

An Activist's Guide to Proposal Writing by Andy Robinson

Leverage, or How to Use Money to Create More Money

Foundations, like all of us, like to think they are getting a good deal. Show them how efficiently their money will be used or how it will leverage other money.

- Pam Rogers, Haymarket People's Fund

Most fundraising books and magazines are filled with terms like database-driven telemarketing, resource stewardship, human capital, and charitable remainder trusts. I try to avoid this kind of fundraiser-speak, since I don't know what most of these phrases mean, but there's one word I can't get around: leverage. Leverage refers to creative ways to use money on hand, or already pledged, to raise additional money. Here's how it works.

Some foundations and many government agencies give grants on a matching basis. For every dollar they provide, you are required to raise another dollar from a different source, such as your membership or another foundation. In a 2-for-1 match, you must raise two dollars for every one they pledge. Sometimes these are called challenge grants because you use the promise of funding to challenge other donors to give.

Matching grants might seem like extra work for everyone, but they serve as a kind of insurance policy for the funder and can actually help you raise more money. Let's say you need \$15,000 for a project, and Foundation A pledges \$5,000 on a 2-for-1 matching basis. First, they're protected. They write the check only if you solicit enough money to complete the project, so their grant won't be wasted on a partially funded, less-than-effective program. Second, you can use their pledge as a lever to pry loose donations from other sources. You go to Foundation B and Major Donor C and say, "Listen, we have \$5,000 already committed. If you'll contribute \$5,000 each, we can collect the five grand waiting in the bank and the project will be fully funded." With the first commitment in hand, your request carries a lot of credibility.

Challenge grants are also a great way to motivate your regular donors to make additional gifts. When I worked at Native Seeds/SEARCH, we used challenge grants to begin and end a capital campaign for a new seed bank, library, and grow-out garden. One of our regular foundation supporters pledged \$10,000 on the condition that we raise an equal amount from our members. We promoted this challenge in our newsletter and sent a special mailing to the entire membership requesting gifts for the match. We also phoned selected donors. The result: nearly \$30,000 in member contributions!

This strategy worked so well, we tried it again two years later when we neared our final fundraising goal. We approached the same funder with a similar request:

you helped us initiate the campaign, now help us finish it. They obliged with another \$10,000 grant and once again we prepared a mailing and announced the new challenge on the front page of our newsletter. Our members came through with an additional \$22,000 in gifts. Overall, nearly one thousand members - one-quarter of the membership - made donations to the capital campaign, which eventually raised more than \$250,000.

If you do receive a challenge grant, it's often possible to "draw" some of the money before the match is completed. With both grants described above, we requested half the total - \$5,000 - once we were able to demonstrate \$5,000 in matching contributions. We photocopied all appropriate checks as they came in, then sent the folder of photocopies to the foundation when we reached the threshold.

For most projects, the first grant is the hardest to secure. You might improve your odds by suggesting a challenge grant in your proposal; especially if you are confident you can raise the match from your members or the people you serve. Grassroots support sends a powerful signal that your work is valued by the community.

In-kind donations are any goods or services you receive for free. For many groups, this area is an unexplored gold mine. Other organizations do a great job of collecting non-cash contributions but keep poor records, so they can't tabulate the cash value of these gifts. Just to get you thinking about how you might improve your work life at little or no cost, here's a short list of possible in-kind goods and services.

Goods: artwork, audiovisual equipment, books and magazines, cars and trucks, computer equipment, construction materials, food and drink (for events or volunteers), furniture, house plants, landscaping plants, mailing lists, office supplies, pagers, photocopy machines, tools, telephones.

Services: accounting, advertising, banking and investment, catering, computer support and networking, construction, entertainment (for events), graphic design and layout, housing (for interns, consultants, or staff), landscaping, legal, mailing, office space, payroll, printing, storage, travel, training and consulting.

Notice that most of these goods and services are best provided by businesses. In-kind gifts are a great way to involve your local small business community, since it's always easier to solicit goods or services than cash donations. Even if you're turned down, you might be able to negotiate a substantial discount, which will reduce your expenses. You won't get anything for free, or at a discount, unless you ask.

Many groups request free items - airplane tickets, bicycles, hotel rooms, restaurant meals, whatever - to use in their fundraising raffles and auctions.

Businesses want their generosity to be publicized, so be sure to acknowledge their gifts in your newsletter and annual report, at your benefit events, in your news releases, and any other way you can.

Like challenge grants, in-kind contributions are another opportunity to show community support for your work. Many funding agencies will allow you to use in-kind donations to fulfill a percentage of your matching grant requirements. Appropriate non-cash contributions can include outside gifts, such as free consulting services, or donations from within your organization, like supervisory staff time not funded by grant money. Most groups do a poor job keeping track of their non-cash gifts. If you take time to itemize and tally the value of all in-kind donations, your group will benefit in several ways.

1. By putting a cash value on these contributions, you will impress your members, donors, and foundation prospects. This, in turn, will help you secure additional in-kind gifts, cash donations, and grants. PCUN, for example, received an estimated \$500,000 in non-cash gifts over eight years. Given their modest annual budget of \$180,000, free goods and volunteer labor greatly increased the number of people they were able to organize and serve.
2. Volunteers are often taken for granted. Most of us immediately understand the value of donated legal fees or accounting support, but the people who stuff envelopes are worth a lot, too. Convert hours into dollars and it's harder to overlook their contributions. For example, Native Seeds mails four catalogs per year, with twenty volunteers working an average of four hours at each mailing party. According to the local volunteer center, general volunteer support is worth \$4.50 per hour, which works out to \$1,440 in free labor for this one task. (The volunteers are fed very well, which is a great way to say, "Thank you.")
3. As mentioned above, these gifts can be used to meet the matching requirements on some grants. Remember to include a brief explanation of how you calculate the cash value of in-kind gifts.

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