



Nonprofits and Funders:

Two Sides of the Same Coin?

Here are four ways funders and nonprofits can learn to speak the same language.

By Joseph H. Cruickshank

Nonprofit organizations and foundations are in a unique partnership to provide services to our society. They work as a team, like two sides of one coin — or so the theory goes. But is it true? Or are mutual complaints and grumbling more the norm?

How often do we hear fundraisers saying that foundations and corporate giving programs don't understand nonprofit needs? Or nonprofit executives complaining that funders lack the courage and commitment to maintain desperately needed grant support simply because the value of their endowments is down?

Meanwhile, funders, or as they like to be called, "grantmakers," vent their own frustration. They often view their grantees as not working smarter in a time when resources are fewer, just assuming they can rely on the same levels of support they've enjoyed in the past. "Why aren't nonprofit organizations combining programs, collaborating or merging, being entrepreneurial in a time of financial scarcity?" they ask. The nonprofit's seemingly "business as usual" outlook makes grantors fear for the future viability of some of the organizations they fund.

Both sides are misinformed, and there is a great need to establish mutual understanding. How can this impasse be addressed? Having been on both sides of the table in my professional life, I see that despite this frequent lack of understanding there are things we can do to get these groups working together. Here are four ways to begin:

1. Look beyond the check.

Nonprofit executives must ask funders for more than money. They must involve funders in their organizations, using tactics such as these:

- **Ask funders to participate** in the organization's programs and community events.
- **Invite funders to meet** with the organization's clients so they can see the difference the organization makes in people's lives.
- **Encourage funders to ask questions** about the organization. Make sure they know their concerns will be listened to and respected.

Grantmakers, for their part, must see themselves as providing support beyond grant money to the organizations they fund.

They must advocate for these groups and raise funds on their behalf. It's not enough to write a check. If funders believe enough in an organization to make a grant, they need to work on behalf of the organization as well.

2. Get real.

Nonprofit executives must convince their organizations to reduce expenses by working with other nonprofit groups. Protecting one's turf is no longer an option. Nonprofits must seek opportunities to collaborate, merge programs, and avoid duplication of services. They must trim costs and explore the idea of joint projects that earn an income.

Years ago, Advocates for Children, which represents students in New York City public schools, lost half their financial support as a result of funding cutbacks. Rather than cutting services, they began meeting with clients on the telephone rather than face-to-face. This change allowed them to double the number of people they served despite the 50% slash in funding. Nonprofit organizations that show their sensitivity to budget constraints in this way will find themselves respected — and supported — by foundations and corporations.



It's not enough for grantmakers to write a check.

3. Educate.

For their mutual benefit, both funders and nonprofits need to continue their education. Panels, workshops, short courses, and in-house consulting teams all help nonprofits address their challenges. Many funders are happy to give their grant recipients money for staff to attend courses, workshops, or seminars.

Such training is doubly useful if nonprofits and funders both participate. Getting funders involved helps both sides see the other's position. Interactions between fundraisers and funders in a setting where neither wears their professional hats create a better dynamic in their relationship.

In my experience as a grant seeker, I found that these education and training activities gave me skill and confidence. I learned to make better presentations to funders. As a grantmaker, I learned about the nonprofit world and thus was able to make wiser funding decisions.

4. Find solutions to scarce resources.

The following is an example of how funders and grant seekers might work together to address the problem of scarce resources. A funder might bring its fundees together and tell them what's at stake — for instance, “We must decrease our grants by 30% this year.” They would then arrange for breakout groups. A facilitator would challenge each group to find ways to collaborate, share delivery of programs, partner with similar organizations, and find innovative ways to lower costs. Such an exercise would accomplish the following:

- Nonprofits would have the chance to be heard.
- Funders would help increase the impact of programs they care about.
- Funders and nonprofits would gain understanding and respect for each other.

Protecting one's turf is no longer an option.

The clash in perspectives between fundraisers and funders is real. The importance of the work each does is too critical for them to fail. The ideas in this article are offered in hope they will contribute to a greater understanding of each other's viewpoint so that meaningful partnerships can be created. The relationship may never be the proverbial two sides of the same coin, but with mutual understanding it can be a highly productive team to meet the enormous challenges faced by the nonprofit sector. ■

Resources

Hutchinson, Bill & Ann Otter, “Straight Talk from Foundations and Corporations,” *Nonprofit World*, Vol. 3, No. 5.

Remley, Dirk, “Two Keys to Successful Grant Proposals,” *Nonprofit World*, Vol. 15, No. 3.

Vartorella, William, “Focusing on Foundation Grants: The Powerful Reverse Needs Assessment,” *Nonprofit World*, Vol. 12, No. 4.

These resources are available at www.snpo.org/members. Also see Learning Institute programs on-line: Resource Development (www.snpo.org/li).

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CREATIVE FUNDRAISING IDEAS

Try a Warehouse Sale

Ask local storekeepers to donate end-of-season merchandise to your organization for a special fundraising sale. Such an event raised \$18,000 for Family & Children's Services in Tulsa, Oklahoma, when 20 merchants donated everything from Armani suits and Calvin Klein shoes to picture frames and candles. Volunteers priced items at 50% off the lowest marked price on the first day and 50% more on the second day. Holding the two-day event at the organization's office made it nearly expense-free. For more creative ideas, see "Special Events Galore!", published monthly for \$79 per year by Stevenson, Inc., www.stevensoninc.com.

Find Strength in Numbers

Consider piggybacking your auction or other special event with another group's existing event. Think about joining events that are already established in your community, such as:

- **annual meetings** of realtors, credit unions, or insurance agents
- **open houses** hosted by floral shops, interior decorators, plant nurseries, or art studios
- **chamber after-hours events** hosted by member businesses.

Cultivate Restaurants

Imagine how much more your special event would make if you had no food-related costs but still offered five-star fare. For decades, local restaurants have donated all the food for the annual black-tie event held by Center in the Square (Roanoke, VA, www.centerinthesquare.org). In 2005, those donations were valued at \$50,000. In return, the restaurants were recognized in appreciation ads and in the event program and could take advantage of tax deductions for their gifts. The key is to develop relationships with restaurants, encouraging them to showcase their finest fare and partner with you for mutual benefit.



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