

Surviving the Funding Slump

Whether operating on a shoestring budget or one that includes a substantial endowment, nonprofits are feeling the effects of a funding slump. The downturn in the economy has affected every conceivable funding source -- government, individuals, corporations and foundations. As such, nonprofits are scrambling to submit more funding applications - at a time when many grantmakers are reducing their giving programs.

1. Keep fundraising. Continue to make your presence known to prospective corporations and foundations. Be aware of being "out of sight, out of mind."
2. Narrow your focus. Send requests only to current funders and those whose funding interests match your organization's mission. With reduced budgets, funders cannot afford to support programs outside of their priority areas.
3. Demonstrate your agency's value by speaking to funders' needs. Before you pick up a phone or a pen, be able to articulate how your program will help a funder accomplish his or her goals.
4. Tailor each request to the funder's new giving capabilities. Assume changes have occurred in giving budgets, program areas, or both. Check corporate and foundation Web sites for updates before preparing a request.
5. Use the "FYI" method. Keep your agency in front of prospective and current funders with brief email updates and newsletters. Share good news or a recent success that will be of interest to the funder. Plant seeds of success and look for a harvest down the road.
6. Manage the relationship. Even if your agency is cut from a funder's portfolio, it does not preclude you from receiving future grants. Remain positive and stay in touch.
7. Learn from each "No." If your request is turned down, find out why. Determine if the decline is temporary or permanent. If you are encouraged to reapply at a later date, do so. If not, file the decline letter and move on.
8. Build organizational effectiveness. Use this time to do critical work within your organization. For example, when was the last time you looked at your strategic plan? What are your agency's competitive advantages? How would you rate your agency in terms of relevance to community, credibility, track record of success and documenting measurable outcomes? If there is room for improvement, address it now.
9. Be prepared to take advantage of unforeseen opportunities. Have a compelling thirty second introduction prepared and well-rehearsed. Be ready to quickly turn around an effective Letter of Inquiry (LOI). The LOI is to grant seeking what the resume is to a job search -- a critical first step. It must compel a funder to request a full proposal. You may download my analysis of an LOI at online.
10. Be even more critical of your proposals. In addition to meeting a funder's needs, your materials must convey that your agency is capable of delivering on a promise, is well run and is addressing a significant community need.
11. Adjust your expectations. In the past, your goals may have been to increase the size of grants from current funders and to attract new funders. Now, realistic goals may be to continue receiving the same size grants from current funders and to simply make your presence known to future funding prospects.