Tracks to Success - A Weekly Primer on Grants Development

Getting Started: Twelve Steps to Writing a Winning Proposal
By Cynthia M. Adams, CEO, GrantStation

The best way to get started writing a grant proposal is to collect information often used in writing grant requests, and then set up files for each of these items. That way you will always have quick access to whatever support information you may need.

This 12-part series on "Getting Started" will walk you through the process of deciding what information you need to collect, how and where you need to store it, and how to best use it in your grant requests.

The first in this series addresses the organization's mission statement.

Getting Started
Always maintain this information in hard copy form and on your computer, and be sure to review and update it as your organization evolves. Always use the same style and format (e.g., font, spacing, margins, etc.) for these files. This saves you time when copying the information into a new grant request.

Mission Statement
If your organization doesn't have a mission statement, now is a good time to develop one.
Every mission statement answers these questions:

1. What does your organization do?
2. Who does your organization serve?
3. What need does your organization fulfill?
4. How does your organization fulfill this need?
5. Why does your organization exist?

Answering these five questions will help you develop a solid mission statement.
You don't want the mission statement to be very long. It should be a brief, clear statement about what it is that you do and why you exist.

Always date stamp the mission statement every time you review it. Revisit it each year at your annual meeting, and reflect that on the date stamp even if no changes have been made.

How do you use the mission statement in the proposal?
You can use your mission statement, or a quotation from it, as a transition paragraph between the need statement and the project description. Using your mission statement in this part of the proposal lets the reviewer know why your organization is the best applicant to address this particular need. It builds credibility in the reviewer's mind and provides insight into your organization's goals and values.

You can also use the mission statement on the title page. It's a great place to tell the reviewer exactly who you are and what you are trying to accomplish.

A third place to use the mission statement, or a quote from it, is in the closing paragraph. Most grant requests simply end. You want your request to end with a strong statement. Your mission statement can do that for you.

Things to know about the mission statement
You want a strong mission statement because you use it to:

- Gain commitment from board members, staff and volunteers, and major donors
- Serve as a communications tool.
- Set expectations for the organization.
- Initiate dialogue with other organizations, legislators, etc.

Some mission statements are very short, almost like a slogan, such as the mission statement of the International Red Cross which is "To serve the most vulnerable."
Other mission statements are longer, maybe two paragraphs, such as the World Wildlife Fund's mission:

WWF's mission is the conservation of nature. Using the best available scientific knowledge and advancing that knowledge where we can, we work to preserve the diversity and abundance of life on Earth and the health of ecological systems by :

- protecting natural areas and wild populations of plants and animals, including endangered species;
- promoting sustainable approaches to the use of renewable natural resources; and
- promoting more efficient use of resources and energy and the maximum reduction of pollution.

We are committed to reversing the degradation of our planet's natural environment and to building a future in which human needs are met in harmony with nature. We recognize the critical relevance of human numbers, poverty, and consumption patterns to meeting these goals.
Take your time developing (or updating) your mission statement. You want it to say exactly who you are and what you are trying to accomplish.

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The second in this series addresses the organization's history. Tell the history of your organization: how it began, how it has grown over the years, what it has learned and endured, and where it is now. Every organization has an interesting story and this is a great opportunity to share yours.

History of the Organization
This should be a concise history of your organization establishing its credibility and its qualifications for funding. This section is a narrative that focuses on two specific events:

1. How the organization got started, and, most importantly, why?
2. The organization's recent set of critical episodes.

You want to begin with a "story" about how the organization was founded, and why. Storytelling is a powerful tool which you can use to your advantage. It inherently provides credibility to the organization, and always engages the reader.

For example, you might start your organization's history out with something like this (I made this up):

"In the mid-1900s four women who had each recently lost a son in WWII came together to share their grief, to provide support, and to help each other through an emotional crisis. From those first, few heart-wrenching yet somehow liberating gatherings, these women instinctively knew that sharing grief was a way to help bear their new burdens. In 1950, shortly after WWII came to a close, these four women launched a regional program called Mothers of Mourning.

Today, Mothers of Mourning has blossomed into a national program with over 40 staff, serving …"
After you tell the story of your organization's beginning, discuss the program today, its mission and its goals, and programs and activities.

Once you've established who you are and where you came from, you want to talk about the organization's recent set of critical episodes, such as organizational changes, new initiatives or innovations, the successful launch of a new program or new approach, or even a traumatic event such as major budget cuts. You might call this section of the history: Our Challenge.

Try to keep the organizational history to one and a half pages. You should also write a shorter version (a summary) that's about half a page that you can use in letters of inquiry, pre-proposals, and full proposals that don't allow you much room.

Remember to keep these versions all in the same font with the same margins, so every time you cut and paste this information into a request you don't have to readjust everything.

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The third article in this series addresses the organization's structure.

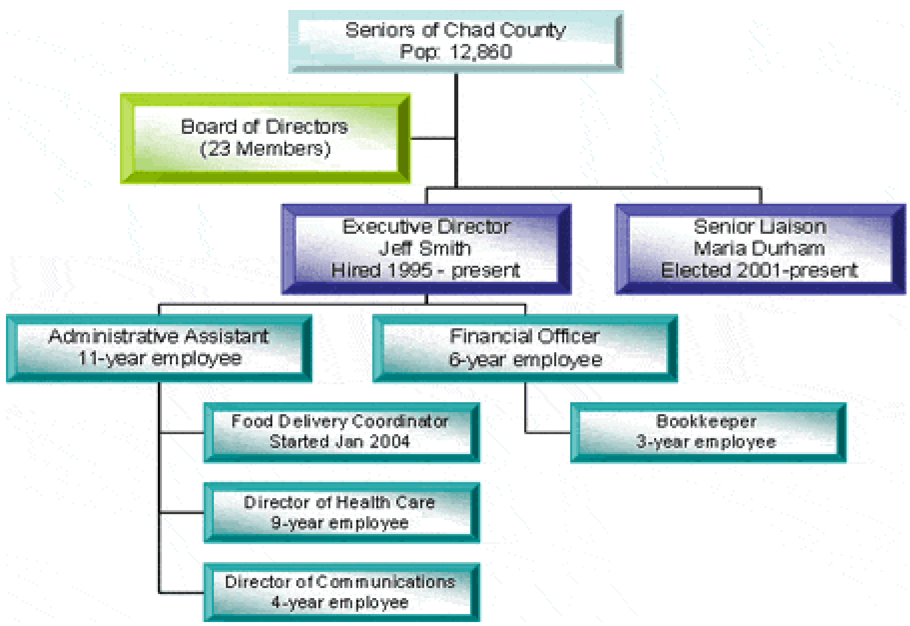
Organizational Structure
Create an organizational chart to illustrate how your organization is structured. Include the names of individuals in administrative positions, titles, and how long each staff person has served in a particular position. This helps to build credibility for your organization.

It's important to "paint of picture" for the reader. One that says, "This is a stable organization, with strong leadership."

Always note the population you serve at the top of the chart. It says to the reviewer that you know who you serve, and are aware that their needs are what drive your organization's programs.

Keep copies of this chart on your computer in two sizes: one that fits on a full page and can become an attachment to a full proposal, if needed, and one that fits on half-a-page and can be inserted into the body of a proposal.

Here's an example:



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The fourth article in this series addresses the organization's operating plan. If your organization doesn't have an operating plan, it's time to develop one.

An operating plan is an invaluable document when submitting grant requests for general operating support. Remember that the number one reason donors give to organizations is because they're well run and efficient. Without an operating plan, your organization is probably neither. Click here to learn more about developing an operating plan.

Operating Plan
Two or three months before the beginning of your fiscal year you want to begin developing the operating plan and budget for the next year.

An operating plan is a schedule of events and responsibilities that details the actions to be taken in order to accomplish a set of goals and objectives. These goals and objectives are often developed via a strategic planning process that includes both staff and board.

An organization should have annual operating plan that corresponds to its fiscal year. If your organization has more than one department, you'll want to develop an operating plan for each department.

The plan ensures that everyone knows what needs to get done, coordinates their efforts when getting it done, and can keep close track of whether and how it got done.

There are three important attributes that make up an operating plan:

- an appropriate level of detail (enough to guide the work, but not so much that it becomes overwhelming, confusing, or unnecessarily constrains creativity);
- a format that allows for periodic reports on progress toward the specific goals and objectives; and,
- a structure that coincides with the strategic plan. (The goal statements for the strategic plan and the operating plan are one and the same; the objective statements for the strategic plan and the operating plan will be different.)

You're operating plan is directly connected to your operating budget. In fact, the process for developing the plan is much like the process you go through to develop your annual budget.

Here's a general list of items that should be included in an operating plan:

- Executive summary of the overall plan (write this last).
- Description of the organization, leading off with your mission statement.
- Goals (taken from your strategic plan if you have one).
- Objectives (make sure they are measurable and express an outcome, not an activity).
- Plan of action (articulate a set of action steps for each objective, and assign a person or position to oversee this set of actions)
- Timeline (there should be a timeline that accompanies each objective/set of actions).

The next step is to develop an operating budget that reflects your operating plan.

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The fifth article in this series addresses the organization's operating budget. The operating budget is the mirror image of your operating plan.

Operating Budget
Staff and board members should participate in the budgeting process.

The first step in a budgeting process it to take a hard look at the year just ending. You'll want to compare the projected budget for each line item with the actual expenditures, and then forecast upcoming costs based on the expected growth (or decline) in activities for each line item.

The Alliance for Nonprofit Management has a helpful description of this process on their website at http://www.allianceonline.org/FAQ/financial_management/how_do_we_prepare_budget.faq.

There is a set of financial questions and answers on this website, as well. Go to http://www.allianceonline.org/FAQ/financial_management if you have additional questions not answered in the budgeting process description.

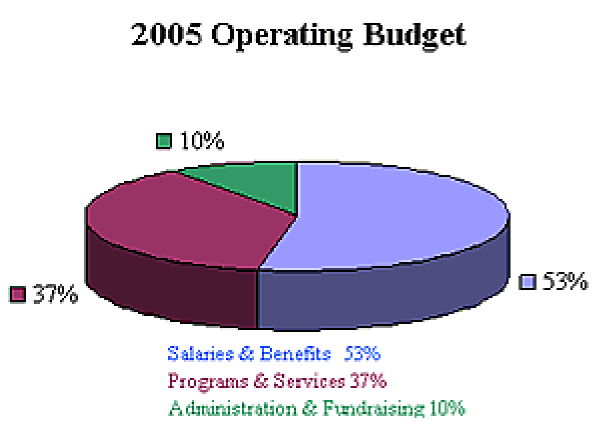
Presenting your budget
You should present your budget in three different ways:

- Narrative format (a short summary that refers to percentages and precedes the standard format).
- Visual format, such as a pie chart that reflects the percentages mentioned in the narrative.
- Standard numerical format.

Narrative format:
The narrative may read something like this:

The overall annual budget for the Center for Women and Children is projected to be $465,000. Of this amount 53% is for salaries and benefits, 37% is for programs and services to women and children, and 10% is for administration and fundraising expenses.

Visual format:



Here's a much abbreviated sample of a format for your annual budget:

Standard format:

Item	Annual Expense
A. Personnel	
(Salaries, Wages)	

Executive Director	$65,000
Administrative Assistant	$47,500
Program Director	$38,000
Program Assistant	$32,000
Development Director	$38,000
Membership Coordinator	$32,000
Office Assistant	$26,500
B. Benefits	
Medical/dental coverage	$22,000
C. Contractual	
1. Web design and maintenance	$11,500
2. Accounting (monthly)	$500

Obviously, we haven’t fleshed out the budget, but I wanted to give you an idea of how it might look.

You want to be sure to create a line item for every expense you expect to encounter in the coming year. It is better to over budget then to under budget.

At the end of each quarter you will take your annual budget and compare it to actual expenditures. You can adjust the budget at that time, or wait until year end. I like to keep a good handle on my budget, so I tend to adjust quarterly.

Comparing last year’s budget (projected) to the actual expenditures can be very helpful when developing next year’s budget. So be sure to keep a copy of the projected budget for year end comparisons.

The sixth article in this series addresses the organization's audited financial statement.

Audited Financial Statement/Balance Sheet
You should consider having a financial audit done at least once every two years by a Certified Public Accountant (CPA) or Independent Public Accountant (IPA).

The accountant will review your financial policies and procedures, as well as your financial statements. Your organization will then be issued a statement from the auditor either indicating that there are no problems, or identifying potential problems and perhaps making suggestions on ways to clean up these problems.

Most organizations will establish an audit committee to work with the auditor and staff throughout the audit process. The audit committee usually reports directly to the Board of Directors once the audit is completed.

However, the staff is responsible for providing all the needed documents, reports and other information that will help the auditor and the audit committee complete that task.

The objectives of an audit are to:

- Demonstrate that ethical standards and accountability are concerns taken seriously in your organization.
- Ensure that proper financial policies and procedures are in place.
- Create and sustain an environment for ethical behavior.

The Audit Committee
According to the National Council of Nonprofit Organizations, the audit committee has several significant responsibilities, including:

- overseeing the integrity of the organization's financial accounting process and systems of internal controls regarding finance, accounting and use of assets;
- overseeing the independence and performance of the independent auditors and staff with finance responsibilities;
- overseeing the operation of the policies on conflicts of interest and the organization's board-staff communications; and,
- providing an avenue of communication among the organization's independent auditors, management, staff, and the board of directors.

Also, according to the National Council of Nonprofit Organizations, the "audit committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as to anyone in the organization. The audit committee has the authority to retain, at the corporation's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties."

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The seventh article in this series addresses the organization's IRS tax status.

IRS Tax Status
If you already have your 501(c)(3) IRS tax status, keep copies close at hand as you will need to attach a copy with most grant proposals.

If you do not have an IRS tax status, then you need to get one. In order to apply to the federal government for a 501(c)(3) designation, you will need to:

1. Choose an available business name that meets the requirements of state law.
2. File formal paperwork, usually called "articles of incorporation," and pay a small filing fee (typically under $100).
3. Create corporate "bylaws," which set out the operating rules for your nonprofit corporation.
4. Appoint the initial board of directors. (In some states you must choose your initial directors before you file your articles, because you must list their names in the document.)
5. Hold the first meeting of the board of directors.
6. Obtain licenses and permits that may be required for your corporation.

To apply for the IRS tax exemption, you must complete IRS Form 8718, *User Fee for Exempt Organization Determination Letter Request*, and IRS Package 1023, *Application for Recognition of Exemption*.

For instructions on filling out these forms, read IRS Publication 557, *Tax-Exempt Status for Your Organization*. (You can obtain all of these items for free by calling 800-TAX-FORM, or you can download them from the IRS website at www.irs.gov.) If you need a bit of help deciphering the IRS-speak, consider downloading Nolo's plain-English eGuide, *Nonprofit Corporations: Qualify for Federal Income Tax Exemption*.

Filing may vary from state to state
In a few states (California, Montana, North Carolina, and Pennsylvania), you must complete a separate application to get a state tax exemption. In other states, as long as you file nonprofit articles of incorporation and obtain your federal 501(c)(3) tax-exempt status, your state tax exemption will be automatically granted. In still others, to get your state exemption you must send in a copy of the IRS determination letter that granted your federal exemption. Contact your state tax agency to find out what steps you must take.

There are limits to what you can do if you're a nonprofit corporation
In addition to keeping corporate records, nonprofit corporations must follow some additional rules and abide by certain prohibitions in order to retain their tax-exempt status.

Nonprofit corporations:

- cannot contribute money to political campaigns.
- can engage in only limited lobbying activities.
- must not distribute profits to members, officers, or directors.
- must pay taxes on income from "unrelated activities."
- cannot make substantial profits from unrelated activities.
- must distributed its assets to another tax-exempt group if it dissolves.

How do you move out from under an umbrella organization?
The easiest way to take care of the paperwork is to file your Form 1023 (the federal nonprofit application you must file with the IRS) as an existing nonprofit, and explain how you operated as an auxiliary of the parent group in the past. This should help you obtain your own 501(c)(3) IRS status, and will be less complicated than explaining and verifying how and why you plan to operate as a nonprofit in the future.

Do we need to file any other forms?

Nonprofits are required to submit their financial statements and other information, including the salaries of directors, officers, and key employees, to the IRS each year via the IRS Form 990. Nonprofits must allow public inspection of these records during regular business hours at their principal offices. There are also a number of websites which make Forms 990 available for the general public including GuideStar.

If you would like to learn how to read the IRS Form 990 you can check out this helpful guide: How to Read the IRS Form 990 and Understand what it Means.

If you need to file the IRS Form 990, or an extension, you can go to Efile Form.org.

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The eighth article in this series addresses the organization's board of directors, and how you can use your board to help establish your organization's credibility, and secure grant awards.

The Board of Directors
The board of directors of a nonprofit is legally and financially responsible for the conduct of the organization. Board members are active participants in the management and development of an organization, so becoming a board member is a responsibility to be taken seriously.

In some states, there may be laws which establish a minimum sized board (in other states, new nonprofit organizations can have a board of directors consisting of one member). It's best to review state laws concerning nonprofits to make sure you comply with the minimum requirements. As a general guide, nonprofit organizations should have at least five or more members who are related only in their commitment to the organization.

The varied talents and contacts of a board can help an organization grow, and it can help you secure funding. A good board member is one that brings unique ability and perspective to a board and takes an active interest in the organization.

How to use the board to win grant awards

Write a short bio for each board member. These bios should be short, only a paragraph at most. Here's an example of a board member for a performing arts organization:

Jennifer Smith is the Vice President of Commercial Loans at First National Bank of Baltimore, and has served on the Baltimore Performing Arts Association Board for three years as Secretary/Treasurer. Ms. Smith served as the Baltimore United Way Chair in 2005, and has recently been appointed by the Governor of Maryland to serve a five-year term on the Maryland Department of Commerce, Revolving Loan Fund Board. Ms. Smith brings 20 years of financial management to the Arts Association Board.

You want the bios to work for you in two ways:

1. Attach the complete list of bios to grant requests when the grantmaker requests a list of your board members.
2. Cut and paste individual information, such as the one noted above, directly into your grant requests, as needed.

For example, you could use the information about Jennifer Smith in opening of your budget summary in your grant request to show financial oversight by the board. Once this information is written up, you will find many uses for it.

When writing your grant request, you want to make strong connections between your board members and their talents specific to the organization's work. For example, if one of your board members is involved in website design, refer to him or her if your proposal includes a request for upgrades to your organization's website.

Keep these bios up-to-date by having the board review them at their annual meeting, or the first board meeting of each year. Date stamp this information so you always know you have the latest information.

Using Committees
Every board works with a set of committees: finance committee, program committee, development committee, etc. Some of these are permanent committees (standing), whereas others are temporary (web design committee).

Develop a short job description for each committee much like the bio for each board member. If others besides board members serve on these committees (and I encourage this, as it is a great way to groom new board members), be sure and develop a bio on each of them, as well.

Again, these short descriptions and bios can be used as you develop your grant requests.

Using this kind of concrete information always helps build credibility for your organization in the eyes of the grantmaker.

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The ninth article in this series addresses the organization's administration and staff, and how you can use their experience and skills to help secure grants.

Administration and Staff

You can use the skills and experiences of your administration and staff to help build strong grant requests, just as you used the board of directors information (see previous article).

You want to create short bios focused on key staff members' skills and qualifications that you can cut and paste into grant requests as needed.

Here's an example of a staff bio for a program director at the town's food bank:

Bob Adams has been Director of Food Acquisition and Delivery for five years. Bob originally came to Central City's Food Bank as a Vista volunteer in 1999. In early 2002, Bob developed an online food acquisition program that more than tripled the amount of food donated each month to Central City's Food Bank. Due to Bob's innovation, Central City Food Bank received the 2003 Nonprofit Organization of the Year award from our Governor.

You can cut and paste this information into grant requests when you need to refer to the staff person(s) who will oversee a project.

You may also want to include this information as an attachment to your grant request if you think it would be helpful. It seems to be particularly applicable when used with a request for general operating support.

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The tenth article in this series addresses documenting the general need for your organization's mission, programs and projects. Keeping copies of up-to-date reports, statistics, and other information regarding the work you do can be very helpful when developing a grant proposal.

Documentation of General Need

Keep copies of everything and anything you read that will help you build your need statements.

You can use quotes from press releases, letters to the editor, editorials, news stories, even radio and TV shows (though you'll have to get a copy of a transcript of the program if you truly want to quote from it) to help document the need for your work.

This is a great job for a board member who is hesitant to be "out front" in their fundraising. Let them do research on the web, review magazines, clip newspaper articles, get transcripts from local government meetings, radio shows, etc. to help document the need for your work.

When you write your need statement you'll be trying to create a sense of "urgency." One way to do that is to show a pattern of need over a period of time. For example, if you are trying to raise grant dollars to help install smoke detectors in low income homes and apartments, you might want to collect all of the newspaper articles/headlines that talk about fires in the past year. Something like:

Columbia Daily News

> January 17, 2004 Twelve die in apartment fire in South Columbia
> January 31, 2004 Infant lost in house fire on 12th Avenue
> February 7, 2004 Several hospitalized, one dies, after apartment complex fire
> March 2, 2004 Nine cats die in home fire, woman escapes with two kittens
> March 7, 2004 Fire blazes through apartment complex, three die

You'll want to make note of all the fires for an entire year. Just listing these headlines and dates at the beginning of a need statement for your grant request can be very powerful, and immediately create a sense of urgency for your request. As you can see, this can be a great assignment for a board member (to track the newspapers and clip information you can use in grant requests).

Keeping copies of magazine articles, online publications, even cartoons is also helpful. For example, if you were writing a need statement for grant support to help stimulate the hiring of women in environmental advocacy positions you might quote something like this as the opening to your need statement:

> In her article titled "Women in Natural Resources: Stimulating Thinking About Motivations and Needs," Sally Angus reviewed a survey of 751 fish and wildlife professionals (Wildlife Society Bulletin, Jan. 2005). In her article she states, "According to women (responding to the survey) their... most significant unmet needs... were opportunities for career development (33%) followed by unmet needs for a strong female network (13%)..."

Finding information within that can help you

You may also want to write up several case histories (clients served, issues you've addressed, etc.) that can be used as short vignettes to open the need statement. Having these written up ahead of time will save you considerable time when preparing the grant request. This is a good assignment for the director in charge of a particular program, or for a board member who has good writing skills.

In-house surveys, as well as regional, state, and national survey results can be very helpful when writing grant requests. Collect this information, and be sure to get the latest statistics. Toss anything that is out-of-date.

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Documentation of the need for your work is critical, so make sure you spend time collecting this information throughout the year. When it comes time to write a grant request most of the documentation you will require to build a strong need statement will be at your fingertips. Your job will be to select the most compelling statistics, stories, and quotes to create a winning request.

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The eleventh article in this series addresses basic materials to have at the ready, including brochures and annual reports and how to best present them in your grant request.

Basic Materials

Establish a set of files that includes all of the basic information about your organization. This will include brochures and annual reports, newspaper clippings about the organization, press releases you have issued, and any other relevant information that you produce.

For example, many organizations do research or conduct surveys. Copies of these reports and survey results should be kept in a file.

Be sure to keep enough copies of brochures, reports, etc. when they are printed and distributed. It is not unusual to “run out,” so you want to set aside a number of copies (and keep them pristine) for your use as attachments to grant requests throughout the year.

Organizational brochure and annual reports

Archive all of your brochures and annual reports. Keep several copies of each so you can use them in subsequent proposals. For example, it is great to be able to show the progression of the organization over the years when you are trying to secure a capacity building grant. It helps the funder understand how much the organization has grown.

If you keep this information both in hard copy and on disk, you can cut and paste from previous annual reports and brochures to easily demonstrate growth in the organization. This information also helps when preparing general operating requests.

A title page for a capacity building request could be a series of cover pages from annual reports for the past ten years. Oftentimes a visual, such as the cover pages, can demonstrate a maturing organization much better then words.

The same is true for the programs and services you offer. Taking a page out of your brochure and comparing it to the same page ten years ago could effectively demonstrate how the organization has grown.

Concept papers, letters of inquiry, and completed proposals

Always keep a copy of all letters of inquiry and proposals you submit. You will be cutting and pasting information out of these copies for months (perhaps years) to come.

I suggest filing these documents by area of request (i.e. capacity building, general operating, special projects), and then by date. It makes it easier to find a specific paragraph you want to “cut and paste” if they are neatly categorized and filed. It doesn’t help much to keep this information if you aren’t going to be able to access it easily.

Basic information, such as those items we’ve mentioned, should be kept somewhere that everyone in the office can easily access it. This information is not only useful for grant requests, but can be very useful when developing the latest annual report or a new brochure.

Always weed out old information but don’t throw it away. All of these items should be archived, as they document the history of the organization. Be adamant about making sure your archived materials are well tended, as you never know when you will want to refer back in time.

The final article in this series addresses other information to collect and file to help you develop compelling grant requests. This information includes such items as maps, photographs and charts. You want to be able to use this information as either attachments to your grant requests, or to incorporate these visual aids into the body of the grant proposal.

Other information
By including such items as maps, charts, and photographs, either as an attachment to your grant request or imbedded in the body of the request, you can help the proposal reader visualize your situation.

Keeping a set of files that includes visual aids, such as photographs, will allow you to quickly and easily incorporate these graphics into your grant request, or use them as an attachment.

What kinds of visual aids might you collect?

Maps of the area or region
A map of the neighborhood or region your organization serves will help the funder to identify where you are in the world. You can incorporate these maps right into the body of the proposal or even on the title page. Or you can simply attach the maps to pique interest.

Maps are always interesting and tend to capture the viewer's imagination. I like to include a map in almost every proposal I submit. You can get maps off the web, or many other places. If you want geological maps you can go to the U.S.G.S. and order them; if you want a locally drawn map you might check out the Chamber of Commerce (they often have maps of the local area). Make it a habit to collect maps of the region where you work, even if your program is national or international.

Photographs
This is yet another great project for the board member that is hesitant to undertake traditional fundraising tasks. Taking, collecting and cataloging photographs of your work can be extremely helpful when it comes time to submit a grant request. Photographs that "show" the funder exactly what you do can be very powerful.

Charts and graphs
Though charts and graphs are time consuming to create, they will add a strong visual element to help strengthen need statements and other parts of your proposal. Again, a great task for a board member or volunteer is to create charts or graphs from statistical information you have collected for your need statement.

Using the charts and graphs on the title page, imbedded in the need statement, or to demonstrate potential outcomes can be a great way to help the reader visual the situation and how you intend to address it.

Collecting this information will help you develop impressive and top-rate proposals. Make sure you keep these files up-to-date, because using old information can rather than help harm your chances of securing a grant.