34% had relationships with foundation staff, while 51.4% had relationships with both trustees and staff. Only 14% had relationships with trustees. This varies markedly from board connections and suggests that senior staff are more capable of cultivating foundation personnel who are not trustees, while board members have more access to the powers-that-be – a fact that can be used to great advantage if boards and staff members work together to form a two-pronged strategy for cultivation and solicitation.

Should senior staff be making more contacts with foundations than they currently are? The survey shows that the largest group of staff members (29.4%) had relationships with more than 10 foundations – a percentage almost as high as boards that have connections with the same number of foundations. This is a very encouraging fact and again may be ammunition for grant writers whose senior staff does not follow a similar pattern. The largest group (35%) had relationships with 4 to 6 foundations; this suggests that even though fewer organizations have well-connected senior staff as compared to boards, the ones that are, have more connections than the ones that are not.

Unfortunately, senior staff relations may not be as useful as board relations in terms of grants awarded: 73.5% of respondents revealed that such relationships resulted in a grant for their organization. This number is higher for well-connected boards. Interestingly, almost 21% said that they did not know whether these relationships were a contributing factor or not. Hence it may be much harder to gauge the direct impact of staff cultivation, whereas board connections seem to have a much more direct and obvious influence on obtaining grants.

What exactly is the impact in dollars? 44% of well-connected senior staff obtained 1 to 3 grants due to their connections, 36% obtained 4 to 6 grants. Furthermore, for the largest number of respondents (28%) this formed 5-10% of total grants received in the last fiscal year. This percentage is very close to well-connected boards. For 4% of respondents, relationships resulted in 90-100% of total grants received.

### **Grant Writer Relationships:**

The last section of the survey is perhaps the most interesting for grant writers who are at lower rungs of the ladder in their organizations. First of all, 55.3% of all respondents were not a member of the senior staff. This shows a very close race amongst those who write grants only, and those for whom grants are just one of the many hats they wear. Keep in mind that respondents include consultants who do nothing besides write grants, but are doing so for several different organizations at the same time. This section of the survey is completed only by grant writers and consultants who are not senior staff, since one of the objects of the survey is to understand the dynamics of various roles and positions in the grant writing process.

The survey shows that 66.7% of these grant writers did have relationships with foundations – this is a very promising trend, since it suggests that even though they do not have big titles or great responsibilities, grant writers realize the importance of cultivating foundation officials and that they find opportunities to do so even though such opportunities may be much harder to come by for them than for board members or senior staff. The cause of grant writer relationships varied from professional acquaintance (57%) to previous job (9.5%); interestingly many grant writers (9.5%) had also cultivated these relationships in the course of other job functions. This leads to the conclusion that grant writers who are performing other functions aside from writing may be in a better position to form critical relationships with funders.

So the lesson for all us introverts out there who would rather work at a computer all day than leave the office to interact with others: stand up and volunteer for some other tasks, or even apply for that promotion that would diversify job responsibilities a little! From personal experience I have found that working or volunteering at smaller nonprofits where everyone wears multiple hats is often more beneficial to a grant writer's career than being a small fish in a very big pond where functions are extremely specialized and compartmentalized.

However, when relating this information to the size of the organization we see that only 7.7% of well-connected grant writers belonged to organizations with budgets of less than \$500,000, whereas the clear majority (61.5%) of them had budgets of more than \$5 million. 23% had budgets of \$1-5 million. On the other hand, looking at grant writers who did not have relationships with foundations, absolutely none of them belonged to organizations with budgets of both less than \$500,000 and between \$500,000 and \$1 million. Almost 86% belonged to organizations with budgets in excess of \$5 million. This makes sense intuitively: grant writers who are not senior staff in their organization can have almost no influence on the size of their organizations; however, this is not a result of the task they perform (i.e. grant writing) but of the position they hold.

Who are relationships formed with and what do they translate into? The survey shows that 43% of well-connected grant writers knew someone at 1 to 3 foundations, and almost 29% at more than 10. The majority of relationships are formed with foundation staff – which is to be expected. A pleasant surprise is that 14.3% are formed with trustees and 28.6% with both foundation staff and trustees. Disappointingly, 50% of well-connected grant writers were unable to ever secure a grant due to their relationships, but 35.7% were able to do so at some time. 14% did not know whether they affected the outcome of their proposals. Again this seems to be a result of position rather than job function. In the last fiscal year, 40% of these connections resulted in 1 to 3 grants being funded, and another 40% resulted in 4 to 6 grants. 20% resulted in 7 to 10 grants being funded due to their relationships. Further, 60% of grants received formed 5-10% of the total grants in that year, and 20% formed 90-100%.

### **Conclusion:**

As I mentioned in the beginning of this article, the research thus conducted is preliminary and has room for improvements in sample size, design and statistical analysis. But I felt that a start was necessary if the field of grant writing was ever to come of age and gain a modicum of respect in the larger scope of fundraising. Using these results, I hope that many grant writers will be able to begin serious conversations with their board and senior staff about the importance of cultivation and solicitation for grant funds. I hope that in the years to come grant writing books and courses will include a chapter on “preparing the groundwork for grants through board and staff cultivation” and “how to utilize board and staff relationships in order to increase the chances of success”. I am positive that many of my colleagues out there – including some respondents of the survey – will have much to offer in this aspect; we all definitely have much to learn.

I have tried to remain objective during the course of the research, with the result that many of my own perceptions and ideas have been changed due to the results obtained here. Comments made by respondents suggest that many grants are indeed received without prior relationships with funders. After analyzing the results of this research I have admitted to myself that the possibility of formula grants actually working is not as

far-fetched as I used to think. But I have also realized that many organizations in this country are doing a much better job than mine of utilizing personal and professional relationships of their board members and staff in order to receive grants at a higher level and with more frequency. After all, isn't that what fundraising is all about?

As fundraisers and development professionals we aim to create relationships with people who hold our cause dear. We cultivate those relationships over time in such a way that they result in donations that not only help the cause/program/service flourish, but also provide a source of happiness and comfort to the donor, who considers the donation an investment in the future. Why should grant writing be any different? Would we send formula letters to high net-worth individuals who are potential donors, with the justification that is enough to research their interests and giving histories? Fundraisers for annual campaigns, major gifts, planned gifts and capital campaigns will all tell you that it is the relationship that matters, not the ask. If a good relationship has been cultivated and nurtured, the ask will be easy and success will be almost guaranteed. Why should the same standard not apply to grant writing? Such questions were the impetus for this research and I hope others will follow.

**Acknowledgements:**

I would like to thank all the respondents for participating in the research; their only motivation was that the results might help them do their jobs better for the sake of the nonprofits they serve. I would also like to thank Samar Mumtaz for the multitude of calculations and analysis she performed until all hours of the night. I couldn't have done it without her.

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