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PRACTICAL WISDOM FOR GRANTMAKERS

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# BUILDING COMMUNITY INSIDE & OUT WITH A GOOD NEIGHBOR COMMITTEE

# building community: inside & out

with a  
good neighbor  
committee

## **PAGE 2** **Introduction**

Many organizations – businesses, civic groups, foundations, or otherwise – might like to have a regular vehicle for supporting and participating in community activities in the neighborhood(s) where they operate. Forming a Good Neighbor Committee can help with that goal, and can do something more: provide a leadership opportunity for employees who are interested in the organization’s relationship with its neighbors. The Ford Foundation’s Good Neighbor Committee offers one model of how such committees work and what they can accomplish.

## **PAGE 4** **Starting a Committee**

Organizing the committee begins with deciding on its goals, who should be members, how long they will serve, who will facilitate and lead the group, and what its budget will be. This section offers ideas for how to start, and what issues may arise in the early stages.

## **PAGE 7** **The Committee’s First Steps**

Once a Good Neighbor Committee is formed, its members will have a number of

further issues to settle: What’s the definition of the “neighborhood”? What kinds of activities might they support in the neighborhood, and how will they learn about its needs and the organizations they might fund? What duties will each member be expected to perform, and how will the committee organize its workload? Every committee answers these questions differently. This section offers some ideas and examples.

## **PAGE 12** **Making Grants**

Committees will soon need to decide what kinds of proposals they will consider, how they will solicit and judge those proposals, and how final decisions about grant awards will be made. Making site visits, circulating Requests for Proposals, and developing a procedure for reviewing and selecting among the grant applicants are essential elements in most Good Neighbor grants programs. This section illustrates how they can work.

## **PAGE 20** **Afterword: The Nuts and Bolts of Grants Management**

Designing a program and selecting the grantees are the main creative challenges of a

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Good Neighbor Committee — but the important work doesn't end there. Grant decisions must be responsibly documented, grantees must be notified of the conditions and responsibilities that come with the grant, and committees usually want to monitor and assess the grants they make. This section offers some standard techniques for pursuing these objectives.

## SPECIAL FEATURES

- 21 Other Sources for Learning about Grant Making**
- 22 A Sample Request for Proposals**
- 24 Frequently Asked Questions**
- 25 Other Ways To Use This Guide**

**“For me personally,** it was a great feeling of developing, of growing. It's given me a sense of ownership of the foundation's mission. I now have a greater appreciation for what we do, and I feel like a bigger part of it.”

— Committee Member

**“When we heard** about the Good Neighbor Committee and their goals, instantly a light bulb went off. We said, okay, this is an opportunity for us to provide a new resource and collaborate with a credible organization with goals similar to ours. I think that for what we were trying to do, it was just perfect.”

— Community Member

*This guide was written by Kyle Reis and Mary Lampson. It is part of the GrantCraft series.*

*Underwriting for this guide was provided by the Ford Foundation.*

*Publications and videos in this series are not meant to give instructions or prescribe solutions; rather, they are intended to spark ideas, stimulate discussion, and suggest possibilities. Comments about this guide or other GrantCraft materials may be sent to Jan Jaffe, project leader, at [j.jaffe@grantcraft.org](mailto:j.jaffe@grantcraft.org).*

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## Introduction

# What is a 'Good Neighbor Committee'?

Business or philanthropic organizations sometimes look for ways to be more active, constructive members of the community where they are located. They may already make the occasional goodwill grant to a local civic organization or cultural institution, sponsor a little-league team, or send representatives to community events. But often, they'd like to do more and to have a more consistent role addressing needs in the area around their offices.

In other cases, corporations and foundations have also sought to cultivate close relationships with communities far from their headquarters, but where the organization nonetheless has close ties of history or family. In an increasingly mobile world, one's "neighborhood" may be much farther away than the front door, yet closely associated by some form of kinship.

In all these cases, grant makers or corporate officers occasionally ask, "How can we work hand-in-hand with other local organizations, residents, and leaders to improve a community that we feel part of?"

To do that, a few companies and foundations have found it useful to form a "Good Neighbor Committee" — a team of employees who live or spend time in the community, interact with other residents and leaders, and help formulate

and propose grants for local benefit. Good Neighbor Committees (GNCs for short) create an opportunity for more personal interaction between their host organization and other parts of the community.

In the process, the activities of a Good Neighbor Committee can also provide leadership opportunities for employees who are not grant makers or community-relations experts, but have useful knowledge and concern about the community, and talent they can share. The relationships that grow from this kind of personal engagement can have an independent value, above and beyond the monetary value of any grants or projects they generate.

### **CASE IN POINT: The Ford Foundation's Good Neighbor Committee**

The Ford Foundation created its original Good Neighbor Committee in 1996. In general, the foundation's grant making extends around the globe. But the GNC was created to support organizations and activities in the part of the world that our headquarters staff can literally see and work in every day: the blocks between the Hudson and the East Rivers in easy walking distance from our building on East 43rd Street in New York City. Its other main purpose was to provide an opportunity for non-grant makers on the staff to take a

## WHERE THE EXAMPLES COME FROM

This guide is based mainly on the experience of our own Good Neighbor Committees in Ford Foundation offices around the world. It draws from the experiences and reflections of people who have served on those committees, and the comments of members of the community with whom they've worked. This set of examples is meant not as a blueprint or an ideal model, but as one body of experience from which some useful principles and possibilities might emerge.

direct role in the foundation's mission. The work of the Good Neighbor Committee has lately sparked offshoots within the foundation that reach far beyond the boundaries of midtown Manhattan. Five of our overseas offices (Beijing, Hanoi, Nairobi, Santiago, and Rio de Janeiro) have also formed their own versions of the GNC to address the particular needs of their neighbors.

The New York GNC is made up of 10 to 15 staff members who each volunteer for an average of two years. Committee members come from all divisions of the foundation, including administrative, investment, and grant making, but participation is limited to those whose regular duties do not normally involve recommending grants.

Since its inception in 1996, this committee has granted nearly \$1.2 million to more than 40 different organizations

serving midtown Manhattan. Grant sizes have been as small as \$3,000 and as large as \$70,000. We now have an annual budget of \$500,000. Grantees range from local community organizations that maintain parks in the area, to providers of shelters and social services, to cultural organizations that put on art performances and exhibits.

A brochure and an audio-visual program on CD-ROM about the committee can be found on the GrantCraft's Web site, including a brief history of the committee's work, snapshots of grantees, and an explanation of the mission and activities of the committee as told in the voices of committee members.

## WHO ELSE HAS A GOOD NEIGHBOR COMMITTEE?

The idea has also caught the interest of a number of other institutions. Other companies and organizations with emerging Good Neighbor Committees include Vassar College, the Rockefeller Brothers Fund, the Rockefeller Foundation, and the Alliance for Downtown New York.

## A SAMPLE MISSION STATEMENT

To encapsulate its mission, the New York GNC adopted this statement:

*"The committee supports organizations and activities that contribute to a positive, nurturing environment in midtown Manhattan. We look for grantees whose principal focus is on work that will contribute to the civic spirit, vitality, and liveliness of communities in this neighborhood. We serve as a resource by:*

- *Providing grant support for innovative activities offered in the area*
- *Encouraging emerging and established organizations to participate in this grant program*
- *Exploring opportunities for neighborhood-based organizations to get to know each other and exchange ideas and resources"*

# Starting a Good Neighbor Committee

## BUILDING LEADERSHIP WITHIN AN ORGANIZATION

At the Ford Foundation, committee members take on the responsibility of conducting research, meeting with local leaders from around the community, and making decisions about tangible ways to improve the community. That kind of participation can lead to employees discovering capacities both in themselves and in their co-workers that were previously unknown, unrecognized, and unexplored.

Most members of the committee have found they get to use skills and interests that are not always tapped in their day-to-day jobs. In the process, members get to know each other and discover or share talents that contribute to their job satisfaction and the organization's general morale.

There are just a few basic components of a new committee:

- A "lead" staff member or facilitator, who will call the group together and guide the meetings
- Volunteers to serve on the committee
- A budget for grant making
- Whatever logistical provisions — space for meetings, administrative budget, clerical support — may be necessary to help the group operate

The details will vary from organization to organization, but the following are among the issues that will probably need to be addressed early in the process.

## DEFINING YOUR REASONS FOR STARTING A COMMITTEE

Your efforts to build enthusiasm and recruit volunteers for a Good Neighbor Committee will be more successful if you can clearly communicate the idea and how it will advance your mission and benefit your organization.

The Ford Foundation's GNC, for example, was established to give staff who were not grant makers an opportunity to participate in the core function of the foundation; to create links with the neighboring community; to foster goodwill about the foundation as a neighbor; and to make its worldwide mission better understood among those who live and work nearby. The grant-making work of the committee adheres closely to the foundation's overall mission. In general, committees seem to work best when they are closely related to the

day-to-day work of the whole organization, not an anomaly that departs significantly from other civic or philanthropic activities.

■ **Internal goals.** Among the most common reasons for starting a Good Neighbor Committee is a desire to build a stronger sense of community within our own institution.

As one GNC member put it: "Ford's Good Neighbor Committees are diverse not only in terms of race and gender, but also where people are within the organization. Our committees include people from a broad range of functions, including managing the investment portfolio, greeting visitors, and working in the library and on our intranet. People bring their talents from their work and their personal life. They are talking to each other for the first time, sometimes even getting to know each other for the first time. That's been really useful for building new communities within the organization."

Among other things, the committee provides members with a leadership opportunity that entails building expertise, negotiating with others, and ironing out differences of perspective. As one member put it:

"The discussions can be very lively, because there are times when there are projects that you want to fund, and someone says, 'no, this isn't worth it; they can get funds from other sources.' So we have to be very, very open and very democratic. Everyone has to have a say at the

end of the day. And then we come up with a consensus.”

■ **External goals. Another common reason for starting a Good Neighbor Committee is to build community beyond the organization’s walls – to involve the organization and its employees in the well-being of a broader community.**

This is especially true for a large, international organization like the Ford Foundation. Although we actually made many grants in New York City, we had not always been seen as a member of the local community – just a global institution that happened to be located here.

#### **FINDING THE RIGHT PEOPLE TO SERVE ON THE COMMITTEE**

At first, it may be necessary to “market” the idea to a wide circle of employees, to be sure of recruiting people who are genuinely interested in the project and committed to making it work. Once it’s established, though, enthusiasm is likely to build on its own.

“At Ford, we started by sending a mass e-mail to our entire organization to describe the project, and then worked with the people who responded. Now that our committee has been operating for five years, we keep a running list of people who, over time, have independently told us they might be interested in taking part.”

And as one member put it:

“It is a challenge, since it is something that staff do on top of their regular work. But the rewards are there. It really does open your mind both to

problems that exist and to the dedication of people who are trying to help solve some of those problems.”

#### **MORE ABOUT WHAT, HOW, WHEN, WHY, WHO?**

■ **Workload:** “We try to meet during lunch and hold site visits so that they take only an hour or two of time. Members often attend grantee events on their own time, but we try to make the actual work of the committee take place during office hours.” Supervisors approve members’ attendance on the committee, and as part of that approval they recognize that members’ work performance is such that they can manage an extra activity.

■ **Operational decisions:** “We found it best to leave as many decisions about the operations of the committee – defining the neighborhood and particular mission of the committee, deciding how often the group will meet, setting the size of grants to be given, organizing subcommittees – to the members themselves.”

Conducting the research and debate to answer these questions gives committee members a greater ownership of their role, and it might lead to better answers than the organizers could have conceived beforehand.”

■ **Terms of service:** “It has been helpful, in our experience, for committee members to serve at least two years. That not only ensures continuity, but it provides enough time to build real experience and contacts in the community.”

### **BUILDING RELATIONSHIPS IN YOUR COMMUNITY**

Our committee has enabled us to be more of a resource and a constituent for nonprofit groups in our target neighborhood. This participation also helped to broker a community of relationships among our nonprofit neighbors themselves – many of whom share similar values and needs, but were previously unaware of one another.

For example, the committee invited all of its grantees to a luncheon at our New York headquarters where they could meet and talk informally and share information with each other, as well as meet foundation officers and committee members. This luncheon is now a regular event.



## DEFINING THE FACILITATOR'S ROLE

In addition to serving on at least one subcommittee, facilitators may take on these responsibilities:

- Track all incoming proposals and distribute them to the appropriate subcommittee.
- Set up training and information sessions for new members.
- Handle all grants administration, once a grantee has been chosen and a grant recommendation is written up by a committee volunteer.
- Set up regular meetings of the full committee.
- Organize idea-exchange meetings between the committee and other institutions interested in starting their own GNC.

You may also find it beneficial to choose members who have been working in your organization for at least a year, to ensure that the members know the organization well enough to speak and act on its behalf.

## CHOOSING A FACILITATOR

At least one relatively senior official is probably the best choice to serve as the committee's advisor or facilitator — someone to whom its members can bring questions about the institution's mission and other policies. Ideally, this person should be senior enough to review and approve each of the grants before they are finally made.

In general, the facilitator should also be able to think strategically about the committee as an expression of the larger organization, and to encourage new and innovative ideas. Still, like all other members, the facilitator needs to be able to function as a volunteer, without excessive demands on his or her regular workday, and be able to advocate for your committee in budget discussions.

In the Ford Foundation's New York GNC, three people have taken on various levels of leadership as facilitators. One is a department director who is

able to make budgetary decisions. Another has been a part of the committee since its inception, both as a regular member and as the committee's administrator, and thus is an advisor and institutional memory for the committee. A third is currently a grants administrator assigned to staff the committee.

## SETTING A BUDGET

Start small. The committee's budget should be proportionate to its size and your institution's ability to give. But at the beginning, it should also take into account the group's relative lack of experience. Members will need time to learn their new role, meet others in the community, and formulate a plan. The allocation can always be increased later.

Grants need not be large to be effective. Even amounts of \$1,000 or \$2,000 can make a big difference to a small under-funded organization in particular need. Still, it's wise to keep grantees' limited resources in mind. They will spend time preparing and applying for support, and later will report on how they used your grant. Make sure you have enough to give so that it's worth the effort required of them. At the Ford Foundation, our committee's average grant is now \$20,000.



# The Committee's First Steps

Before your committee can begin making grants, several decisions must be made about how it will conduct its business. This section outlines those structural issues and offers some suggestions for how to proceed.

## LEARNING MORE

Besides this guide, you may find other information about the Ford Foundation's GNC at its Web site: ([www.fordfound.org](http://www.fordfound.org)), or at the GrantCraft site, ([www.grantcraft.org](http://www.grantcraft.org)). There, you can listen to a short audio recording about the work of our committee, told by the members and grantees themselves. Members of our New York GNC are happy to take part in conference calls or meetings with others interested in starting a committee. You can also address specific questions to our GNC members by e-mail, at [goodneighbor@fordfound.org](mailto:goodneighbor@fordfound.org).

We also found several publications useful in forming or guiding our committee's work. (A list of these resources may be found on page 21.)

## CREATING A MISSION STATEMENT

In Lewis Carroll's *Alice in Wonderland*, the Cheshire Cat says, "If you don't know where you're going, it doesn't matter which way you go." An effective mission statement for your committee can provide guidance in making decisions about its activity, guide its grant making, and help in communicating the nature of its work to outsiders. Our New York Committee's mission statement (quoted on page 3) relates directly to the mission of the foundation as a whole: to be a resource for innovative people and institutions worldwide.

## SETTING GRANT-MAKING BOUNDARIES

Based on the size of your grant-making budget, your challenge will be to set eligibility criteria and invite proposals in such a way that they won't overwhelm your committee by bringing in too many, or defeat it by bringing in too few. Criteria should set up clear, reasonable expectations among prospective applicants, so that only those with some chance of success are likely to apply. That prevents an abuse of their time, as well as that of committee members — who are, after all, serving as volunteers.

A clearly defined set of boundaries for your committee's work will not only make the work more efficient, but make it easier to communicate the nature of its work within your institution, with potential grantees, and the rest of your community. Here are some steps that may help make the process most effective:

- **Define the geographic area you want to serve. It may be necessary to spend a lot of time at first thinking about how to define a community that was large enough to be diverse in needs and services, and yet still anchored by our location — close enough so that committee visits could be done at lunch hours or while walking to or from work.**

"With the New York Committee, we settled on the blocks between 34th Street and 50th Street, from the Hudson River to the East River. In that 200-block area, there are more than 1,800 nonprofit organizations."

## ESTABLISHING BOUNDARIES

As your committee takes shape, it'll help for them to:

- Define the geographic area it will serve.
- Decide whether to focus on certain topics.
- Choose whether to emphasize emerging organizations or more experienced ones.
- Decide whether to accept unsolicited proposals.
- Decide on a minimum and maximum grant size.
- Choose between supporting projects only, or offering general support, or both.
- Decide the length of support.
- Form a policy about whether to renew or supplement grants once they've been made.

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A committee with a much smaller budget may need to target more narrowly. Then again, if you're in a community that's less dense than midtown Manhattan, you may need to draw your borders more widely. Still, it's important to be able to visit grantees and other organizations in the target area without excessive travel, if that's possible.

"At the foundation's Nairobi office, for instance, committee members chose to limit their grant making to sites that were less than one hour's travel time away from the office. But in the Beijing office, due to serious flooding in both the south and north of China — separated by distances too vast for the committee to cover — the committee chose to make one large grant to an organization helping flood victims across the country."

- ***Decide whether to focus on certain topics. Will your Good Neighbor Committee make grants only in a specific field (e.g., youth development, education, the arts, etc.), or will you cast a more general net? For ideas on how to answer this question, look to your organization's mission and what came up in the conversations around creating your committee. It helps to have subjects that committee members are passionate about.***

"With our New York committee, the areas that emerged, not as an initial framework but only after we looked back at early grants we had made, were Arts & Culture, Civic Vitality,

Education, and Human Services."

This decision may become easier as you get to know your community better. It helps to read local newspapers, magazines, and bulletins in your neighborhood, to talk with community groups and residents, and to explore Web sites and databases. The most effective information source may well be conversation. It helps to pound the pavement, ask what the hot topics are for your area, and what is already being funded or what is being overlooked. You'll naturally broaden this research later, as you begin the actual grant-making process.

- ***Choose whether to emphasize emerging organizations, or more experienced ones. Limiting your consideration to established organizations with a track record of success may provide safer bets for your money. And even large or well-established nonprofit organizations can benefit from discretionary funds to try a new or innovative idea.***

On the other hand, a small grant could make a huge difference to an emerging organization that hasn't yet had a chance to prove its success. "The New York Committee decided not to limit itself either way but to aim for a balance between the two."

- ***Will you accept unsolicited proposals? Depending on the size of your neighborhood and the other limitations you have decided to place on your grant making, you may wish***

**to accept only proposals that you have asked organizations to submit.**

Opening the process up to unsolicited proposals at the start could bring more of a response than your members can handle in the time available. On the other hand, by limiting your work to only solicited proposals, you may miss an extraordinary project with which your members hadn't yet come in contact.

"At first, the New York committee accepted only solicited proposals. We developed a Request for Proposals checklist and sent it to organizations that we had discovered from walking the area and searching the Web. Now that the New York committee has more experience and a presence on the foundation's Web site, we consider all applications, and also ask former grantees to recommend others for consideration."

- **Decide on minimum and maximum grant size. Will your committee give several small grants or a few big ones? This will depend first of all on the size of your overall budget. But beyond that, you could try to benefit many organizations with small contributions, or make a big difference with fewer grantees.**

The New York committee, with a fairly substantial budget, initially invited potential grantees to apply for grants up to \$20,000. A different approach might be to invite applicants to say what they might do with "X" amount of money and alternatively what they would do with

"Y" amount. That would give you an opportunity to weigh the trade-off between allocating a larger or smaller amount to each organization.

- **How long will you support a given grantee? Our Committee grants are for one- to two-year periods, with an option to consider a renewal for a second period.**

After that, we normally consider future applications from a grantee only if they are designed to promote more effective collaboration among multiple nonprofits in the community. We also have created the option of providing smaller amounts of annual support specifically to support fundraising activities by nonprofits in the neighborhood.

"We want to build relationships with our grantees so that together we can support the community effectively. At the same time we want to have funds in our budget available to support new organizations and activities as they come along. So far, we have found that grantees appreciate our candor about the length of the funding stream, they benefit from what we do provide, and they often help us find related organizations to consider for future support."

- **Renewed or supplemental grants. Before making grant commitments, it helps to decide in advance about the expected length of the funding relationships you create. Will grantees be welcome to apply for continued or supplemental support for the same activities? For different activities? For how long?**

## **PROJECT SUPPORT VS. GENERAL SUPPORT**

Will your committee make grants only for a specific project an organization is undertaking, or will you be willing to contribute to its general operating budget? A grant for a specific project is easier to evaluate after the grant is finished, whereas it's harder to track the specific effect of a contribution for general operating purposes.

Yet nonprofit organizations — especially small ones — find general operating expenses and overhead the hardest things to cover. This may be an especially important point to consider if you decide you want to help such organizations to build their management and administrative strength. When making general-support grants, it's wise to be as clear as possible about what those funds will allow the grantee to do.

*"We keep our criteria open on this topic. Since our mission is to be a resource in the community, this openness allows us to be more responsive to what nonprofits say they need."*

## WHAT THEY DID / HOW THEY DID IT

*“When first started at our New York office, the committee was made up of eight people, and we did all of the work as a single body. Since then, both the budget and size of the committee have increased, and the Committee has been divided into subcommittees, one for each of our four subject areas. Members join whichever one suits their personal interests.”*

*“As proposals come in, they are assigned to a subcommittee, and each subcommittee then assigns one of its members to be the primary grant maker for that proposal. This member becomes the point person for following the proposal through the process, including coordinating site visits, informing the applicant about the committee’s decisions, writing the grant recommendation if the proposal is accepted, and maintaining the grantor-grantee relationship throughout the life of the grant.”*

### What additional criteria, if any, will you apply to future proposals from current grantees?

When making an initial grant to an organization, it helps to give the grantee some indication of whether your committee will consider future requests, and on what terms. At Ford, we explain that our committee will consider one additional request, after which we are willing to consider further support to activities done in collaboration with other grantees. Beyond that, our subcommittees set their own rules for whether they are willing to continue funding to grantees beyond the first grant.

“With the New York Committee, grantees can also be eligible for post-grant support of up to \$5,000 to help with the grantee’s annual fundraising drive. That allows the organization to continue to list the Ford Foundation as a sponsor for their public relations purposes, and it permits a smoother transition to ending the funding relationship.”

### ORGANIZING THE COMMITTEE’S WORK AND ASSIGNING RESPONSIBILITIES

In recruiting members for your committee, it’s helpful to give prospective participants an idea of how much time will be required, for what kind of work, and for how long a term. We do this by letting potential members sit in on some committee meetings, and we have created a list of general committee responsibilities.

■ **Subcommittees and individual duties.** Depending on the size of your budget and the number of grants you expect to make, it may be worthwhile to set up subcommittees to specialize in certain areas of activity or parts of the community. In that case, each subcommittee should have its own facilitator or chair to make sure that it’s functioning smoothly and that it fulfills its responsibilities to the rest of the Good Neighbor Committee.

If you decide to use subcommittees, you may find it useful to apportion the full committee’s budget among them.

“At Ford, each subcommittee receives the same amount of money, but an additional portion of the budget is set aside in case a subcommittee comes upon an unusual opportunity and requests a little extra for a special, larger grant.”

Another way to apportion the money might be to divide it by the number of members, rather than by the number of subcommittees. In that case, a subcommittee with four members might be allotted a budget twice as large as one with two members.

■ **Terms of service and time commitment.** Setting a definite length of service and a regular schedule of meetings can help potential new committee members evaluate whether they are able to make the commitment to serve.

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“With the New York Committee, members typically serve for two years, with regular meetings once every two months – but more frequently when funding decisions are being made.”

To ensure some continuity on the committee, it may help to stagger the terms, so that no more than half the

committee leaves at the end of any given year. One way to make that happen would be for half of the first committee’s members to have a three-year term, instead of two. Thereafter, a normal two-year term for everyone – or whatever length you decide on – will ensure that at least half the members stay on the committee at the end of each year.

### **HOW MUCH TIME DOES SERVING ON THE COMMITTEE TAKE?**

Setting a regular meeting day and time will help people decide whether they can join, and plan their schedules accordingly. It also helps to estimate how much work will need to be done outside of the committee meeting – including time spent on subcommittees, if any.

*“Our meetings take place at lunch time. Between meetings, members learn about and establish contacts with nonprofit organizations in the target area, conduct site visits, respond to grant proposals, and prepare grant recommendations for review by the full committee.”*

*“Members also communicate frequently with each other by email. All told, members of the New York committee typically spend a few hours a week on committee duties. Most of the work can take place over lunch or on a member’s way to or from the office.”*

# Making Grants

## THE COMMITTEE'S CHECKLIST:

- Learn about the community
- Request proposals
- Review and respond to proposals
- Conduct site visits
- Select grantees
- Carry on an effective grants program

## BUILDING A KNOWLEDGE BASE

It may help to compile a running inventory of nonprofit and community groups in the area, culled from newspapers and magazines, conversations with active residents and known leaders, even listings in telephone directories. If there are other foundations making grants in the area, they can be an excellent resource.

So is the Internet: You can search the Web for stories about organizations in your area, or consult online directories. For example, GuideStar ([www.guidestar.org](http://www.guidestar.org)) is a comprehensive online directory of nonprofit organizations in the United States, which you can search geographically.

Once procedures and responsibilities are set, it's time to get to the business at hand: making well-thought-out grants that genuinely benefit your community. It may help to think of this work as taking place in the following phases.

### LEARNING ABOUT YOUR COMMUNITY

One member described this preliminary fact-finding stage as humbling: "It was a real surprise that there were so many organizations out there. It looks on the surface that there is not that much going on in a neighborhood, and it is only when you start to dig deeper that you begin to see all the things that people are doing to support each other. And it's humbling; it was very humbling to everybody. Also, we knew we could work for a long time before we ever got to the end of the list. So that was very encouraging."

In earlier sections, we've discussed the value of spending time in the community and encouraging members to get to know who's doing what, what the needs are, and how your organization can help. That's a continuing activity, well worth keeping up throughout the year. But in preparation for a round of grant making, it may be wise to undertake a more thorough, organized reconnaissance, in which members deliberately seek out as many local leaders and organizations as possible to gather ideas about how to shape and focus the grant-making effort. Your neighborhood inventory will grow and change constantly, and members should be encouraged to add informa-

tion to it regularly as they reconnoiter. But even if the list is never perfectly complete, it can be useful to try to capture as good a picture of the local universe as possible. That's one good way of deciding on subject areas for grant making, dividing up responsibilities among members, and soliciting proposals from eligible recipients.

### REQUESTING PROPOSALS

One of the early grantees of the Ford Foundation's New York committee describes her first encounter with the committee this way: "We operate five senior centers in New York, and we are one of the few agencies that does have a significant number of homeless seniors. I almost fell off my chair when I got this letter from the Ford Foundation saying, 'Would you like to apply for some money?' I was like, 'Yes! I'd like to do that! That would be an excellent thing to do!'"

The letter this grantee received was a Request for Proposals, or RFP<sup>1</sup>, which we mailed to a number of local organizations culled from the "universe" of names on our inventory list. You may decide to contact prospective grantees as we did, as part of a large general mailing, or you may be able to seek them out one-by-one. Either way, the objective is to let them know that you are considering proposals. Give them the general guidelines and criteria you plan to use for your selection, and let them know when and in what form proposals should be submitted.

<sup>1</sup> For a fuller discussion about RFPs and ways of conducting grant competitions, you might also want to consult the separate GrantCraft guide "Using Competitions and RFPs," available from the Ford Foundation or on the web at [www.grantcraft.org](http://www.grantcraft.org).



"We do a lot of work up-front to find out about organizations that seem to fit our mission. When we contact them, we try to be realistic and not to create undue expectations. The last thing we want to do is to contact a lot of organizations and raise their hopes, only to turn them down in the end. That's one reason for encouraging organizations to contact us first, before they prepare a formal proposal."

(We've included a sample RFP on page 22 of this guide.)

### REVIEWING AND RESPONDING TO PROPOSALS

Reflecting on this stage of work, one committee member said: "It's almost like a dance, you're engaging people in a relationship where you obviously have most of the cards and you have to be respectful of that. It becomes a very intense relationship."

Most organizations that received our RFP did ultimately decide to submit a request for funding. As the proposals came in, we routed them in groups of three to five to each committee member for review. To allow plenty of time for careful reading and reviewing, we scheduled our next meeting to occur several weeks after the proposals had been distributed. Over a period of roughly six months, we made it through a thorough review of all the proposals and managed to answer almost all the questions and concerns raised.

Reviewing a proposal can seem like a daunting responsibility at first. You may

not, for example, find all the information you need to make a decision, and there may be sections that you simply don't understand. That's to be expected; you will hardly ever make a grant decision based solely on the information in a proposal. Most of the time you will need to ask follow-up questions, and if the proposal seems strong, you probably will want to visit the organization and ask your questions face-to-face.

In any case, it's essential to have a clear understanding of the projects that you fund, even if that takes some probing. We've learned to avoid any temptation to fund projects that the committee is ambivalent about supporting.

Most of all, we find it crucial to reply promptly to every proposal. We quickly send applicants a postcard informing them that we have received their application and reminding them of the timeline on which they can expect to have an answer. We try to put ourselves in the shoes of the applicant: Nothing is worse than submitting a proposal and then hearing nothing in response.

Once proposals are in hand, they can generally be divided into three main categories:

- No match with the committee's objectives (therefore, a decline).
- A possible match, but needs further investigation.
- A definite match.

### USING REQUESTS FOR PROPOSALS

RFPs, as they're often called, can come in many forms, from simple one-page information sheets to elaborate formal documents many pages long.

*"Our committee's preference is to keep them short, simple, and informal, so that busy people in local nonprofit organizations can determine quickly and easily whether to contact us and learn more about submitting a proposal, and how to do so. We give potential applicants a one-page description of our mission and a short list of the documents they will need to send us in order to be considered for a grant."*

*"We encourage organizations to contact us first, before sending a full application, so they don't do unnecessary work. We also outline important information about our committee's process: a date by which applicants can expect to hear back from us, the fact that we will conduct a site visit to meet with potential grantees, and so forth."*



## WHY ARE SITE VISITS IMPORTANT?

The site visit is one of the most important tools to use in determining your ultimate funding decisions. An in-person look at a potential grantee's activities, along with a conversation about the committee's most pressing questions, can complement a written proposal to give a thorough portrait of the applicant's request. The visits are often the most interesting part of the process; they are open-ended interviews with people about what they love to do.

If you've managed to make your objectives clear in the RFP and in preliminary conversations with local organizations, then the first category should be small. The third one is likely to be small too — it will probably contain only organizations that are already well known to committee members, and whose needs clearly connect with your program goals. The majority of applications usually land in the middle — category two.

A letter conveying your preliminary decision should be sent as soon as possible. Those who are not going to be considered further will obviously be disappointed, but they will likely appreciate a prompt declination that explains why their proposal didn't fit the committee's specific mission or objectives. The letter can make clear that this decision is not necessarily a reflection on the quality of the organization's work or on the committee members' appreciation of its value. It's always hard to say No, but a negative decision is generally easier to take if it arrives in a timely fashion with a clear explanation of what the Committee does fund.

If the applicant's proposal is a possible or definite match with your objectives, the letter will naturally be easier and more satisfying to write. It should inform applicants that, based on their initial proposal, you would like to discuss the matter further, and will be contacting them for an appointment. If there is additional written information you need, the letter can ask for that information with or without promising a follow-up appointment.

## CONDUCTING SITE VISITS

One longtime member recalls a first experience with site visits: "It is not surprising to feel a little nervous about being in the new role of grant maker. One way to orient yourself is to put yourself in the shoes of the applicant and imagine how you would like to be treated. Often, puzzles about what to say or how to say it will become immediately clear."

First and foremost, the business of making grants involves establishing a relationship between the grantor and the grantee. Talking at length and in depth with applicants and making certain they understand the fundamental purposes of the Good Neighbor Committee can sometimes lead to exciting new ideas.

Keep in mind that, most of the time, organizations form Good Neighbor Committees precisely so they can develop firsthand relationships with the leaders and organizations in their neighborhood. In those cases, it's probably a mistake to think about a site visit as if it were a one-time, discrete part of the grant-making process. Rather, site visits and one-to-one conversations are likely to be a continuing activity for committee members, at least with organizations directly involved in the program areas you've chosen to focus on.

Consequently, you may decide to make your first site visit to some organizations before you circulate your RFP, just as a get-acquainted step, or as part of your overall reconnaissance of the neighborhood. Later, another such visit

may be part of your consideration of the group's proposal. Then, if you decide to award a grant, there are likely to be other visits down the road, within reason, either for monitoring the grant or just for good relations.

That said, it's important to remember that very few organizations ever turn down a request from a funder for a meeting. They may be in the midst of their busiest season, hustling to prepare a proposal for another funder, or just overwhelmed with work – but they'll probably set aside two hours to see you anyway. So, as valuable as site visits can be, it's also worthwhile to make sure you're not unduly imposing on the organization's time or distracting its staff from other work. Remember: they're not likely to tell you – at least at first – that your request for a meeting is coming at a bad time. You'll just need to be alert and sensitive, and hope they'll feel freer to be candid with you as time goes on.

■ **When the site visit is a first contact.** Prior to making the visit, it's best to do some homework. If you have not yet received a proposal from the organization to be visited, you can still read up on the institution, visit their Web site, and research their area of work.

By doing this, you will be able to use the time you spend with the potential grantee efficiently by asking pertinent, informed questions and by really zeroing in on what they're trying to accomplish.

■ **Before the visit.** Remember that a site visit is a very important event

**to a potential grantee, who will quite likely put a lot of energy into planning the visit.**

Explain to the potential grantee that you want to learn more about their work by visiting with them, and ask what they think would be the best thing to do. Let them know how much time you have, and whether there are particular people or things you would like to see. You might even suggest that the organization develop an agenda for the site visit ahead of time and let you know what it will be.

"If possible, we schedule our site visits at times when there is some type of program activity going on at the site – something that visitors from our committee can observe. It really helps to be able to experience the work of the potential grantee firsthand, in addition to meeting with them. Also we schedule the visit at a time when two or three committee members can attend."

While it's helpful to have more than one member's perspective on a given applicant, too many people can make it hard to have an informative, relaxed conversation.

■ **During the visit.** Most of the time, you'll probably want the visit to result in the kind of creative, lively conversation – an opportunity not just for information, but for "excitement."

But that takes time. It often takes more than an hour – and sometimes more than a single visit – to establish

## WHAT THEY DID/ HOW THEY DID IT

Before making a site visit it's important to take the time to prepare yourself, and the grantee.

*"In advance of the visit, our subcommittee meets as a group, talks about the proposal and the potential grantee, and formulates some preliminary questions about the organization. We normally come up with a long list, but try to narrow it down to the three most important ones to ask, so as not to overwhelm the visit with questions. We then notify the potential grantee of our questions ahead of time."*

## SITE VISIT TIPS

It can't hurt to begin by reminding the people you're meeting of the reason for your visit, your role on the committee, the committee's role in your bigger organization, and the fact that you are acting in a volunteer role. You may have explained those things in earlier correspondence, but many non-profit organizations play host to frequent visitors, and might not necessarily remember exactly what you told them.

In any case, you'll probably want to be sure they understand that you're not there just as an interested individual, but that you're representing the organization you work for. Since everyone's time is scarce, you may want to focus your questions on the things you most need to know to make a good grant, and on matters that call for the prospective grantee's impressions, interpretations, and personal reflection.

In other words, the site visit usually isn't the best time for small, detailed questions that may require the applicant to do research or analysis. It's an opportunity to get to know the organization in a more personal way than is possible on paper.

a relationship of trust and open discussion in which a real exchange of ideas can take place. Don't worry too much if the first visit or two start off a bit stiffly, as people get acquainted.

One longstanding member of Ford's New York committee relates some telling experiences about things that can happen at site visits:

"I remember one meeting when, after about an hour and a half of talk and examination of the premises, the prospective grantee deferred going to a meeting so he could fill us in on his ideas for several different possible grants. It was a lively discussion, and I think curtailing it would have curtailed the making of the grant. So you have to make room for excitement. I also remember another time when one of our team had to leave after a half an hour. It wasn't disrespectful, it was just someone juggling a tough working schedule. But it seemed as though perhaps we weren't really that interested in what [the organization] did. So schedules are tricky all around."

Finally, don't forget to use the visit as an opportunity to expand your knowledge of the broader community. You can ask applicants if they have suggestions about other possible grantees or activities that your Good Neighbor Committee might support, or other people you should get to know.

## SELECTING GRANTEES

When the information-gathering is done, you will need some process for evaluating and ranking applications — maybe even a system of numerical scoring, to make different members' judgments about applications comparable.

There is no single, right way to do this — both the process and the criteria you use will depend on what you want to accomplish, the number of applications and grants you're dealing with, and the needs and preferences of the committee's members.

The challenge is to make the process fair and open, giving members plenty of opportunity to share their views, but also to keep it as simple as possible (to avoid making excessive demands on members' time) and to keep it focused on the issues you really care about.

■ **Connecting grantees.** In addition to making grants to single organizations in a given topic area, we also look for opportunities to help grantees connect with one another for mutual benefit.

This often involves literally introducing grantees to each other, so that they're sharing their information and goals and bringing their varied talents to bear on a problem in a way

## KEEPING THE GRANTEE INFORMED

Before ending a site visit, you may find it helps to summarize with the potential grantees what the next steps in your committee's process will be, including the time frame in which they can expect you to make a final decision. It might help to ask if they have questions or comments about your selection process. Explain also that the decision about whether to make a grant is not yours alone, but that your report on this visit will go back as a recommendation to a committee or senior staff person. They will probably appreciate knowing that you will call them as soon as a decision has been made.

that moves the issue further than it would if the institutions were working separately from one another. One way to accomplish that is to create general, untargeted occasions for grantees to get to know one another and share information about the community. For instance, at a luncheon we organized for New York committee grantees, two formerly unrelated organizations started a discussion that led to a remarkable collaboration. One organization provides social services to seniors, the other arranges horticultural therapy for medical patients. Together, they designed a garden-

ing therapy program for homeless seniors — a service that hadn't existed before, and an expansion that advanced both organizations' goals.

■ ***Starting the grant. Within your organization, you will need some procedure by which a grant is approved and funds can be disbursed.***

"At Ford, once a subcommittee recommends a grant, the grant maker assigned to that subcommittee writes a memo to the committee's adviser, who has authority to

## **SAMPLE CRITERIA FOR SELECTING GRANTEES AND REVIEWING PROPOSALS**

With the Ford Foundation's committee, we concentrate on three main questions:

- What does the applicant hope to accomplish through the proposed project or program?
- What is the capacity of the applicant to carry out the proposed project?
- What will the project or program accomplish?

By these standards, the strongest proposals are those whose goals are the most compelling (and consistent with those of the committee), whose sponsoring organizations have the clearest ability to achieve those goals, and whose eventual results will be the most tangible and lasting.

We also pay special attention to the proposed budget supplied by the grantee, asking some of the following questions:

- Is the budget clear and justifiable?
- What percentage of the project budget, or if relevant, the organization's annual budget, is the applicant requesting?
- If the applicant is only requesting partial support, what is the likelihood of raising the balance from other donors?

In this case, the strongest proposals are those with a clear, disciplined budget that draws support from more than just one source, especially if the other sources are clearly committed to the project or are highly likely to make a commitment.

approve the release of funds. A file is created in the grantee's name, and all communication and information on the grantee is kept there."

### **CARRYING ON AN EFFECTIVE GRANTS PROGRAM**

Once grants are awarded, the most time-consuming work is finished. Still, it takes continued effort from the committee to ensure that the grant project will be effective. In some ways, in fact, the follow-through effort can be the most satisfying part of serving on a Good Neighbor Committee. Particularly for those who are new to grant making, it can take a while to sort through these ongoing responsibilities and decide on next steps.

During the life of the grant, and possibly beyond, the grantees may call upon you for advice, to answer questions, and possibly to attend grantee functions or otherwise to show support for their work. As a representative of your institution, you have many opportunities to influence what goes on in the community, but those opportunities carry some corresponding responsibilities.

■ ***Knowledge-building for the committee. Most committees will want some way of continuing to add to their information about the community, the performance of the committee's grantees, and the opportunities for future grants.***

As members monitor the already-approved grants, they will accumulate valuable information, and the committee can benefit from regular meetings where this information can be collected and shared.

■ ***Knowledge-building for the community. Some of the information you gather in organizing the committee's work may be worth publishing, as an asset to the rest of the community.***

"For example, we helped create a directory of all past and current organizations to which our committee has given grant support. It includes a brief statement about the organization's mission as well as contact information and details about resources that the organization has agreed it would like to share with other nonprofits. In one such case, an institution had a large conference room that other local organizations could use."

### **SUPPORTING REAL COLLABORATION: ASK YOUR GRANTEES**

Your grantees will probably be your best guides in deciding how far to go in encouraging grantee partnerships. While it may appear on paper or in theory that a group of organizations should work well together to accomplish a great goal, be very careful about "forcing" a fit. A bad marriage is likely to be more harmful than helpful — both to the grantee and to your own credibility. The balance usually lies in creating opportunities for grantees to cooperate and combine talents, but not compelling them to do so.

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“We also host a grantee fair every other year, where grantees can set up tables and exchange information, such as requests for volunteers, with one another and with the all the staff. These efforts not only help local organizations find resources and expand their circle of communication. They also contribute to the broader committee goal of building partnerships among neighborhood nonprofits.”

■ ***Sustaining members’ interest and participation. After grant awards are made, there can be a dip in energy and enthusiasm from some members.***

This is a time when it’s important to re-focus energies and remind

members of the broader purpose of the committee – which is not just to make grants, but to bring their individual and collective talents to bear in improving the community.

Without making needless demands on people’s time, it can help for the committee to make sure its members stay in touch with one another, with grantees, and with the wider community between funding cycles, to ensure that each round of grant making is better informed and more effective than the last. This point is also a good time to evaluate the overall structure of your committee and make any necessary course changes.



# Afterword: The Nuts and Bolts of Grant Management

## GRANT TRACKING TOOLS

As time goes on and your list of active grants grows, you may need some formal systems for keeping track of all your activity — the status of various grants, funding decisions yet to be made, and other upcoming committee responsibilities related to renewals, expirations, or future funding rounds. These are some tools we've devised to keep the work flowing smoothly:

- Proposals and grant activities are tracked on a computer spreadsheet program, for at-a-glance knowledge of where each applicant or grantee stands in its grant cycle.
- We have set a deadline of responding to all proposals within 30 days of receipt, so our spreadsheet tracks the age and status of every incoming proposal.
- When a grant is completed, and satisfactory narrative and financial reports have been received, a letter is sent to the organization thanking them for giving us the opportunity to work with them and wishing them well for the future.

This section contains specifics on some of the documents and techniques that the Ford Foundation Good Neighbor Committees use to track and manage their grant making. As with the rest of this guide, we include this information not as the last word on how a committee's work should be done, but as successful examples from which you may glean ideas for your own committee.

## GRANT RECOMMENDATION MEMO AND GRANT LETTER

In our system, the memo conveying a subcommittee's recommendation of a grant is drafted by a committee member and approved by a senior advisor. Whatever process you design, it will probably be useful to have a single document that contains the committee's recommendation, a summary of its rationale, and the terms and conditions that apply to the proposed grant. For us, the memo serves as a succinct record (no more than two pages) of the grant maker's understanding of the grantee's project and overall work, and should be thorough enough so that another interested party could read it to learn the essentials of the grant. The memo is typically drawn from the grantee's proposal, other background information about the organization, supporting documentation gathered during consideration of the proposal, and the grant maker's site visit experience.

The letter from the committee to the grantee should likewise contain a synopsis of the grant's amount, term, purposes, conditions, and a schedule for whatever reports the grantee will be expected to submit. The letter should

include the approved budget as well. Grantees sign the letter to indicate their acceptance of the terms, and return a signed copy to the committee. (In our system, the funds are transferred electronically, so grantees also give their electronic deposit information with their signature.) Once the countersigned agreement is received, funds are deposited into the grantee's account.

## GRANT STATUS REPORTS

At a minimum, grantees of Ford's committee normally are expected to submit an annual narrative and financial report on their grant activities, centered on the benchmarks that were set forth in the grant memo and letter. The committee's grants administrator reviews these reports to see whether benchmarked activities were completed and budgets met. After reviewing the reports, the grants administrator generates a grant status report for the grant maker's review and for inclusion in the grant file.

The point of these reports is not necessarily to raise an alarm if the grantee doesn't satisfy all the benchmarks due to unforeseen circumstances. The real point is simply for the committee to stay informed about what is happening with the grant, and to learn more about what to expect when supporting this kind of activity in the future. Sometimes, of course, the grant conditions and expectations may need to be revisited, if conditions or performance expectations change significantly after the grant is made.



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## **OTHER SOURCES FOR LEARNING ABOUT GRANT MAKING**

**Grantmaking Basics Online:** This Web site is both a guide and an interactive learning tool for those involved in the day-to-day grant-making processes of a foundation or corporation. On this site, you'll find practical knowledge, guidance, and tips to help you along your journey as a grant-making professional, from advice on conducting site visits to examining nonprofits' financials, to reviewing grant proposals. New chapters are added to the site regularly. It also contains sample documents, study guides, and quizzes ([www.cof.org/grantmakingbasics](http://www.cof.org/grantmakingbasics)).

**Best Practices in Grants Management:** A team of foundation grants-management professionals spent four years fine-tuning this definitive guide to administering grant-making programs. The book includes detailed procedures — plus the forms to implement them — for all phases of grants management, from initial application to closeout. Bonus: The text is included on disk, so foundations can easily create or update their own grants-management manuals. Available from the Council on Foundations ([www.cof.org](http://www.cof.org)).

**The Foundation Center** is an independent nonprofit clearinghouse of information on foundations, corporate giving, and related subjects. They publish dozens of directories, guides, research reports, and books on nonprofit management annually, and maintain databases of more than 50,000 grant makers and 240,000 grants. Many of their resources are available at the center's Web site ([www.fdncenter.org](http://www.fdncenter.org)).

## A SAMPLE REQUEST FOR PROPOSALS

The Good Neighbor Committee uses the following text, in the form of a letter, to solicit proposals. There is nothing here that's carved in stone – you should feel free to adjust it to the aims of your committee, the interests of organizations in your community, and (just as important) the personality of your parent organization. Although this text specifically fits the Ford Foundation's style, mission, and goals, it may give you a starting point from which to formulate your own RFP:

### BACKGROUND

The Ford Foundation is an international grant-making organization with offices in New York and 14 overseas locations. Our mission is to strengthen democratic values, reduce poverty and injustice, promote international cooperation, and advance human achievement by serving as a resource to innovative people and institutions worldwide. The foundation's Good Neighbor Committee supports organizations and activities that contribute to a nurturing environment in the neighborhoods surrounding the foundation, specifically 34th to 50th St. from river to river. The committee is run by staff volunteers. We are interested in strengthening our ties to neighborhood organizations working on problems related to our mission. The committee serves as a resource by:

- Providing grant support for ongoing and new, innovative activities offered within this area;
- Encouraging emerging and established organizations to participate in this grant program; and,
- Exploring opportunities for neighborhood-based organizations to become more collaborative in their efforts and association with each other.

We invite your organization to submit a proposal for activities or events that will contribute to the civic spirit, vitality, and liveliness of these neighborhoods. We will also accept requests for general operating support.

The total amount requested should not exceed \$\_\_\_\_\_. If you would like us to consider a larger project in collaboration with other organizations, please contact us about such ideas prior to submitting your proposal. You will receive an acknowledgement of your proposal within a week, and a notice within six weeks of whether we can offer support.

Whether or not your organization decides to apply, we are interested in your ideas and reflections about our goals and this RFP process and encourage feedback by contacting \_\_\_\_\_.

### GRANT APPLICATION GUIDELINES/CHECKLIST

We want to keep this process simple and at the same time learn more about your organization and what you would do with these funds. To review your proposal, we ask you to send us specific materials. Please follow these guidelines carefully. Please submit the following materials within a month of receipt of this letter, or contact us if this deadline presents a problem. No application will be considered complete without all of the information requested below.

- Cover Letter.** This should be a brief letter that transmits the proposal and is addressed to \_\_\_\_\_, facilitator of the Good Neighbor Committee. Please include the amount of your request and the starting and ending dates for the proposed grant. The letter must be signed by the president or the executive director of your organization.
- Proposal.** Whether you are requesting general operating support or funds for a particular activity or event, please tell us what your organization's goals are, how they relate to the committee's mission, and what you think the requested funds would help your organization accomplish. Please describe your outreach at the level of neighborhood participation and how you work in any of the neighborhoods in this designated area. The proposal may be single-spaced but no more than two pages. If you have brochures, an annual report, or other printed matter about your organization, you may attach those to the proposal.

- Résumé(s).** Copies of the résumé(s) of the president/executive director and, if appropriate, the project director(s).
- Budgets.** Please include a list of your current sources of funds, a current operating budget, and the percentage of your total budget that the proposed grant would cover. If you have year-end financial statements, please also include them. If you are requesting support for an event or project, include a line-item budget of no more than five lines for all personnel and non-personnel costs for which you are seeking support. Note:
  - The total amount requested should not exceed \$\_\_\_\_\_.
  - The foundation will not provide more than two-thirds of any individual's full-time salary.
- Tax Information.** A copy of the letter from the IRS which states: your organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code; your organization is not a private foundation because it is an organization described in Section 509(a)(1) or Section 509(a)(2) of the Internal Revenue Code.
- Organizational Profile.** Briefly describe the principal work of your organization as well as noteworthy past organizational accomplishments. Please also provide the following information:
  - When the organization was founded
  - The organization's director
  - The project director, where applicable.
- Board of Directors.** List, including their names and primary institutional affiliations.
- Diversity Table.** The foundation seeks to promote pluralism and equal opportunity and to end discrimination based on race, ethnicity, and gender. When foundation staff consider grant applications, they include in that consideration how applicants have provided opportunities for historically disadvantaged groups within their organizations. To help us make that assessment, we ask you to submit the Diversity Table found below. We are interested in learning about the challenges and opportunities that diversification of your board and staff has posed for your organization. Please include your comments along with the following format.

	MINORITY		NON - MINORITY		TOTAL
	Female	Male	Female	Male	
Board					
Professional Staff					
Support Staff					

The proposal should be sent to: *(name and address)*

If you have any questions regarding this proposal process, please contact: *(name and address)*

## FREQUENTLY ASKED QUESTIONS

### **How do you determine the legitimacy and legality – e.g., the (501)(c)(3) status – of an organization as well as the quality of its work?**

If you are a part of a grant-making organization, follow the guidelines already in place at your institution, and consult with your legal department. If you do not belong to a grant-making organization, contact a few of them, and get an idea of how they do this. At Ford, an organization is considered an eligible nonprofit if it is tax exempt under Section 501(c)(3) of the Internal Revenue Code (or is in the process of obtaining this status) and it is not a private foundation because it is an organization described in Section 509 of the Internal Revenue Code. Look at the institution's financial audits, ask about their board and governance, talk to their leadership, and visit them as they do their work. Find out who else funds them.

### **How do you find a balance between wanting to meet and learn about organizations as an individual, but also remembering that you are representing your organization or company when you go on a site visit and wanting to act appropriately?**

Most of our applicants don't initially understand the Good Neighbor Committee, or that committee members are volunteers working on the project. Although you may be very clear that the committee is its own entity, most organizations are going to see you mostly as a representative of your organization. The best way to avoid the initial confusion is to be clear about why you are contacting them and what you hope to learn, and to be consistently honest and direct. We give the applicants a copy of the committee brochure for their information. We start site visits by saying a few things about the committee, why the Ford Foundation does this, who the members are, and what they do at the foundation. It humanizes the process and usually makes the interview more authentic.

### **How do you determine whether or not a grant can be considered "successful"? What steps can be taken to prevent "unsuccessful" grants?**

The best place to start for creating a "successful" grant is at the very beginning. Formulate your objectives hand-in-hand with the organization you expect to fund. The grant maker and the grantee work together up front to clarify the goals of the grant and together decide on how they will report back to measure success in reaching those goals. Write into the grant notification letter what you expect to see accomplished with the funds, and review those objectives when the grant is finished and the final report is turned in. Be aware, however, that things do happen and unexpected circumstances may cause the organization to have to shift focus or not be able to complete all activities in the time committed. Allow for this, either by setting up a timeline extension or a review committee for changes in the purpose of the grant.

### **How do you orient new members to committee activities?**

It is useful to have a protocol in place for at least semi-formally introducing new committee members. Setting a length of service is helpful for potential new members in their consideration of making the commitment. It is also helpful to have a protocol in place for saying good-bye to members as they step down. Allow for flexibility where useful, and set boundaries where necessary in terms of rotations of subcommittee memberships. Direct them to this document!

### **How can you avoid having your committee activities infringe on or undermine the activities of other departments in your organization?**

It's important to communicate the activities of your committee to the rest of your organization. If your organization is a grant-making foundation, be sure to connect with others at your organization who might also be working with your potential grantee. At Ford, we do not fund organizations that are currently funded by other parts of the foundation, unless a grant maker approaches us to join him or her in collaborative support that fits with our mission.

## OTHER WAYS TO USE THIS GUIDE ...

This guide was written with several audiences in mind – not Good Neighbor Committees alone, but also the many other people with whom they make decisions and formulate goals. As you work through the issues raised in this guide, you might find it useful to distribute copies to others who can be important to your success. For example:

### ■ WITH EXECUTIVES OR BOARD MEMBERS OF YOUR PARENT ORGANIZATION ...

Besides being an outreach to the community, committees are also a leadership program for their members. As such, they need wide latitude to make decisions from the earliest possible stages of their creation. So it's important, when considering whether to create a committee, that leaders of the organization understand how the committee will work and what it's meant to achieve. You may find it useful to share this guide with senior members of your organization, even though they will probably mostly be involved only through the beginning stages of the work, and then later in opportunities to meet the grantees from time to time. This guide can help them understand how they can help make the committee effective, provide guidance and leadership for the group when it's appropriate, and be available to handle sensitive issues as they arise. The introduction and first chapter are particularly written with senior leaders in mind, describing how the committee fits overall into the structure and mission of an organization.

### ■ WITH THE FIRST SET OF MEMBERS OF A NEW COMMITTEE ...

The first members of a committee must make a number of initial decisions about how the committee's work will be done: How frequently will it meet? What will be the specific mission that guides its work? How will the committee make its final funding decisions? These start-up issues are addressed specifically in the second chapter.

### ■ WITH NEW MEMBERS OF THE COMMITTEE OVER TIME ...

Although you'll probably develop your own initiation materials as time goes on, this guide might still be helpful, either as a source of information to include in those materials, or as a supplement. You should feel free to excerpt information from this document if you find it useful.

### ■ IF YOUR ORGANIZATION IS NEW TO GRANT MAKING ...

This brief guide obviously can't provide all the information you may need to create a grant-making program, though it points you to several sources of information that can fill in the details (see "Other Sources for Learning About Grant Making"). If you're new to grant making, you may find it helpful to pay special attention to the third and fourth chapters of this guide, as they describe the tools necessary to begin and operate your committee and answer many questions about how to be an effective grant maker.

### ■ IF YOUR ORGANIZATION IS ALREADY INVOLVED IN GRANT MAKING ...

If your organization is a foundation or a company with an established grant-making program, you will no doubt already have in place a set of procedures for determining how grants are formally approved, what kind of progress reporting is required, and the like. Scattered sections throughout this guide and all of the fourth chapter describe the set of specific grant-making documents and processes that are used by the Ford Foundation's committee. While you may wish to skip over these sections, you may also find it interesting to compare these methods with your own.

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