

## Chapter 1

# Grasping the Basics of Finding and Getting the Bucks

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### *In This Chapter*

- ▶ Understanding the differences between grants and contracts
  - ▶ Getting to know the types of funding available
  - ▶ Picking up contract language
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  - ▶ Reviewing writing formats and criteria guidelines
  - ▶ Sending and organizing requests and handling the funder's decision
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**W**hat makes a great grant writer or contract bidder? A person who's hungry for cash flow and who's willing to roll up her sleeves, dig deep for hard-to-find information, and speak boldly and proudly about her funding needs or contract capabilities. What does it take to get started? First and foremost, you simply need to learn from my knowledge and experience — which I share liberally in this book! Also, you should desire to make a difference in the lives of others. Whether it's a grant-funded intervention or prevention or a contract bid award for delivering an excellent quality of goods or services, you should be ready to give your all.

By using this book daily, you can achieve your highest goals, which probably includes writing and winning almost everything you submit for funding or award consideration. You can even build your funding success rate to 90 percent or higher. And, if you want further one-on-one training, consider enrolling in one of my online classes or attending one of my two-day Grant Writing Boot Camps. For now, in this chapter, I start you down the right path to grant writing gold with the basics of the process.

## Exploring the Grant and Contract Basics

Before diving into the wonderful world of grant writing, it's important to understand a few essentials. For instance, it's essential for new grantseekers to know exactly what a grant is. Also, you need to know who qualifies for a grant. Finally, being able to understand what funders want to fund is critical to crafting the right proposal for the right funder. I explain all of this and more in the following sections.

### *Discovering the definition of a grant*

A *grant*, also known as a *cooperative agreement*, is a monetary award given by a *grantor* to a *grantee*. A *grant request* is an advance promise of what you or your organization (the grantee) proposes to do when the grantor fulfills your request for funding. The distinguishing factor between a grant and a cooperative agreement is the degree of federal participation or involvement during the performance of the work activities. When a federal agency program officer participates in funded project activities, it's called a cooperative agreement. When the grant applicant is the sole implementer of project activities, it's called a grant.



Some grant awards come with no strings attached, but many others require you to use the funds in a certain way. Grantors with strings attached to their monies are almost always government grantmaking agencies (local, state, and federal public sector funders). Grantors with literally no strings attached are referred to as *private sector funders*. These usually include corporate and foundation grantmakers.

So what can a grant pay for? A grant award can be used for whatever the funder wants to fund. This means that reading the funding guidelines is critical when it comes to your chance for success. (Refer to Part II for tips on poring over funding guidelines from multiple types of grantmakers.)

### *Qualifying for a grant*

A *grant or cooperative agreement application* is a written request that you use to ask for money from a government agency, a foundation, or a corporation. Most grants go to organizations that have applied to the Internal Revenue Service (IRS) for nonprofit status and have received the IRS's blessing as a 501 (c)(3) organization. However, a few grants are given to individuals as well (see Chapter 7 for details).

Since I've been writing grant applications, I've seen a growing number of grant awards made to cities, villages, townships, counties, and even state agencies. While none of these governmental units are IRS 501 (c)(3) designees, they're still nonprofit in structure and can apply for and receive grant awards from the federal government, foundations, and corporations. Grant awards can even be made to international nonprofits, which are referred to as *non-governmental organizations*, or NGOs. You can read more about funding for NGOs in Chapter 8.

## ***Looking at the simplicity of a proposal***

A *proposal* is usually a more free-flowing grant request. A proposal involves you putting down on paper your ideas about your organization and the program you want funded. You can dash off a proposal foolishly, simply writing what pops into your mind at the time. Or you can create a proposal the smart way, using a national or regional *template format* (see "Putting Together and Writing a Winning Request," later in this chapter for more details). Grant proposals (along with grant applications) require planning, organization, good research, and writing skills.

## ***Getting the skinny on for-profit and nonprofit contracts***



Think of contracts as cousins to grants — similar but clearly different. A *contract* is a legal instrument reflecting a relationship between the bid-letting agency (government unit or private sector business) and a business. The bid-letting agency is seeking to purchase services or products from that business. The *offeror*, or business seeking to provide the deliverables, must respond to an RFP (Request For Proposal) or RFQ (Request For Quote) in writing and submit it by a deadline.

For-profit businesses apply for and receive contract awards, but nonprofit organizations usually don't. Instead, they apply for and receive grant or cooperative agreement awards (which I explain earlier in this chapter). A grantmaking agency (such as the government, a foundation, or a corporation) can issue an RFP; a business seeking a contractual relationship with another business can issue one as well. An RFP or RFQ is very similar in format to a government grant application.

## Planning Rules for the Present and the Future



Rule number one in grant writing is that you don't ask for a grant without first completing a comprehensive planning process that involves your organization (the grant applicant) and its community partners (the stakeholders).

Without planning tools to lay out a visual road map of where your organization needs to head and how it's going to get there, you'll be fighting the same fires daily — never becoming a relaxed and confident grantseeker or agency administrator. You fix this problem by creating a *funding development plan*, which is an internal examination of the organization's strengths, weaknesses, opportunities, and threats. A funding development plan answers questions such as

- ✓ What programs are strong and already have regular funding to keep them going?
- ✓ What new programs need funding?
- ✓ What opportunities exist to find new funding partners?
- ✓ What existing grants will run out before new funding is found?

When you answer these questions, you can begin to look at the multitude of areas where grants are awarded and begin to prioritize the type of funding you need. I write more about funding development plans in Chapter 2.

## Understanding How Funders Describe Their Grantmaking Interests

Every potential grant funding agency lists specific types of funding they will and will not award to potential grantseekers. In order to weed out the grants that won't work for your organization, you have to understand the different types of funding that are available. The following list gives you the scoop:

- ✓ **Annual campaigns:** Money to support annual operating expenses, infrastructure improvements, program expansion, and, in some cases, one-time-only expenses (such as a cooling-system replacement).
- ✓ **Building/renovation funds:** Money to build a new facility or renovate an existing facility. These projects are often referred to as *bricks-and-mortar projects*. Building funds are the most difficult to secure; only a small percentage of foundations and corporations award grants for these types of projects.

- ✔ **Capital support:** Money for equipment, buildings, construction, and endowments. These types of large-scale projects aren't quickly funded. It often takes two to three years for total funding to be secured. This type of request is a major undertaking by the applicant organization.
- ✔ **Challenge monies:** These funds act as leverage to secure additional grants from foundations and corporations. They're awarded by funders and are contingent upon your raising additional grant funds from other funding sources. You must use internal organizational funds to meet the challenge grant requirements.
- ✔ **Conferences/seminars:** Money to cover the cost of attending, planning, and/or hosting conferences and seminars. Funding may be used to pay for all the conference expenses, including securing a keynote speaker, travel, printing, advertising, and facility expenses, such as meals.
- ✔ **Consulting services:** You may want to secure the expertise of a consultant or consulting firm to strengthen some aspect of organizational programming. For example, if you bring in a consultant to do a long-range strategic plan or to conduct training for a board of directors, you're paying for consulting services.
- ✔ **Continuing support/continuation grant:** If you've already received a grant award from a funder, you can turn to that funder again and apply for continuing support. However, be aware that many funders only fund an organization one time.
- ✔ **Employee matching gifts:** Many employers match the monetary donations their employees make to nonprofit organizations, often on a ratio of 1:1 or 2:1. If you have board members employed by large corporations, have them check with their human resources departments to see whether their employers have such programs.
- ✔ **Endowments:** A source of long-term, permanent investment income to ensure the continuing presence and financial stability of your nonprofit organization. If your organization is always operating in crisis-management mode, one of your goals should be to develop an endowment fund for long-term viability.
- ✔ **Fellowships:** Money to support graduate and postgraduate students in specific fields. These funds are only awarded to institutions, never to individuals.
- ✔ **General/operating expenses:** Money for general budget line-item expenses. These funds may be used for salaries, fringe benefits, travel, consultants, utilities, equipment, and other expenses necessary to operate grant and contract-funded programs.
- ✔ **Matching funds:** Grant funds that are awarded with the requirement that you must find other grant funding that matches or exceeds the initial grant's matching-fund stipulation. Matching funds are a type of leverage grant. To qualify for a matching funds grant award, the grant applicant

must come up with matching funds. The funds can be internal (from the grant applicant organization), from a partner agency, or even from another grant funding agency.

- ✔ **Program development:** Funding to pay for expenses related to organization growth, the expansion of existing programs, or the development of new programs.
- ✔ **Research:** Money to support medical and educational research. Monies are usually awarded to the institutions that employ the individuals conducting the research.
- ✔ **Scholarship funds:** Scholarship awards to individuals. Remember that when funds are awarded directly to an individual, they're considered taxable income (with taxes owed by the recipient).
- ✔ **Seed money:** Most often, these types of grants are awarded for a pilot program not yet in full-scale operation; hence the term *seed money*. Seed money gets a program underway, but other grant monies are needed to continue the program in its expansion phase.
- ✔ **Technical (consulting) assistance:** Money to improve your internal program operations. Often, this type of grant is awarded to hire an individual or firm that can provide the needed technical assistance. Alternatively, the funding foundation's personnel may provide the technical assistance. For example, a program officer from a foundation may work on-site with the applicant organization to establish an endowment development fund and start a campaign for endowment monies. In some instances, the funding source identifies a third-party technical assistance provider and pays the third party directly to assist the nonprofit organization.

If you need more help with grant writing terminology, check out Chapter 3, where I cover some “funder talk.”

## *Connecting with Contract Bidding Language*

Grant application and contract bid documents have a lot of similarities, but there are still some specific contract bidding terms you need to know when you pick up an RFQ, or Request For Quote. (To find out more about grant application terms, see the earlier section “Understanding How Funders Describe Their Grantmaking Interests.”) Knowing the terms used by the bid-letting agency can help you write effective bid responses. The following terms are used by contract bid-letting agencies:

- ✓ **Acceptance:** Acceptance occurs when a bid-letting agency or business accepts the deliverables outlined by the offeror in the bidding document.
- ✓ **Deliverables:** Detailed information about the services or goods the offeror plans to deliver under a contract award.
- ✓ **Financial proposal:** A separate document outside of the contract bid response narrative that outlines the offeror's cost to provide the needed services or goods.
- ✓ **Offeror:** The individual or business bidding on the needed services or goods.
- ✓ **Responsiveness:** When the bid-letting agency examines the offeror's contract bid proposal document to determine whether all the areas in the narrative guidelines have been responded to and at what level.
- ✓ **Request For Proposal (RFP) or Request For Quote (RFQ):** A legally prepared document issued by the bid-letting agency or business requesting a proposal or quote for services or products from qualified vendors.
- ✓ **Services proposal:** A full, written description by the offeror of what services will be provided should a contract be awarded by the bid-letting agency.
- ✓ **Terms and conditions:** These are the circumstances for awarding a contract. They're developed by the bid-letting agency. You may be required to provide proof of liability insurance or to submit a list of demographics for all personnel assigned to the contract work.

## *Linking Your Needs to a Governmental Source of Funds*

I probably receive more than 100 e-mails daily and just as many telephone queries weekly. Everyone wants grants! If you're feeling clueless as to how to proceed finding potential funding for your organization, you simply need to use the Internet. You can search for potential sources that are interested in what your organization needs or business wants to provide in the way of goods and services. Fire up your computer, and then start searching for the monies that may be waiting for you or your organization. One of the largest grantmaking entities is the U.S. government, which is also known as Uncle Sam. If you want to score big in grant awards, start with Sam.



Conducting a funding search leads you to the money. But before you start your search, you need to know what type of grant money (or funder) will pay you to implement your idea, project, or program. I introduce you to your options in the following sections.

## ***Federal government funding: Cashing in with your richest uncle***

The first place to look for money is within Uncle Sam's pockets. The federal government is a public funding epicenter. I'm not one to tout the availability of "free" federal grants, but I can tell you that the government does have money for specific types of grant applicants and projects. In Chapter 4, I give you the complete scoop on using the Internet to find government grants.



If you're interested in looking at what the feds have to offer, take some time to look through the Catalog of Federal Domestic Assistance (CFDA), which you can find at [www.cfda.gov](http://www.cfda.gov). The CFDA is the encyclopedia of grant and contract funding programs, so it doesn't tell you about open grant competitions that you can apply for at a particular time. For that information, go to [www.grants.gov](http://www.grants.gov), which gives you daily funding announcements on money you can apply for *now*.

## ***Heading to the statehouse: Seeking public funds closer to home***

Each state receives grant monies from the feds and from tax revenues that are funneled into and out of their general funds. After taking their fair (or unfair) share for administrative overhead, states regrant the money to eligible agencies and organizations in the form of competitive grants or formula grants.

Examples of some state agencies that regrant federal monies are agriculture, commerce, education, health, housing development, natural resources, and transportation. Contact your state legislator at his or her local office or at the state capitol for assistance in identifying grant opportunities within your state. Also consider using the Internet to search for state agencies that award grants and contracts.

## ***The Other Pot of Gold: Considering Foundation and Corporate Funding***

Foundation and corporate grantmakers are referred to as *private-sector funders*. The rainfall of private-sector grant money is conservative, but it's also continuously available to grantseekers who meet this type of funder's area of interest.

Where can you find out more about these no-strings-attached grants? You can locate sources by visiting a Foundation Center Cooperating Collections

site (usually at a state university library, community foundation, or other nonprofit information center). The Foundation Center's Web address is [www.foundationcenter.org](http://www.foundationcenter.org).

## ***Examining private and public foundations***

*Private foundations* get their monies from a single source, such as an individual, a family, or a corporation. Think about all the wealthy individuals who have started their own foundations, like the John Templeton Foundation or the Heinz Foundation. You can find hundreds of private foundations in the Foundation Center's online directory.

*Public foundations*, on the other hand, are supported primarily through donations from the general public. That's a no-brainer, right? They also receive a great deal of their funding from foundation and corporate grants. Again, the Foundation Center's Web site can give you loads of information on these types of foundations. There are lots of public foundations focused on the arts, environment, and faith-based initiatives. Remember, there's no difference in public or private foundations when it comes to grantseeking or grantmaking.

## ***Finding corporate funders***

Did you know that many of the biggest businesses in the nation set 5 percent or more of their profits aside for grants? Why is that, you ask? The buzzword of the millennium is *corporate responsibility*.

Corporate responsibility is the approach that a successful business takes when it decides to make a financial commitment to the community where its headquarters are located or where it has operating locations.

Corporations that award grants usually have a Web site link labeled *community*, *community relations*, *social responsibility*, *local initiatives*, *grants*, or *corporate giving*. Use the Foundation Center's Web site to view some corporations with giving programs, such as American Express (which also has a major foundation) and the United Parcel Service of America, Inc. (better known as simply UPS).

## ***Accessing contract bidding opportunities***

Many private and public sector businesses and public agencies seek out vendors to deliver services or goods to them. The type of document these business and agencies solicit competitive contract bids with is referred to by several different names, including Request For Bid (RFB), Request For Quote (RFQ), and Request for Proposal (RFP). If you've been searching your local

newspapers and online for contract bidding opportunities to no avail, you need to move into high gear and aggressively subscribe to and screen possible contract bidding opportunities around the United States and beyond.



I have a subscription with [www.findrfp.com](http://www.findrfp.com), and I think it's great. You can choose the types of bids you want to see (keyword subject area) and the geographic locations in which you want to sell your products or services. You can even receive daily e-mail alerts with current bidding opportunities. What's the cost? The monthly subscription is probably around \$30. That's right, three ten-dollar bills per month gives you access to hundreds of thousands of dollars worth of contract bids.

## *Putting Together and Writing a Winning Request*

The first step in getting started with grant writing is to recognize the different application formats and when to use them. Some funders require more information than others. In fact, some funders have reams of forms that you can quickly download, save in PDF file form, and open with ease if you have a PDF converter software attached to your word processing software. (I purchased my original converter software online from Nuance, and have since updated it to the most recent version, which you can find at [www.scansoft.com](http://www.scansoft.com).)



Determine the writing format for each funding source that you identify. Call or write each source and ask for its guidelines for submitting a grant application or proposal. Governmental agencies have their own application kits, and you can only submit applications for these agencies at certain times in the year. Foundations and corporations may also have their own formats. If not, you may be instructed to use a regional grant application format. Or you may be required to submit a two- or three-page letter of initial inquiry.

Just remember that if getting grant money were too easy, everyone would already have a grant and there wouldn't be any money left for you! (I cover the entire process of successfully putting together a grant application in Chapters 12 to 17.)

## *Focusing on the (strict!) review criteria guidelines for government grants*

The format for government grant requests varies from agency to agency, but some common threads exist in the highly detailed, structured, military-like regimen that's commonly referred to as an *application package*. These common threads include a standard cover, certification and assurances

forms, narrative sections, and the budget narrative and forms. And of course, all types of government grant applications require mandatory attachments or appendixes, such as financial statements, résumés of project staff, and copies of your nonprofit status determination letter from the IRS. (Flip to Chapter 5 for more about the application package.)



Always follow the pagination, order of information, and review criteria guidelines. All government grants are awarded on the basis of your meeting their review criteria, which are written and published in each funding agency's grant application guidelines. The review criteria tell you what the peer reviewers will read and rate when they receive your grant application.



As you read through the application guidelines, highlight all narrative writing requirements and look for sections that tell you how the grant reviewers will rate or evaluate each section of the narrative. By formatting and writing to meet the review criteria, you can edge out the competition and increase your funding success rate. In Chapters 9 and 10, I tell you how to prepare and write for the review criteria.

## ***Lean, clean funding machines: Formatting for foundations***

Large or small, foundations like to see a cover letter, a regionally or nationally accepted cover sheet or cover form, and a narrative that includes a description of your organization and your request. The attachments are what count with this group of funders. They may ask for the project's evaluation plan, your organization's structure or administration, your finances, and other supporting material.

My favorite private sector (corporations and foundations) grant application format is the one that was developed by the National Network of Grantmakers (NNG). The Network's Web site is no longer active, so you have to search the Internet using a search engine in order to locate a downloadable version of the format. The grant application format, also known as the Common Grant Application (CGA), is accepted by many smaller corporate and foundation grantmakers. To determine whether using the CGA is appropriate in your situation, check the funder's guidelines. Contact the funder directly to obtain the guidelines, or seek information in one of the many available funder directories.

The CGA format has a cover sheet, a two-section narrative, and multiple attachments. I use the CGA format for 90 percent of the foundation grant requests that I write. The format works well because it contains all the essentials. Even if a funder requests a different order of information, you can do a lot of cutting and pasting from a grant application written in the CGA format to create a non-CGA grant request.



Before you start writing in a generic format (like the CGA format) check to see whether the region you operate in requires you to use a different format. The Forum of Regional Associations of Grantmakers, a national network of local leaders and organizations across the United States that support effective charitable giving, can be found on the Internet at [www.givingforum.org](http://www.givingforum.org). Most of the regional groups of foundation grantmakers you can find at this site have designed their own specific grant application formats.

## *Just get to the point!* *Contacting corporations*

Corporations work with a shorter writing format than the one used by foundation funders. However, corporate grantmakers that don't have their own specific funding request application forms are usually very receptive to the Corporate Letter Request format. Chapter 21 shows you how to use this format to develop a short and effective letter to request goods, services, and even cash!

## *Sending Your Proposal on Its Merry Way*

When you've finished writing your grant proposal, you still have a few more steps to take before you can breathe deeply and really relax. If the funding agency provides an application checklist, use it to make sure your grant application package is complete — in the funder's eyes. If you don't have a funder-provided checklist, create your own and check off each item requested in the grant guidelines. Make sure each section and form is in the order requested in the guidelines. Also, proofread your narrative and other forms several times before considering the application package final. Get help from a colleague or hire a professional proofreader, like I do. Check out Chapter 18 for more about wrapping up your funding request.

## *Keeping Track of Submitted Requests*

After all your funding requests are in the mail, you need to develop a tracking system that will help you keep up with their progress and cue you when the period of silence from funders has been too long. At the federal and state levels, you can even enlist tracking support from your legislative team. However, at the corporate and foundation levels, you're on your own (unless, of course, members of your board of directors have friends and associates on the funder's board of trustees.)

The old school approach is to develop a manual or electronic tracking system to monitor what you've written, who has received it, and the status of your funding request (pending, funded, or rejected). However, the new and easier way to keep track of submitted requests is to purchase grant management or tracking software. Look for lots of popular software packages to meet your needs. You can find out what's available by doing an Internet search using the term "grant management software." Software programs may start at \$1,000 and go up to several thousands of dollars.



When it comes to hard-copy organization, I use hanging files for each grant application I write. The hanging file holds individual file folders that contain the following:

- ✓ Application guidelines
- ✓ My copy of the final grant application package
- ✓ Background research
- ✓ Communication notes with funders, clients, and research sources

In Chapter 19, I give you guidelines for following up with government, foundation, and corporate grant applications.

## *Knowing What to Do When You Win (Or Don't Win) Funds*

When you win, you celebrate, right? Well, yes, you celebrate, but you also notify your community partners of your collective success in winning a grant award. You also prepare for the implementation phase now that monies are on the way.



If your grant request or contract wasn't awarded, you have some critical steps to take to determine why your request was denied and when you can resubmit your funding request or contract bid. Here are the steps to follow (also refer to Chapter 20 for more details):

- 1. Contact the funding agency or bid-letting agency and ask why your grant application wasn't recommended for funding or why your contract bid wasn't selected.**

You may have to ask for this feedback in writing so the funders and bid-letting agencies have a paper trail for whom they release information to and why.

**2. When you know where the weakness is in your grant application or contract bid, develop a plan for rewriting.**

You want to rewrite the weak sections of your narrative and ready it for resubmission to other funders, other contract bid-letting agencies, and even for future resubmission to the same agencies or businesses that rejected the first request. For grants, funders usually allow you to reapply in the next funding cycle (next year). For contracts, you have to wait until the bid-letting agency releases another RFP.