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All the People
(and Their
Dollars) Gone?**

**Planning the
Mother's Day
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and Cons**

Journal

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Where Have All the People (and Their Dollars) Gone?

by Mike Miller

Editor's Note: The following article was first presented as a paper for the Aspen Institute Nonprofit Sector Research Fund's Conference at Aspen in July, 1995. Addressing several philosophical questions, it raises important issues of the wider social and political context in which nonprofits operate.

I

"Apathy." After hearing it used to explain low turnout at a meeting or for an election, I've come to conclude it is the label we place on people who don't come to our meetings or don't vote when we think they should. It's a lot easier to call someone "apathetic" than to determine why they aren't participating. It is a form of *blaming the victim*. A similar kind of blaming the victim takes place in the analysis of shrinking donations to churches and nonprofits. Lots of this kind of analysis is going on in the country today. Generally speaking, I think it misses the point and fails to explain what is really happening.

Having identified "apathy" as the problem, the often suggested remedy is "education" or "motivation." Thus we see numerous programs that seek to educate or motivate citizens to accept their civic responsibilities, or to educate them about their moral responsibility to volunteer their time and/or donate their money. These efforts at education and/or motivation don't work because the educational or motivational agenda isn't informed by the concerns or priorities of those intended to be the "students" or who are presumed to be "unmotivated." Thus the appeals fall on deaf ears.

II

Analysts with a different perspective explain why people don't participate by *blaming the system*. We can note the systemic reasons given, and give each and all of them their due, and still not understand what is going on. Let me briefly mention some of these systemic reasons.

Average American wage and salary workers are now doing the equivalent of one month more work than they were in 1967. About seven million Americans now work second and third jobs. Add to that increases in commute

time. Add to that the scattering of friends who once used to all live in the same neighborhood and now take an hour to visit — and that's when they're considered "local" friends. Add to that school busing if you're a parent who once could participate in the neighborhood school. Time is a real problem for most Americans.

So is money. Since 1973, the real income of most American wage and salary households has only barely inched ahead of inflation. But that's largely because two earners, sometimes working more than one job each, replaced one earner working one job that paid enough to keep a family together. (Note that half the women who have entered the

If you tap into deeply felt concerns, give people important roles to play, and select action that can lead to concrete results, people will participate.

labor market say they did so as a necessity, not as a choice.)

The extraordinary pressures on individuals and families to buy, buy, buy only increase as more time is spent by adults and children watching television. When dominant institutions tell families that they are what they have or what they look like, they soon start acting as if that were true.

Communities — places where people once enjoyed face-to-face relationships that went beyond a hurried nod in the morning or evening — have been undermined by the combination of urban renewal, highways, redlining, employers abandoning them and other forces that are familiar to us all.

The nonprofit providers of programs often do meet important needs of clients or beneficiaries. But the profes-

sionalization and bureaucratization of many services have created a gap between the client and the provider. Under these circumstances, clients are less likely to participate and to give. Few nonprofits that I know think of those whom they serve as members — and really treat them that way.

Add to the pressures of time, money and consumerism the phenomena of American rugged individualism, with all its strengths and weaknesses, and we can easily explain away

*Church members are
participants in a multiplicity
of activities within
their congregations.*

the problem of declining participation and declining giving.

There is a flaw in arguments that blame the individual and those that blame the system. If we want to get beyond the typical liberal versus conservative arguments, we have to get beyond blame the victim *versus* blame the system. We can learn how to do this by looking at exceptions to present trends.

III

The organizations with which I'm most familiar, and with which I typically work, are what have come to be known as broadly based community organizations. They are of two types. Some are direct membership organizations. That is, you join them as an individual. The Association of Community Organizations for Reform Now (ACORN) and the affiliates of the Center for Third World Organizing (CTWO) and the Western Organization of Resource Councils' (WORC) are examples. Others are federations of existing groups — typically local religious congregations. Most of these are now associated with one of four national networks, the oldest, most influential and best known being the Industrial Areas Foundation (IAF). Others are PICO, Direct Action Research & Training (DART) and Gamaliel Institute; there are regional networks such as Regional Council of Neighborhood Organizations (RCNO) and Organizing & Leadership Training Center (OLTC) as well and some independents. Yet others of these organizations gather around The Midwest Academy, the National Training and Information Center, Grassroots Leadership and other organizing centers.

Because of another project with which I'm now working, I've also gotten to know a number of Evangelical and Pentecostal pastors and other leaders who have some fascinating stories to tell about what is going on in some of their churches.

I do not hear the leaders of these organizations, particu-

larly some of the denominational leaders and pastors, complain of declining participation or giving. As I've reflected on the hundreds of stories these leaders and their members have told me, I've drawn the following conclusions about civic engagement and giving.

The organizations that command the time and money of their people are organizations that also make demands on their people. In the first place, those who participate in them are members, not clients or beneficiaries. A lot is asked of these members.

In these churches, there are expectations of how members will live. They are challenged to be disciples. They are challenged to act in the world on the basis of their faith. That is how some of the churches connect with the broadly based community organizations. The congregation views the community organization as an extension of itself rather than as an imposition on its members that competes for their time, money and talents. The members are participants in a multiplicity of activities within their congregations. Generally these are organized by a smaller group of unpaid members who have the responsibility for the activity — thus they have an opportunity to learn new skills, gain self-confidence and fill important roles. The members are not consumers of what the pastor, staff and a few activist lay leaders provide. Rather, they are co-creators in the process.

These are frequently tithing congregations. Members are expected to, and often in fact do, give ten percent of their earnings to the church. They give a lot and they get a lot. But it is not only members giving to their churches. I was recently consulting with an organizing effort in which local church leaders (both "mainline" Protestant and Evangelical) had to bite the bullet and raise some local funds. They had earlier agreed to assessments of their congregations on an average of several hundred dollars each as an initial dues. But the grants weren't coming in, and the question they faced was whether or not they were going to be able to continue. They asked one another if the organization was important; they reflected on what it meant to their faith; they examined the skills they and their leaders were learning, and the self-confidence that was growing among all of them. When they concluded this evaluation, they came up with different figures. The smallest congregation was to pay \$1,000 a year, the largest \$5,000. This kind of dues structure characterizes many of today's institutionally based organizing projects.

In the best of the community organizations, a small organizing staff challenges residents and leaders in low-, moderate- and middle-income neighborhoods to assume more and more complex roles in their organizations. Homemakers who were nervous when they met their child's third-grade teacher now negotiate with mayors. Leaders with GEDs or less formal education do issue and power structure research. The skills of planning and running effective meetings are widely learned. Politicians and public, private and nonprofit managers and executives meet with the leaders of these organizations in public accountability sessions

attended by thousands of the very same people who were considered apathetic by unknowing observers.

These organizations, and their member groups, are tapping into strong desires that are shared by most people: to be part of something important and bigger than oneself, something that is related to deeply held values and that has to do with the common good; to be in deep relationships with people beyond their immediate families and closest friends;

Homemakers who were nervous when they met their child's third-grade teacher now negotiate with mayors.

and, finally, to be able to act on issues that directly affect their own lives, and the lives of their families, friends and neighbors.

Over and over again in my experience as an organizer, it was not what was accomplished "out there" in the world that was most significant to participants — though the external activity is an inseparable, important precondition to what is most important. What is most important to them is that they get to be somebody in their community. Once, I worked in a predominantly Latino community with Latino, Pacific Island and "Anglo" lower-income youth and young adults. The community organization for which I was working had a youth employment committee, which later evolved into an adult and youth employment committee. Instead of professional job developers seeking employment opportunities from employers, members of this committee met with employers and negotiated with them. To be one of these negotiators, a person had to attend training sessions and be approved by the committee as one of its negotiators. Jobs were distributed within the committee on the basis of earned "points." Participants got points for the various activities in which they engaged, including research and negotiations. Direct action was undertaken if needed to get recalcitrant employers into good faith negotiations — including picketing, organizing boycotts and sit-ins. Points were earned for these activities as well.

I observed that some of the most active members and leaders in the committee were "passing" on some of the best jobs. That meant that instead of taking the job they were letting it move down the ladder of the point list to someone else. I was puzzled, and began asking what was going on. The response was summed up by a young Chicano who said to me, "Mike, I'm never going to get an opportunity to do something like this for my community again. People on the street know me now. They talk about how I led a negotiation to get jobs for our people. I can always get a job."

On another occasion, the Committee successfully nego-

tiated a major agreement, including full-time adult jobs and bi-lingual services, from the phone company. As we left the negotiations, I turned to the Committee's lead negotiator and said to him, "Wasn't that terrific?" I was referring to the content of the agreement. He replied, "It sure was, Mike. Did you hear that vice-president call me 'Mr. Lopez'?"

When I travel the country now doing research on a report the Aspen Institute has funded, I find similar stories from organizers whether they are working in low- or middle-income communities, and no matter what the color or ethnicity of the people with whom they are working.

A parallel process takes place in electoral politics. The "religious right" best understands this, but it need not be their monopoly. They know if you tap into deeply felt concerns, give people important roles to play, and select action that can lead to concrete results, people will participate. It is best observed in local elections in which conservatives have placed issues on the ballot by the initiative process.

IV

There is a synthesis of "blame the victim" and "blame the system." Writing of his experience in a Nazi concentration camp, noted psychotherapist Victor Frankl said, and I paraphrase, "We may not be able to choose our circumstances, but we have the freedom to choose our response to them." That is our individual responsibility. He went on to note that those who didn't psychologically surrender to their situation were also those most likely to survive. Observers of the social scene who argue that people can't abdicate their responsibilities by saying they are victims have an important piece of the truth. But, this is not to say, as they sometimes do, that there aren't oppressive or discriminatory institutions in the world. Nor should it be taken to mean that the struggle against oppression is an easy one in which to engage. But part of our human freedom is the opportunity to gather together in voluntary associations and take action to change the system. When the people who are the presumed victims take such action in their own behalf, and in behalf of their families, friends and neighbors, they will identify what has to be changed in systems. Blame the system is no longer in contradiction to blame the victim. Rather, this perspective says that people must take responsibility for their situations, that they cannot simply act and complain as victims. At the same time, this perspective proposes that one of the things the "victims" should do is organize themselves to change those aspects of the system that deny or undermine their humanity. This approach is neither conservative nor liberal. In the sense of "going to the root," it is "radical."

V

I do not want to suggest that reversing the withdrawal from public life is easy. Rather, it is simple but not easy. Civic engagement ultimately rests on hope. And in our time, hope is a fragile thing. It is particularly fragile if your hope is rooted in democratic ideals. Democratic participation,

beyond voting, which is the minimum act of citizenship, ultimately rests on participants finding some connection between what they do and what happens in the world. Regular people (who are often called "ordinary") are unlikely to continue participating in organizations that are committed to democratic values and processes if there is no effect from such participation in civic life, or if things seem worse not better. They may shift their participation to authoritarian

Bottom-up community organizations are, in my view, the country's best hope for realizing its democratic heritage.

organizations and movements because these alternatives offer easy answers, identifiable scapegoats and provide the "great leader" as the answer to individual problems. Or, people may continue their participation in escapist churches and movements because these promise a better life in the next world, and urge participants to ignore their fate in this one. But they are not likely to remain engaged in the give-and-take of democratic procedures, compromises and detail work that accompany our civic life.

While I have painted an optimistic picture of community organizing's ability to produce participation, sustaining that participation depends on two kinds of results.

First, the conditions in which people live have to improve. Their schools, neighborhood safety, physical environments, public services, health and child care, work and income have to get better as a result of their action. People will struggle for a better life when their struggles bear fruit. The activists will stay in for the long haul, but they are a distinct minority.

Second, the institutions whose decisions affect the conditions of people's lives must become more accountable. The mega-institutions are out of control, including the Federal bureaucracy, multi-national corporations and such multi-national institutions as the World Bank and International Monetary Fund. But this absence of accountability is not limited to the largest organizations. I have seen it in small, so-called "community-based," nonprofit organizations as well. A self-perpetuating board of directors and an executive director with good connections to foundations and government funding sources may be as unaccountable to the neighborhood or constituency which their agency serves as any mega-institution. It neither depends on that constituency for its funding, so there is no marketplace accountability, nor are its board of directors elected by the community, so there is no democratic accountability.

VI

How does all of this relate to participation and funding of nonprofit organizations? (I am particularly focusing here on nonprofits that seek to serve low- to moderate-income constituencies of whatever racial or ethnic group. They typically have a self-perpetuating board of directors, are community-based and are funded by sources from outside the community that is the beneficiary of its services. I am not talking about the symphony, opera, museum, large hospital or other large nonprofit organization.)

Strategically speaking, I think these nonprofit organizations need to align themselves with the community organizing movement I've been describing. There are two reasons for such an alignment. First, it is in the institutional interest of community-based nonprofits to do so and, second, it is consistent with most of their mission statements and the values that underlie them.

Too often, particularly in low-income communities, the so-called "agencies" (by which local community leaders mean the typical community-based non-profit organizations) form a thin buffer between the people and "downtown." Some have called these agencies the local arm of "welfare colonialism." The nonprofit agencies depend on corporate, foundation and government sources for their money. There is nothing necessarily wrong with that. There is something wrong when they claim to be spokespeople for communities that never elected them, and, even worse, when they oppose efforts to build independent community organizations. When they oppose such efforts, they hinder the community from developing the leadership and power to solve its own problems—moving from dependency to interdependence.

The strategy I'm proposing is directly in the interest of the nonprofit world, just as it is for the community organizing movement. Speaking recently in San Francisco, James A. Joseph, President of the Council on Foundations, said, "As we once exaggerated the social role of government, we are now exaggerating the potential of the voluntary sector. In the United States, expressions of altruism are more profound than anywhere in the world, but that's small potatoes when you look at the real needs of society." According to the Council, American foundations gave away \$10 billion in grants last year to cultural, educational and service agencies. Individuals gave another roughly \$90 billion. But, Joseph said, the Federal government budget exceeds a trillion dollars, while state and local governments spend half a trillion.

Contrast what Mr. Joseph said with the now fashionable view, expressed at the same meeting by Mindy M. Lewis, manager of community relations for the Cummins Engine company: "These cutbacks," she said, "can create fertile opportunities. The downside is the loss of government dollars but the upside is an environment ripe for new partnerships." Zero plus zero plus zero still equals zero — no matter how creatively they might be added together. Of

course, new partnerships are to be welcomed, but if the partner's cumulative resources (including the time and talents of participants) aren't adequate to do the job, then all concerned are still in trouble.

The pressure to maintain and increase government, corporate and foundation spending for needed social, educational and cultural programs will be most effectively mounted by organizations that are not themselves directly

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dependent on those funds — that is, on strong, independent, community organizations. Similarly, the pressure to reverse the current flow of income and wealth away from the poor, working class and much of the middle class toward the upper-middle class and wealthy will most likely come about as a result of political engagement that is outside the parameter of activity for the typical nonprofit organization.

There is no formula for the new alignment proposed here. In some cases, it may mean seeking policy guidance from a membership-run community organization — either informally or by inviting formal representation on a board of directors. It may mean connecting job opportunities in the community-based nonprofit to the community organization. In politics, that is called patronage and it frequently has a bad name. However, competent people can be found in many places. Nonprofits that choose to find competent people from within the ranks and leadership of broadly based community organizations will be in a deeper connection to the community that is their environment and that they seek to serve. A new alignment could mean contracting with organizing centers to organize program beneficiaries into membership groups that can have a real voice in nonprofit agencies, as well as becoming participants in the broader life of their communities. Most of all, it means seeking relationships with independent, bottom up, grassroots, membership-based, member-funded community organizations and working out a relationship with them. And there is a joker in this deck. It also means a much higher degree of accountability on the part of nonprofits to the communities they are meant to serve.

There is a great deal of talk about partnerships these days. Usually the partners are corporations, government and nonprofit organizations. Absent from the table are the bottom-up community organizations that are, in my view, the country's best hope for realizing its democratic heritage. For nonprofits, partnerships with community organizations are essential if the services nonprofits provide are to contribute toward people's independence and interdependence

at the community level rather than making them increasingly dependent on unaccountable agencies — no matter how well intended they may be. This seems so self-evident that it must be asked why these partnerships aren't more often formed. The answer is not too hard to find. Democracy is not a neat, needs-assessment, linearly planned process. It is one of conflict and compromise, of give and take, of sometimes heated argument and even direct action. For those who prefer rational planning processes, it is uncomfortable to live with organizations that might have memberships numbering in the thousands and that are as comfortable at the negotiating table as they are on the picket line. But if democracy is one of our core values, then live with such organizations we must!

There are people in the public, nonprofit and private sectors who are coming to see that we cannot continue as a democracy with institutional structures whose policies pay lip service to "the people" but ignore the democratic voices that come from the bottom up. It is this partnership that is the essential one for both our shared democratic values and for the immediate interests of the nonprofits. ■

Mike Miller is Executive Director of the San Francisco-based ORGANIZE Training Center.

Announcements

Internet Booklet for Activists

The Internet: What It Can and Can't Do for Activists: 12-page booklet by organizer with online experience provides perspective beyond the hype. \$4.50 from Social Justice Connections, Dept. 7, P.O. Box 4090, Arlington VA 22204. Please mention *Grassroots Fundraising Journal* when ordering.

New Donated Supplies Program for Small Nonprofits

A new nationwide program has been started to make donated supplies available to small nonprofit organizations. Called "Member's Choice," the corporate gifts program is administered by the nonprofit National Association for the Exchange of Industrial Resources (NAEIR). Every other month, participating nonprofits and schools receive a mini-catalog featuring gift assortments covering such categories as office supplies, clothing, children's items, maintenance supplies, seasonal decorations, computer software, and arts and crafts.

Participating organizations pay \$295 annual dues, shipping charges, plus an administrative fee averaging \$39.50 for each assortment they select. Delivery is by UPS. Values on the assortments run from \$100 to \$600, and all first-year participants are covered by a money-back guarantee.

For free information on this new program, phone NAEIR at 800-562-0955 or fax a request to 309-343-0862. ■



Planning the Mother's Day Luncheon

by Jacqueline Kaplan

A few years ago the Chicago nonprofit I work for was facing a \$16,000 shortfall as the end of the fiscal year approached. The Board members in charge of fundraising decided that a high-ticket-price event with a "hook" was the best bet for raising such a substantial amount of money in a short period of time. As the organization is a women's foundation, it seemed a logical connection to create an event around Mother's Day.

Since that first year our Mother's Day luncheon, or what we affectionately refer to as "the house party gone amuck," has grown to become one of our most successful and "feel good" fundraising strategies. And it costs very little to produce.

The Mother's Day Luncheon is based on a standard house-party model, with a few added components.

The Location

Initially it was thought that holding an event at a spectacular location would be the special draw of the Mother's Day Luncheon. The women who conceptualized the event believed that the people they knew would be willing to make a substantial donation, in this case \$250, in order to eat lunch at a prominent home that they would otherwise never be invited to. They were right; people were fascinated by the prospect of looking in someone else's kitchen or seeing a well-known person's bathroom.

Of course, year after year there is never a problem coming up with suggestions of beautiful homes of prominent Chicagoans we'd like for the site of the luncheon, but rather finding someone who *knows* the home owners and is willing to ask them to host our luncheon. As always, our volunteers are our most amazing resources — once we ask, we are constantly amazed to find out who is connected to

whom in the city.

The first year of the Mother's Day luncheon was the hardest, giving us a lesson in persistence. A casual acquaintance of one of our Board members was a prominent interior designer whose home was known to be extremely beautiful. It took a lot of pleading and promises, but the owner finally agreed to let us have 50 women in her home so long as she did not have to do any of the work or pay for anything.

The Budget

Another part of the draw of the luncheon was its exclusivity. It was important for us to create a special atmosphere with good food, wine, a piano player, flowers, etc. Our volunteers worked hard at securing in-kind donations for these things, but with minimal success. And, while there were no hidden or unexpected expenses to producing the luncheon, it still cost \$2,500 to cover the costs of printing, postage, catering, flowers, liquor, a pianist and temporary help.

The Committee

There were two types of volunteers on the Mother Day committee — the committee chairs and the committee members. The chairs were the "workers," four to six volunteers who agreed to plan the event's logistics: find the home and the connection to the home owner; set up catering; arrange for pro-bono services such as printing, photography, etc., and recruit committee members.

The fifteen to twenty committee members served as the inviters or hosts. They had only three responsibilities: 1. To make the minimum \$250 donation and attend the luncheon themselves. 2. To invite five to ten friends to the luncheon in

the hopes that one to three would donate and attend. 3. To follow up with a phone call encouraging their invitees to attend. The first year most of the committee members were friends and colleagues of the committee chairs. However, some high-profile women connected to the organization were also asked to serve on the committee in the hope that having their name on the invitation would also help attract attendees.

The Invitation

The invitation for the Mother's Day luncheon was standard; it listed the date, time, location, committee member names and donation request. However, each invitation was personalized with a letter written on a committee member's individual stationary. Not only did the letter make each invitee feel they had received a personal invitation from their friend, it also served to reiterate the concept of the luncheon, to describe the spectacular location, and to provide information on the organization. Here is a sample of such a letter:

Dear Nancy,

I am writing to invite you to join me at a very special luncheon to benefit the Chicago Foundation for Women — a luncheon that will help change the lives of women and girls in Chicago. CFW is an organization that creates

opportunities for women by funding essential programs that help women to help themselves.

Your donation of \$250 or more to CFW for this Mother's Day Luncheon is made in honor of a special woman in your life whose support has been invaluable.

Please join us for an afternoon that you will not soon forget! Well-known interior designer and art collector Babs Smith has invited us into her home at 123 Rich Lane, hailed as one of the most beautiful historic buildings in the city. This is a rare chance to see an impressive sixteenth-century Italian art collection, honor a woman that made a difference in your life, and learn more about the important work of CFW. I hope to see you there!

*Sincerely,
Bobbi*

While many of the invitees were interested in attending, \$250 for a luncheon seemed to some a bit excessive. It was the responsibility of the committee members to explain over and over to their invitees that this was not a luncheon with a \$250 price tag, but rather an opportunity to honor a special woman by making a \$250 donation in her name.

The Acknowledgement

The women honored received a beautiful handwritten card that read:

Dear Ms. Smith,

In your honor for Mother's Day, a special gift of \$250 has been given to the Chicago Foundation for Women by Susie Smith-Brown. Just as you have inspired and influenced Susie, so will this gift affect and change the lives of mothers and children in Chicago, through the many organizations we fund.

Our warmest wishes for a joyous Mother's Day.

*Sincerely,
Committee Chair*

Year after year, we receive phone calls from the women who were honored saying that this card was the most thoughtful, important gift they had ever received. Often, the women honored are so moved that they follow up with their own donation.

Even with all the special appeal elements, the first year the luncheon was a tough sell. It took a lot of follow up and a little "beating the bushes" to convince people to donate and attend. Ultimately, however, all of the personal touches paid off as one-third of those invited responded with a donation and we exceeded our goal of \$16,000 to cover our shortfall. ■

Next: Putting on the event and improving on it each year.

Jacqueline Kaplan is the Development Officer for Major Gifts at the Chicago Foundation for Women.

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...has serious potential as a tool for making connections and coalitions.— The Millennium Whole Earth Catalog
...thank you for Macrocosm USA... — Al Gore

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Grants: The Pros & Cons

by Andy Robinson

The following article is excerpted from the forthcoming book Grassroots Grants: An Activists' Guide to Proposal Writing, by Andy Robinson, to be published by Chardon Press in early Spring, 1996.

“Own your organization. The slippery slope provided by some funders is not always easy to see ahead of time. Owning your organization means having a mix of funding types, and a mix of funders. It means having an understanding with your members and your board that you can turn down any money that transfers power away from your grassroots base to some outside interest, however well intentioned.”

—Martin Teitel, CS Fund

Many groups consider fundraising the most unpleasant subject possible, so they tend to avoid it. Here's a typical meeting: After fighting your way through a discussion about the latest staffing crisis, what the recent election means for your work, and why nobody washes the dirty dishes, you finally get around to the hole in your bank account. Everyone is tired and cranky. You talk of fundraisers past and future, but without much enthusiasm. Finally a voice is raised in hope: “I know! We'll get a grant!”

Watch out.

You should understand that grant money comes with a variety of strings attached. Some of these strings are visible and beneficial, like the final report in which you describe, in detail, how you spent the money. Others are less obvious and potentially dangerous.

Before evaluating the pros and cons of grant funding, let's take a quick look at the universe of charitable giving and see how grants figure in the mix.

Who's Got the Money?

Willy Sutton, the old-time gangster, was once asked why he robbed banks. “Because that's where the money is,” he replied. If someone questioned you about submitting grant applications, you might give the same answer...and you'd be wrong.

In 1993, U.S. nonprofits received \$126.2 billion from the private sector: foundations, corporations, and individu-

als. You might be surprised to learn that 88% of charitable money came from individuals, while only 12% was given by foundations and corporations (the people who read grant proposals).

These percentages change very little over time. In fact, dead people — through their estates — give away more

If you rely too much on grant applications, you limit yourself to a small piece of a very large pie.

money, year after year, than all U.S. corporations combined. Here's another surprise: the vast majority of these donors aren't rich. Of the total funds provided by individuals (about \$111 billion), 80% came from families making less than \$50,000 per year.

If you seek grants you are only raising money from 12% of the private-sector pie. Many organizations are too small, too marginal, or too radical to receive corporate grants — indeed, hundreds of groups are directly challenging corporate power — which further reduces the field to the 7% of charitable funds provided by private foundations. But we're talking about \$9.2 billion — a significant sum of money and

certainly worth some effort.

If you're sensible, however, you'll understand that the time you put into grantwriting should be proportional to the potential return on your effort. If you rely too much on grant

A grant proposal is an organizing plan, and by putting the details down on paper most of us become better organizers.

applications, you limit yourself to a small piece of a very large pie. Over the long run, you risk starving your organization to death.

The Pros and Cons of Chasing Grants

Let's first consider the problems that accompany grant money.

1. *Lousy odds.* Roughly 10-15% of all grant proposals get funded. There's a lot of competition for foundation grants. Many "successful" proposals are only partially funded, which leaves the organization scrambling to run its project on a reduced budget or find additional money from other sources. If you want better odds, you have to go where the money is: individual donors.

2. *Long waits.* In most cases, it takes three to six months to get an answer. I've waited a year, which is not uncommon. Even if you get funded, paperwork can delay the check for another month. If you need money today, or next week — and most of us do — grants are not a good solution.

3. *"Soft Money."* Grants are seldom renewable. A particular foundation may provide support for three or four years, but not forever. Stephen Viederman of the Jessie Smith Noyes Foundation puts it this way: "While we have no fixed limit on how long we will work with an organization, there isn't a level playing field between grantor and grantee. Both sides must always realize that eventually you're going to have to say no."

This problem is compounded by the fact that most foundations are interested in new, innovative projects, and are less likely to fund ongoing programs. Individual donors, on the other hand, have been known to support a particular nonprofit for fifty years or more.

4. *Restricted money.* The majority of foundation grants are directed toward specific projects, not general support, which greatly limits your flexibility. A grant is a contract, and you are legally bound to use the money as described in your proposal. Any significant changes in the program or budget must be negotiated with the funder.

5. *Grants don't empower your group.* Grantwriting

does not empower people or organizations the way community-based fundraising does. When you write a proposal, you transfer a critical decision — whether you will have some of the money you need to operate — to someone outside your constituency. The more money you raise from your own community, the stronger your group will be.

6. *Too few people are involved in the process.* Grantwriting concentrates organizational power in the hands of a few people. Most proposals are developed by one or two staff members (and, in some cases, approved by a board of directors). When you rely too much on grants, you miss out on the leadership development opportunities that come with campaign planning, one-on-one solicitation, house meetings, benefit events, and other fundraising strategies involving lots of people.

7. *Who's accountable to whom?* Your work can get distorted in the pursuit of money. If you're not careful, grants can shift power over your programs to someone outside the organization.

The problem is usually subtle. Let's say your group sees a funding opportunity and develops a new project specifically to meet the guidelines, even though the project doesn't fit your mission very well. Much to your surprise, the proposal gets funded. Since this project pulls you in a new direction, it takes a lot of staff time trying to figure out how to manage it. Your core programs suffer from neglect. The tail — money — ends up wagging the dog, which is your mission. I've seen this happen with several nonprofits.

In the worst case, you become more accountable to foundation supporters than to your own membership. You risk the charge of being under the influence of "outside interests" who don't live in the community and, according to the critics, don't have the community's benefit in mind.

8. *The "dirty money" syndrome.* Some organizations refuse to submit proposals to certain funders because they disagree with how the money was raised in the first place. For example, a number of environmental groups won't accept grants from oil companies or their corporate foundations... even when courted by those companies.

While I understand this position, I urge a broader view. Virtually all foundation and corporate money comes from wealthy people. Wealth is generally acquired by exploiting natural resources or other human beings. All of us are culpable to some degree, depending on where we shop, what products we buy, where we bank, etc. I'm not sure we can simply blame the rich and absolve everyone else. Most environmentalists I know (including me) continue to drive cars and consume gasoline, even as we organize against "big oil."

If you choose to claim the moral high ground on this issue (assuming you can find any), screen your prospective grantors carefully, as any socially responsible investor would. Foundations generally invest their assets and distribute the interest in the form of grants. Try to find out where the money came from — who or what was exploited along the way — to see if it meets your test of cleanliness. Even better,

stick with grassroots fundraising and skip the grant proposals altogether.

Why Pursue Grants Anyway

Okay, that's the frustrating part. Now let's talk about why grants are attractive, useful, and worth the trouble.

1. *"We Give Away Money."* Most charitable foundations exist to give away money. That's their goal. They publish guidelines on how to apply, so there's no guesswork. (Of course, you should always, always, always follow the guidelines.) Since they advertise "FREE MONEY — LINE UP HERE," we don't feel like we're begging. Grant proposals are guilt-free.

2. *Lots of options.* With 7,000 foundations providing more than 90% of foundation support in the U.S., you can probably find one or two that will help your group. When I worked at Native Seeds/SEARCH, a regional conservation group in Tucson, I maintained files on 250 foundation and corporate prospects. Forty of them provided funding at one time or another. Of course, grants research was an ongoing process, and it took five years to fill that file cabinet. You won't find 250 legitimate prospects in one trip to the library.

3. *You have to be organized.* A grant proposal is an organizing plan, and by putting the details down on paper — goals, objectives, deadlines, etc. — most of us become better organizers. The process of developing a proposal can help us do our work more effectively, even if we don't get funded.

4. *Grants come in large amounts.* Most grassroots groups don't have major donors they can approach for \$5,000 or \$10,000 gifts. On the other hand, these are fairly modest grants. Sometimes you need a big infusion of cash to create a new program or redefine and jump-start an old one.

5. *Preparation for a major donor campaign.* The process of developing relationships with foundation officers and board members is a lot like courting major donors. It can help staff, board members, and volunteers develop the cultivation skills needed to approach individuals for big gifts.

6. *Credibility.* A foundation grant signals that someone outside the organization is impressed with your work and willing to invest in your success. This can improve your credibility with the news media, local businesses, prospective major donors, and other foundations. Your opposition might even take you more seriously.

7. *Leverage.* Some grants, specifically challenge grants,

An example of funding diversity:

Native Seeds/SEARCH

At Native Seeds/SEARCH, where I ran the fundraising program from 1990-1995, we developed a broad mix of funding to meet our \$450,000 annual budget.

Earned income: Roughly 40% of our budget came from mail-order sales of crop seeds, gardening and cook books, packaged native foods, and traditional Native American crafts purchased directly from farmers and crafters. All catalog items supported our mission of conserving endangered native crops and promoting cultural diversity, so the more stuff we sold, the more successful our programs. With sales income increasing by 10-20% each year, we sold a lot of stuff. Our 3,000 customers were also excellent prospects for membership. Indeed, many customers started out as members, which means they wrote multiple checks to the organization each year.

Individual gifts, major donors, and benefit events: Another 25% of the budget was donated by individuals in the form of memberships, major gifts, and tickets to benefit events. By December 1995, we had 4,200 members from across the country. The major donor program was based on a series of private dinner parties featuring traditional desert foods, prepared gourmet-style. Our annual Chile Fiesta, co-sponsored with the Tucson Botanical Gardens, continues to draw almost 10,000 visitors each year, and

we've held benefit literary readings in Arizona and New Mexico.

Grants: The balance of the budget, about 35%, was raised from foundation and corporate grants; 15-25 funders participated each year. Grants ranged from \$500 to \$90,000, with an average of \$5,000 to \$10,000. Most of these grants paid for special projects, with a only a small percentage funding general operating costs.

Native Seeds/SEARCH was founded in 1983, so it has taken several years of experimentation and hard work to develop a broad-based fundraising program. This diversity guarantees the long-term survival of the organization and provides lots of opportunities for growth. Indeed, the group is about to complete a \$250,000 capital campaign to purchase and restore an historic property for its expanded seed bank, library, and garden area. More than half the money was provided by one thousand members, while the balance came from foundations.

Even if the Native Seeds/SEARCH suffers a big drop in grant income, it's unlikely to go out of business, since two-thirds of the budget is raised from other sources. The organization's strategic plan calls for reducing grants to one-quarter of the budget over the next five years to assure the group's independence and good health.

are designed to help you raise more money. For example, a foundation may provide a grant on the condition that you match it, dollar for dollar, with donations from your members. Challenge grants are very helpful in encouraging individual gifts.

8. *It's fun.* I enjoy the detective work that goes into discovering new foundations and figuring out how best to approach them.

How Grants Fit into a Complete Fundraising Strategy

By now, you should have a clear idea of both the opportunities and problems associated with grants. Keep writing your proposals, but find other ways to raise money, too. Anne Firth Murray of the Global Fund for Women sums up the challenge:

Diversity is essential in all aspects of the work of an organization; it is through diversity that one learns and is able to gain access to different groups of people and therefore different funding sources. It is essential that in a fundraising plan there be built-in goals for obtaining funding from several different sources.

These sources can and should include:

- Individual gifts, including membership fees, annual donations, and any other contributions you receive from individuals. These gifts can be solicited by mail, over the phone, via computer network, or in person. You can even set up a monthly or quarterly pledge system and deduct the money directly from the donor's bank account (assuming they give you permission!).

- Major donors are a special group of individuals who give relatively large gifts. For some groups, a major donor is anyone who contributes \$100 per year; for other groups, the

threshold is \$10,000 per year. Wherever you draw the line, you need to solicit these folks differently and, once you've got the donation, give them special treatment.

- Benefit events. Benefits range from bake sales to walk-a-thons to black-tie balls. Despite their excellent public-relations value, it is far less efficient to organize fundraising events than to simply approach potential donors and ask for gifts. Nevertheless, most successful groups still find a way to incorporate benefits into their fundraising program.

- Earned income. While some organizations sell candy or Christmas trees or used clothing, you should investigate ways to earn money from your programs. If you're working to preserve a wild and scenic area, why not charge for guided hikes or canoe tours? If you conduct public interest research, why not publish and sell your reports? Earned income, also called fee-for-service, is a great way to expand your budget while expanding your programs... assuming you find the right product to sell.

If you raise most of your own money from grassroots sources, you will find it easier to get grants. This sounds like a paradox, but the idea is simple. Most foundations prefer to back solid organizations that aren't desperate for money, because these groups tend to be more effective. If your community helps to pay for your work, it shows that they care about your work. In "How Foundations Decide Who Gets Their Money" (*Whole Earth Review*, Summer 1988), Drummond Pike of the Tides Foundation calls this "The 33% Self-Support Test." I would urge a more rigorous standard, and encourage you to raise at least half of your budget from individuals, major donors, benefits and earned income.

If you want to learn more about grassroots fundraising, the best books are *The Grass Roots Fundraising Book* by Joan Flanagan and *Fundraising for Social Change* by Kim Klein. ■

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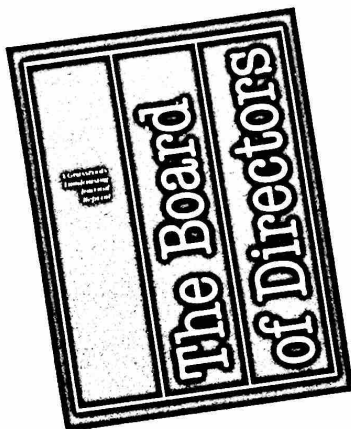
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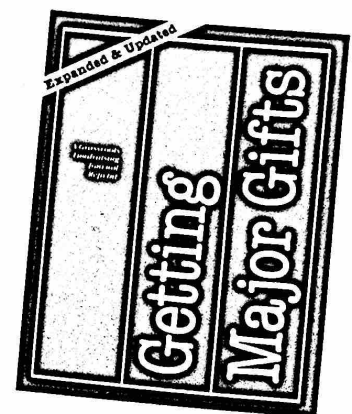
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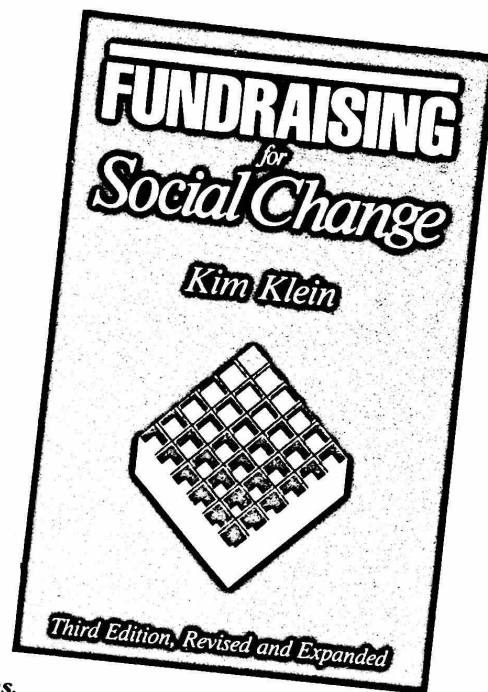
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