

Executive Summary

This is our second look at the world of grants fundraising. We first spoke to fundraisers to understand charities' perspectives, then for this follow up report we interviewed people involved in grant making. Our aim is to give an idea of the challenges that grant-makers and fundraisers face in doing their jobs, whether it's raising money for their cause or identifying and funding the best applications. We want to reflect people's experiences on both sides and consider what the solutions might be. We also want to illuminate and potentially help improve the process of grant-making for all parties concerned.

The impact of the recession

With the recession hitting charities hard, grant-making trusts expected to see an increase in the number of applications. However, all but one that we spoke to had experienced a drop in applications, though often only temporary. The cut in statutory funding has had an impact for many grant-makers who have received applications to replace government funding. Grant-makers have been traditionally loath to step in and replace public funding, but some are being flexible and supporting charities with specific financial challenges.

Hallmarks of a great application

While speaking to grant makers, a number of common themes emerged about the grant-making process. One of the areas we looked at was a common source of critical importance for fundraisers - what makes for a successful application? According to the grant-makers, the hallmarks of a great application are:

- Understanding the grant-making trust and tailoring applications
- A strong idea
- Competent people
- Clear and succinct language
- Showing finances are in order

Some of those may sound straightforward, but our research with grant-makers shows that many applications lacked one or more of those key elements.

The application process

Understanding how grant-making trusts make their decisions can help a charity make more successful applications. However, for many grant-makers the number of ineligible applications, those that don't meet their published criteria, is depressingly high. For many fundraisers, the length of time grant-makers take to make a decision is a source of friction.

Relationships and contact

Both during the application process and once a grant has been secured, charities and grant-makers are clear that honest and open communication is helpful. Grant-makers find that many charities delay delivering bad news to them or fail to inform them of substantive changes to a project. Similarly, during a project, grant-makers sometimes have considerable experience they could pass on to a charity, but often they are not asked.

Feedback on applications

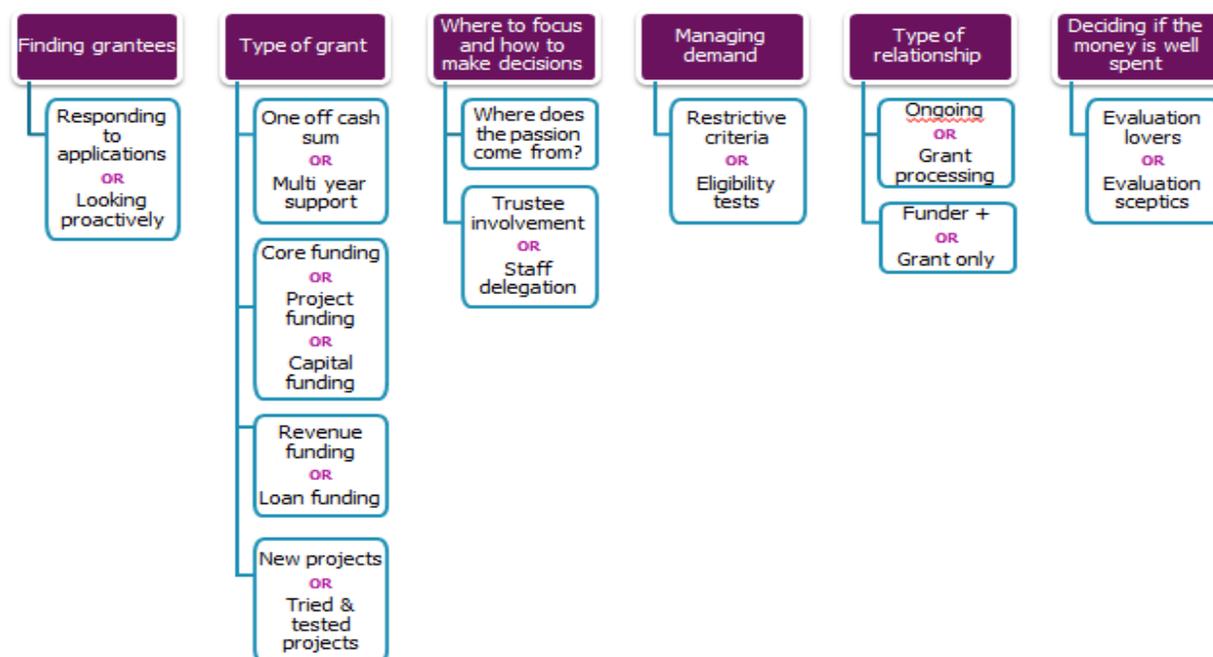
This can be a huge time drain for grant-makers who can therefore be hesitant to provide it. However, charities are always keen on feedback and in the long run it helps both charities and grant-makers. A compromise could be to only give full feedback at the second stage of the application process, with some standardised feedback at the first stage.

The types of funders

There is no single type of grant-maker. The diversity of trusts is particularly clear when it comes to the form of funding they provide and the philosophy behind it. Grant-makers choose the form of funding that they believe allows their grants to have the highest possible impact. Applicants can make an impression by showing that they understand what the grant-maker wants to achieve and how the charity's work aligns with it.

Understanding strategic variables of grant-making

As part of the research, we identified that rather than being a homogenous group, grant-making trusts could be very different and operate within a number of variables. These are listed in the purple boxes, with the various options that grant-makers choose between shown in the blue boxes.



Recommendations for charities and grant-makers

Based on the many conversations we had over the course of the two reports, we have been able to compile a list of suggestions for both charities and grant-makers to make the process easier and more productive for both sides. These are explained in Section 9 of the main report, but they are displayed in a nutshell below.

Our advice to charities is

- **Quality wins over quantity.** Take the time to get fewer applications right, rather than sending many in the hope that one may get noticed.
- **Know your grant-maker.** Also known as 'do your homework'. If you know what the grant maker is looking for, you're more likely to get their attention.
- **People and ideas win grants.** Ultimately, the strength of your application comes from the strength of the idea and the people behind it.
- **Honesty beyond necessity.** Don't be afraid to consider and talk about what could go wrong and is going wrong.
- **Make sure grants are only part of your income mix.** Also known as 'don't put all your eggs in basket'. Relying too heavily on any source of funding¹ is an easy and common mistake to make.

¹ See our free report '*Gimme, Gimme, Gimme!*' - A Guide to fundraising for small organisations, March 2011, for an overview of income sources

And our advice to grant-makers

- **It's a power relationship.** Charities can't afford to be as honest as you both would like them to be. Grant makers have the funds that charities need.
- **Every application costs everybody time and money.** Reducing wasted time and energy should be a win/win for charities and grant-makers. Clear, up-to-date criteria, clear guidelines and proportionate processes, such as two stage applications, are critical to achieving this.
- **All charities love feedback.** It helps charities improve their future chances of success and makes it more likely that grant makers receive better, more relevant applications. Another win-win.
- **Small charities love core funding.** It's their life-blood, so if the project is worth funding, consider whether the whole cause and charity is.
- **Grant-makers have more than financial assets.** In addition to the money, grant makers can support causes and projects through ideas, advice and guidance based on their own experience.

How can charities and grant-makers work together better?

Section 9 also discusses some of the solutions that could facilitate a better working relationship between grant-makers and charities. These are summarised here.

- **A forum to discuss issues.** There is no well-used forum where charities and grant-makers currently meet and discuss issues. We believe that ACF and the Institute of Fundraising need to develop one.
- **A code of best practice.** Or, more usefully, a code of worst practice that should be avoided by both parties.
- **Awards to praise and develop best practice.** These would recognise the essential role that grant makers play in supporting excellent projects in the UK.

The relationship between charities and grant makers is an important one to get right as both parties need each other to support the beneficiaries they exist to serve. We would like to see the two sectors focus more their common aim and common ground rather than what separates them.

Acknowledgements

This report could not have been written without the contributions of a range of people involved in different aspects of grant-making and fundraising.

We are grateful to the Institute of Fundraising. Without their support, we wouldn't have had the foresight or the initiative to conduct this research.

Thank you also to all the grant-makers who took time out of their busy schedules to share their thoughts and experiences with us. Their input was invaluable and taught us a great deal about the world of grant-making.

We also benefitted greatly from the very helpful comments and suggestions from a few reviewers who read drafts of the report. Thank you to Katie McQuade, Louise Magill and Dr Ruth Jeffcoate.

Methodology

The research for this report was conducted through interviews with grant-makers over the telephone and in person. We talked to grant-makers involved in most aspects of the grant-making process, from grants officers to directors. The grant-makers were selected to cover a range of different sizes, from trusts giving out less than £1 million per year to those handling grants of hundreds of millions. They also represented a range of sectors, from specialists or regionally limited funders to generalists and those funding national and international work.

This report uses quotes from the interviews with grant-makers. These have sometimes been carefully edited to ensure anonymity and improve flow. We have, for example, corrected grammar and removed some spoken language quirks in places. However, we have taken great care not to change the sentiment of any quote.

List of interviewees

We interviewed grant-makers from a variety of different grant-making trusts. A couple of interviewees have left their organisations since we talked to them and we have chosen not to name any of the interviewees for the sake of simplicity. The interviewees came from the following organisations:

- BBC Children in Need
- The Big Lottery Fund
- The City Bridge Trust
- The Clothworkers' Foundation
- Friends Provident Foundation
- Garfield Weston Foundation
- The Goldsmiths' Company
- Jack Petchey Foundation
- Jerwood Charitable Foundation
- John Ellerman Foundation
- John Lyon's Charity
- Letchworth Garden City Heritage Foundation
- The Pilgrim Trust
- Sainsbury Family Charitable Trusts
- The Sylvia Adams Charitable Trust
- The Wolfson Foundation
- Trust for London
- Tudor Trust

About nfpSynergy

nfpSynergy is a research consultancy dedicated to the not-for-profit sector. We aim to provide the ideas, the insights and the information to help non-profits thrive. We run syndicated tracking surveys and carry out bespoke projects and we are widely recognised as one of the leaders in non-profit market research.

Our tracking surveys monitor the attitudes and opinions of key stakeholder groups in the non-profit sector. The research is carried out for a syndicate of charities who share costs and data. Our tracking studies aim to provide lower cost, more frequent and more detailed research than any organisation could achieve acting alone. We survey a range of audiences, including the general public, journalists, MPs, young people and regional audiences in the UK and Ireland.

Each year we also deliver around 50 projects for non-profit clients using focus groups, face-to-face and telephone depth interviews, workshops and small and large-scale desk research.

Social investment is important to us and our main contribution is the range of free research reports we produce to benefit non-profit organisations, which can be downloaded from our website. We also use our research to campaign on behalf of charities on key issues. We support small non-profits by providing free places at our seminars, giving talks all over the UK and through pro bono research assistance. For more information, please visit www.nfpsynergy.net

About the Institute of Fundraising

The Institute of Fundraising is the professional membership organisation for fundraisers and fundraising. It is the largest individual representative body in the voluntary sector, with 5,300 Individual members and over 350 Organisational members.

They aim to support these members and the wider fundraising community by:

- Creating a better environment for fundraisers to raise money
- Increasing understanding of fundraising
- Enabling fundraisers to be the best they can be

They improve the environment for fundraisers through policy and support. They increase understanding by being a knowledge centre for fundraisers and the general public and through setting fundraising standards. They enable fundraisers to be the best they can be by providing resources, skills development and qualifications.

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