

Achieving Impact Without Giving Cash

Despite some recent improvements in the investment performance of foundation assets, many grantmakers have less money to give away than they had several years ago. Yet, needs are increasing in the nonprofit sector and society at large. More and more nonprofit organizations are reaching out to foundations and corporate grantmakers for a slice of a finite pie. Grantmakers are trying to stretch dollars, but there are limits to their budgets' elasticity. How can we achieve broader impact with limited dollars?

One way is to use the wide array of resources that grantmakers have in addition to their cash expenditures. This article explores the less-tangible assets possessed by foundations and corporations—assets that can be exceedingly valuable to nonprofit organizations.

Information

Access to information is one of the most important assets grantmakers have; it's also the easiest to take for granted. This includes access to important studies, up-to-the minute statistics, groundbreaking research, the focus of leaders and visionaries, polls of public attitudes and behaviors, compilations of best practices and model programs and broad perspective on contemporary issues. All of those types of information are routinely avail-

able to grantmakers through publications, conferences and affinity groups, as well as through funders' inherent magnetism as sources of grants.

Nonprofit leaders and program managers, on the other hand, are often more isolated and do not have access to this trend-setting array of information and analysis. This dearth of information results from a variety of factors, including lack of:

- Funding to subscribe to journals, access fee-based Internet sites, purchase studies or books, commission polls or attend several conferences each year
- Time to read, reflect, move beyond the day-to-day management issues or attend professional development gatherings, and
- Access to influential thinkers, researchers or preferred dissemination lists.

Grantmakers can make such insider information available to their constituencies in a number of ways.

Funders can use their websites as more than vehicles to communicate about their grantmaking programs and operations. They can become clearinghouses of resources regarding new research in the field, funding opportunities that complement their own grantmaking programs, successful or model methodologies, economical evaluation

strategies or pending pieces of legislation that might affect their constituencies. For instance, a news and resources page on a foundation's website can enable foundation executives and program staff to post summaries and links to important information that might be valuable to grantees or nonprofits.

Foundations can use their e-mail as an ongoing information dissemination vehicle. For example, they can issue grant alerts regarding funding opportunities that might not reach their nonprofit base (e.g., new grant programs offered by grantmaking consortia or government agencies). E-mail alerts can also provide a heads up to the foundation's constituency about important studies or new publications to make data easy to retrieve. This can be especially effective for grantmakers with focused missions, targeted populations or specific interests.

Resource centers and libraries housed at foundations that currently serve internal grantmaking staff can be opened to nonprofits. Those centers can provide demographic and economic data, up-to-date studies and research on specific topics and documentation of best practices, as well as other resources that nonprofits might have difficulty obtaining or could not afford to assemble. The Flintridge Foundation's Philanthropy Library, for example, has expand-



Though economic fluctuations may decrease assets, grantmakers may have less-tangible assets that can be equally valuable to grantees.

ed significantly since its beginning a decade ago. From a bookcase of fundraising books and file drawers filled with annual reports from regional funders, the library has grown into a comprehensive collection of books and periodicals on nonprofit management, governance and board development, program design and evaluation and demographic information and databases, as well as fundraising strategies.

Many community foundations have organized similar comprehensive centers devoted to nonprofit management and fundraising. Grantmakers can offer complimentary resources to their local nonprofit community by focusing on their fields of expertise (e.g., health, education or the arts).

Staff Talent

When considering valuable, non-monetary assets, grantmakers need look no further than their staffs. Program officers embody a wealth of knowledge. Many are experts in their field and stay on top of the latest research in K-12 education, homelessness, health insurance and economic development, just to name a few. Encouraging program staff to see their role not merely as funding representatives, but as colleagues and resources to nonprofit leaders, is more than a semantic shift. Changing the

Achieving Impact Without Giving Cash



questions asked during proposal review (e.g., broadening the discussion to what is going on in the field) and taking the time to actively share information and connections (both learning from grant-seekers and discovering opportunities to disseminate resources to them) can help achieve this shift.

How many foundation staffs provide candid feedback about proposals before or after funding requests are submitted? Providing such information (e.g., is a proposal persuasive or weak and why, methods to determine how much to ask for or crucial information missing from the proposal) can help increase a nonprofit's capacity to fundraise effectively.

Each grantmaker's administrative staff members are also assets who can be deployed for direct public benefit. The communications officer, human resources staff, legal counsel and accounting personnel have valuable skills, information and tools that can be made available pro bono to nonprofits. For example:

- A grant to support a clinic's new health education program can be coupled with the grantmaker's communications director working with the grantee to develop a dissemination plan. A grantmaker's public relations professionals can provide training to grantees or individualized consulting in accessing the media, writing effective public relations materials or developing a communications strategy. They also can be brought in to offer suggestions for a grantee's new brochure or first annual report.

- A grantmaker's personnel director can help a community-based organization create job descriptions for its staff or develop a cafeteria-style benefits

program. Sensing a common need, a foundation can ask its human resources director to provide training for grantees on developing personnel policies and employee manuals.

- A program officer can ask the foundation's finance director to help grantees understand how to produce more effective financial statements or identify colleagues in the accounting profession who could serve on grantees' boards or finance committees.

This use of a grantmaker's administrative staff has dual advantages. On the one hand, it mobilizes important in-house resources to provide valuable technical assistance to nonprofits. On the other hand, it engages the administrative staff in the programmatic work of the foundation and energizes the staff by increasing its understanding of the grantmaker's impact in the community.

In addition to loaning out professional and administrative personnel, grantmakers can encourage staff to volunteer for and serve on the boards of nonprofit organizations. The nonprofit organization will have added expertise, resources and connections upon which to draw. At the same time, the grantmaker derives value—its staff members will gain a deeper understanding of and empathy about nonprofit operations, fundraising, and governance through hands-on experience. The grantmaker stays informed about the realities of the other side of the table.

Leveraging Networks

Grantmakers have a treasure trove of expertise and resources in their professional and personal networks. Making the connections between colleagues

and friends and nonprofits can prove extremely effective in multiple ways. Grantmakers with memberships in various affinity groups and regional associations have large networks that can be strategically leveraged. Suggesting the names of nonprofit representatives to serve as panelists at grantmaker gatherings, writing articles for publications that showcase the work of grantees or inviting a grantmaker colleague to attend a nonprofit's program or special event support nonprofits by drawing attention to their work and stimulating increased funding.

Also, grantmakers can likewise use their connections to benefit nonprofits by convening colleagues with similar interests to explore a topic and finding ways to solve related problems and strengthen the field. For example, a grantmaker can:

- Invite nonprofits and other funders for a series of brown bag lunches to discuss important topics in the community or related to one of the grantmaker's fields of interest

- Coordinate conversations with the funders for nonprofit representatives in the grantmaker's fields of interest to speak directly with other foundation, corporate or governmental funders about their program interests, types of support provided and proposal guidelines, and

- Host gatherings of nonprofits and grantmakers to spotlight publication of new research or to meet a visiting policymaker.

Those types of events bring together funders and nonprofit leaders in a comfortable environment of shared interests so that they get to know each other and find new avenues of mutual support.

What other grantmakers are doing

The Foundation Center's database of private, public, and corporate grantmakers (FC Search) codes the types of support funders provide to the nonprofit sector. Below is a list of non-monetary types of support and the number of grantmakers who offer it. The database is probably under-representing the field, as many grantmakers may not list this type of support in its published materials or tax returns.

TYPE OF SUPPORT	# OF GRANTMAKERS
Loaned staff	66
Use of facilities	79
Donated products	307
Donated equipment	156
Donated land	14
Program-related investments/loans	481

Challenge grants also can leverage one's networks. The nonprofit is able to use the grantmaker's name as a seal of approval when reaching out to new funding sources. The grantmaker can serve as a reference, write a testimonial in the organization's campaign materials or newsletter (e.g., describing the reasons that the organization is worthy of support and the valuable role it plays in the community) or suggest other funders that might be of assistance.

Grantmakers can expand their influence and impact well beyond the limitations of a cash grant by organizing a funding collaborative. A strategy that has proven effective for a number of grantmakers is creating a donor-advised fund at a community foundation to benefit an underserved neighborhood or an overlooked or emerging community need. Then, grantmakers can actively work with the community foundation to attract other funders to support the effort. This collaboration mobilizes significant funding beyond a single grantmaker's financial capacity, draws public attention to the issue, stimulates information and resource exchange among grantmakers and nonprofits and strengthens the role of the community foundation.

Becoming Visible Advocates

Foundations have enormous untapped potential to educate the public and shape public discourse and policy. By using the media, they can become vocal advocates for the issues that they care about.

Grantmakers often can gain attention from publishers, editors, commentators and reporters more efficiently than their nonprofit colleagues, since they often have direct media access through their

board members. Foundation executives' standing in the community lends the objectivity, expertise and clout sought by the media. By systematically building relationships with local, regional, and national media, grantmakers can expand their impact and thereby become information brokers, spokespeople and conduits to expertise among nonprofit leaders. In addition, grantmaking program staff can write articles, editorials or opinion pieces on current events or conditions affecting the nonprofits and constituencies the foundation serves.

Grantmakers can also play a significant role in advocacy, policy development and public education in the governmental sector. Access to legislators is frequently more available to funders and their board members than to grassroots or community-based organizations. Grantmakers can have more credibility in educating policymakers, elected officials, and government agency staff on issues that the foundation focuses on concerning their constituencies and grantees.

Facilities

Another effective method for having an impact beyond grantmaking is offering nonprofits space, equipment, furniture and other resources. A grantmaker's

offices can become a great resource for local nonprofit organizations. Conference rooms can easily be offered for board retreats, planning meetings or training sessions. Large lobbies, patios, courtyards or other outdoor spaces can be offered to nonprofits for fundraising events or cultivation receptions. A first-come/first-served sign-up system and a simple screening process can be used to avoid any complications. Some grantmakers prefer to offer their facilities only to current or past grantees, while others make them available to nonprofits that are within their field of interest or that serve their local community. Unoccupied office space in a grantmaker's office suite or corporate building can be subleased to nonprofits at below-market rates. Offering low-cost office space provides community-based organizations with added stability and increased revenue to focus on their programs and services. This arrangement can be especially beneficial when the nonprofit is a technical assistance provider or offers other resources to the field. The close physical proximity to the service provider can enable the funder to create linkages to a broader number of nonprofits, expand dissemination of resources and stimulate the development of customized services to meet their grantees' needs.

Achieving Impact Without Giving Cash



In-Kind Contributions

Extra inventory or capital items that are no longer needed or gently used can be a treasure to charities needing computer equipment, fax machines, printers, office furniture or basic office supplies. Corporate giving programs have developed model methods of distributing excess inventories.

One successful program was profiled in a Web “Wish List” in *Foundation News & Commentary’s* November/December 2003 issue (www.foundationnews.org/CME/article.cfm?ID=2699). The Community Foundation for the Alleghenies, in Johnstown, Pennsylvania, started a program called “Give & Take” that facilitate resources sharing among organizations in four counties in southwestern Pennsylvania. While some nonprofit organizations need specific items, such as office furniture or three-ring binders, other nonprofits and businesses sometimes have those items available for donation. Needed and available items are posted on the foundation’s website at www.cfalleghenies.org/page17529.cfm.

Program-Related Investments and Collateral

In 2002, A Moody’s report found a 25 percent increase in borrowing by nonprofits. Some debt is incurred to meet cash flow challenges or access bridge funding while an agency retools or broadens fundraising efforts. Other times, nonprofits borrow to purchase property for the nonprofit’s facilities (eventually adding to its asset base). Regardless of its purpose, many nonprofits find it difficult to receive loan approval or to get competitive, low-

interest loans or lines of credit.

Grantmakers can assist grantees by helping them build relationships with banks and lending agencies. They can make introductions to banking executives and branch managers. They can help negotiate good terms for loans or interest rates on lines of credit. Grantmakers also can cosign on mortgages—especially for major property purchases—when a bank might be entering into a new relationship or lack understanding of the financial profile of a nonprofit organization.

In addition, grantmakers can assist nonprofits directly with loans. Program Related Investments (PRI) are becoming increasingly popular. They enable grantmakers to lend money from the foundation’s corpus (principal) at low or no interest. While this mechanism began to be used in the 1980s to fund affordable housing, it has expanded to include many types of nonprofit organizations in the arts, education, human services and health. Typically, PRI are offered to organizations when they are purchasing facilities or other major assets. Read more about PRI in “Can’t Give It Away Fast Enough? Try This,” *FN&C*, January/February 1998 (www.foundationnews.org/CME/article.cfm?ID=1517).

A More Encompassing View of Assets

Most nonprofit organizations think of foundations and corporations as repositories of financial assets and sources of cash grants. And most grantmakers think of themselves as primarily and essentially funders. But we are far more than that.

As we have discussed, grantmakers can stretch their dollars significantly by employing the full range of assets they have at their disposal. A variety of methods that involve little or no financial expenditures can include: making information and resources readily available; loaning foundation staff out as experts or volunteers; connecting nonprofit leaders to important networks; enhancing the visibility of nonprofit organizations; advocating on behalf of the issues and concerns of nonprofits; and using foundation facilities and capital to enable nonprofit organizations to better serve their constituencies.

The majority of those strategies require a change in attitude, however. They challenge foundations to be more open, responsive, creative and vocal in pursuit of their missions and in relation to nonprofit organizations and the broader community. They beg grantmakers to assume new roles, expand two-way communication and become brokers of information, resources and relationships.

Embracing these internal and external capabilities will increase the impact of foundations’ financial resources many times over. In the end, grantmakers and funders may have to find a new vocabulary and search for more meaningful and expansive terms for ourselves. **FN&C**

Lee Draper, president of Draper Consulting Group (www.drapergroup.com), has 20 years of experience in working with all types of grantmakers on effective grantmaking, board governance, strategic planning, and producing long-term results.