

INTRODUCTION

With limited dollars available for grantmaking, many funders have made strategic shifts in their organizations to provide supports and services to nonprofits *beyond grants*.

These strategies that stretch beyond the grantmaking dollar have the power to positively impact and at times, transform nonprofit organizations.

This type of support and service is categorized as *capacity building*. Grantmakers for Effective Organizations (GEO) defines capacity building as "an investment in effectiveness and sustainability for organizations." GEO reported in 2017 that nearly 9 in 10 grantmakers now offer some kind of capacity building support and increasingly these efforts have a focus on leadership and strategy-related capacity for nonprofits.

This guide outlines several strategies, programs, and approaches you can employ beyond traditional grants to support nonprofits. You can use this guide as a reference for quick tips to utilize now and to help spark ideas for long-term, organizational change within your foundation.



BUILD RELATIONSHIPS AND CONNECT

There is growing acknowledgement of the unique power dynamics at play between funders and nonprofits. This is due in large part to national leadership by The Fund for Shared Insight to increase transparency and honest feedback between funders and grantees. Nonprofit guru Vu Le and co-authors Jessamyn Shams-Lau and Jane Leu boldly call it out in their new book, *Unicorns Unite: How Nonprofits and Foundations Can Build Epic Partnerships.* We see emerging, honest conversations in the funding community about how these dynamics impact philanthropy.

Effective grantmaking would not be possible without intentional relationship-building efforts by both grantmakers *and* grant-seekers. By investing time and energy in building trust with nonprofits, funders position not only themselves for success but also their nonprofit and funding partners.



Pitfalls and Possibilities

With strong relationships funders can provide honest feedback during the grant process and after the grant has been reviewed: nonprofits can better explain their work to funders, funders can communicate about their priorities more effectively, and nonprofits will be empowered to let funders know when things are not going as planned.

Relationship-building and authentic conversation require vulnerability on behalf of both parties. Funders will be challenged to pull back the curtain on their work and to openly communicate with grantees about misalignment, lack of clarity, or other proposal flaws. Another risk, of course, is that nonprofits won't be receptive to your guidance. This will require diplomacy and trust. And, most importantly, this work will take a lot of time.

Once these relationships have been built, you will have the opportunity to support nonprofits beyond the dollar by:

- Connecting nonprofits doing similar work and encouraging them to partner toward shared goals.
- Connecting nonprofits to other funders in your network that may have an interest in funding their work – saving everyone time, energy, and frustration.
- Collaborating with nonprofits to develop proposals you are confident will give your board or review committee the information they need to make informed decisions.
- Bringing new ideas to your trusted nonprofit partners to "test" before implementation

Bite-Sized Action Steps

An easy place to start is to schedule one appointment each month to meet with a nonprofit partner. It's best if there really is no set agenda – just a chance to connect, share, and learn from each other. You might also consider making changes in your post-review practices to give open and honest feedback to your applicants. This could include telling them what your reviewers liked and disliked about their proposal and might also be a good time to connect them to other funders.

BE FLEXIBLE

We know many nonprofits are under-staffed and under-resourced. Being open to bending a little to meet grantees on their turf could be a very simple way to provide needed support. Some examples might include providing flexible, unrestricted funding or accepting applications on a rolling basis so as to not create unnecessary barriers or restrictions for applicants. Embracing equity in our processes – and recognizing our power to create equitable processes – can lead to stronger outcomes. Nonprofits that may not be able to meet all your proposal requirements and deadlines might be the exact organizations you should be funding.

Pitfalls and Possibilities

It might take some time to convince your board or grants review committee that these changes can be beneficial. It may also take time to get your processes just right. Patience will be key. The opportunity lies in relieving some pressures from nonprofit staff to submit proposals at a specific time and in specific formats. This might also allow some new organizations to apply for funding. This could lead your foundation to the exact right solution for one of your community's toughest challenges. This leads to win-win-win partnerships for your foundation, your grantees and the community.

Bite-Sized Action Steps:

Start small with a "test cycle" accepting applications on a rolling basis. Then, show your reviewers how it can work and make adjustments as you go. You might also start by providing an unrestricted operating grant to a nonprofit partner and see what the result is for their organization. Collecting candid feedback from your nonprofit partners along the way will help you build the case for flexibility in your processes.



EDUCATE AND INFORM

We know that knowledge has the power to transform. Providing training and educational opportunities for your nonprofit partners is another way to support your nonprofits beyond grants. You can do this by:

- Bringing nonprofit partners together around the same table to share ideas and connect with each other.
- Bringing a national or regional trainer to your community to provide professional development opportunities close to home.
- Openly sharing with nonprofits what you are learning as part of your own professional development.
- Openly sharing about your foundation's priorities and why you think investing in those areas will lead to the results you want to achieve

These are all very simple, low-cost, or no-cost activities. According to a report from Fund the People and the Foundation Center, foundations deploy less than 1% of grant dollars to support grantee staff development. In addition, the Center for Effective Philanthropy found that 52% of nonprofit leaders want more help from foundations to gain sufficient resources and opportunities to develop their leadership skills. You can provide that kind of support right in your own office.

Pitfalls and Possibilities

These beyond-the-dollar offerings could leverage your resources for significant leadership development within your community. Of course, your foundation cannot be everything to everyone. It will be important to identify the strategy you want to implement and test how it is working. It will still be challenging to get nonprofit employees to leave their offices for a few hours or days for these opportunities, so consider incentivizing their participation.

Bite-Sized Action Steps

Start by asking nonprofits what they want to learn, who should be in the room, and how they think the training will impact them and their work. Then you can gauge attendance and engagement and make decisions to right-size your offerings from there.



PROVIDE DIRECT SUPPORTS AND SERVICES

Some foundations have taken services and supports they are providing to new levels. Some foundations are providing back-office support functions on behalf of nonprofits in their communities. This might include payroll services, financial management, bookkeeping, or providing free or low-cost office and meeting space. Foundations also provide value by conducting research and evaluation to identify community needs and use this information to guide not only their work but also to build synergy around shared priorities in their communities.

Funders also support local partnerships by playing new roles. If funders do not have the dollars to support the backbone organization in local collective impact networks, they are now stepping up to play the role of backbone agency. Often times, this includes managing the grants and funds on behalf of the network, convening and leading partners, and conducting evaluation and data analysis on behalf of the network. Of course, funders could invest in the development nonprofit staff at other organizations to do this work, but it may make good sense for the funder to play this role for a variety of reasons.

Possibilities and Pitfalls

Again, you cannot be everything to everyone. Consider which of these direct supports and services make sense for your organization. And be sure to examine, on the front-end, the true costs to your organization to play these leadership roles and to provide these types of services. It has to make good financial sense for your foundation.

Bite-Sized Action Steps

Start by asking nonprofits in your community what services and supports would be a value-add for their work. You can also spend time mapping the networks and collaborations you are a part of and then make determinations about the roles you might play to best support those networks.

Conclusion

As funders we consistently look for nonprofits who are using innovative approaches to solve our community's toughest problems. Several of these "beyond-the-dollar" strategies allow you, as a funder, to provide innovative services and supports that can positively impact your work and the work of your nonprofit partners.

It is always challenging to turn down proposals, so be sure you are considering the opportunities in front of you to support nonprofits "beyond the dollar." In some cases, this may be the exact kind of support they need.



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