



BRIDGET E. ROBINSON

Strategic grantmaking Programs maintain donor confidence

If you think making the

grant and asking for a report is enough, think again.

In these days of cost sensitivity and media pursuit of the story, it is arguably shortsighted to make a grant to anyone who can just write persuasively. Your efforts in building donor confidence and maintaining fiduciary responsibility are both at risk when grantees require continual funding infusions just to stay alive.

Two for-profit parallels illustrate:

First, unstable firms cannot consistently deliver quality service; this conflicts with consumer expectations and often results in loss of market share. The same is true for nonprofits that fail to meet their service commitments. When poor financial management results in unmet objectives, the result is a "slippery slope": Revenues may deteriorate because of losses in contracts, donations and grants.

Second, a company marginally affiliated with a firm with poor operations finds that both firms' stock price can be negatively affected when the affiliate's bad news is released. Likewise, a grantmaker that associ-

ates with a deficit-ridden agency may be implying irresponsible fund stewardship to the public, thus affecting donor confidence and possibly subsequent donations to the grantmaker.

Adding to the complexity, if poor financial management becomes public, a community based organization actually may become more dependent upon you if public outcry results in a fall in the organization's direct contributions. Fortunately, the solution is straightforward.

Grantmakers should fund stabilization grant programs.

Grantmakers are in the most powerful position to influence improvement because you are the often the primary "customers," deciding whether or not to fund.

Also, change needed in some organizations requires a good amount of investment. Requiring highly skilled technical assistance as a condition of the grant, whether through additional internal hires or external consultants, is absolutely necessary to ensure meaningful and lasting improvement.

There also is evidence that grantmakers are successful as stabilization proponents. As reported in *Philanthropy News Digest*, (Foundations Encourage Arts Groups to Develop Financial Discipline, August 7, 1996), "cutting edge" foundations are pushing their grantees to improve their financial situation. In particular, the National Arts Stabilization Fund requires grantees "to reduce debt and define clear objectives." Others, seeing the benefits, including the Ford Foundation, the Haas Foundation and the Pew Charitable Trusts, also provide stabi-

lization grants. The question will soon become "when and how" not "if" stabilization will be widely funded.

As government social programs continue to shrink, the public increasingly will see personal and corporate giving as major vehicles by which social and cultural needs are fulfilled. Evidence to support this contention comes from the Independent Sector's recent survey, "Giving and Volunteering in the United States," which indicates that, controlled for inflation, annual charitable contributions increased 10 percent from 1993.

The survey also found that 31 percent of respondents - up from 20 percent in 1990 - disagreed with the statement "most charitable organizations are honest and ethical in their use of funds," - thus implying a decrease in donor confidence.

Together, these findings point to a growing "fiduciary expectation", even as grantmakers try to operate within self imposed fiduciary responsibility. The problem for grantmakers is that donor confidence drops when fiduciary expectation is not met: The United Way provides a recent illustration, as their donations have dropped significantly since the public uproar over the financial scandal involving William Aramony, the organization's former president. Are you next?

Stabilization grants build donor confidence. Demand better from your grantees, but enable them to succeed. Although they may groan a bit at first, as managers they will gain tenfold from improved financial stability, better overall communication and reduced stress.

CARTER

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The Winston-Salem Foundation dates back to 1919, when it was established by Wachovia Bank. Bank officers ran the foundation's grantmaking until 1964, when the first executive was hired. In 1995, the foundation gave away \$6.1 million in grants to nonprofits.

Under Carter's leadership, the foundation has launched new initiatives to fund programs addressing race and economic development and has reached out to donors to try to encourage more charitable giving.

"We've moved from a much more conservative stance to the point where we are willing to take a stand in the community," he says.

Wierman, who has been with the foundation for eight years, says those efforts will continue.

"Our mission is permanent philanthropy," he says. "There are more and

more challenges facing nonprofits in terms of what they are being asked to do. That's a challenge for this foundation and others to find better ways of being of value to nonprofits."

Before joining the foundation's staff, Wierman, 33, worked in the development office at the University of North Carolina at Chapel Hill. He is a 1985 graduate of the university and also holds an MBA degree from Wake Forest University.

In addition to his leadership of the foundation, Carter - who will be 65 in March - has also been active with other philanthropic organizations, including the Winston-Salem donors forum, Forsyth County Smart Start and the national Council on Foundations.

He hopes to continue to play a role in the state's nonprofit sector, although he is also looking forward to a much lighter schedule.

"The thing I really want to do most of all is travel," Carter says. "I'm going to learn how to play."

ARTS

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will teach artists how to use the World Wide Web. Charlotte's Web is one of the mentor sites.

The two-pronged approach is aimed at encouraging more arts groups and artists to go online and to make the arts more available to the general public.

"The National Endowment for the Arts was created to make the arts accessible to all people of all backgrounds in every district of the nation," says NEA Chair Jane Alexander in a message on the endowment's Internet home page. "Open Studio is a groundbreaking project that will increase cultural and arts resources on the information superhighway."

In addition to selecting Charlotte's Web as a pilot site, the Open Studio program has other Tar Heel connections. Anne Green, a graduate of the law school at the University of North Carolina at Chapel Hill, has been hired as project coordinator for the

program.

Other pilot sites for Open Studio are: Mentor Sites - Breakaway Technologies, Los Angeles; Carnegie Mellon University, Pittsburgh, Pa.; Access Sites - 911 Media Center, Seattle; Beacon Street Gallery, Chicago; Cambridge Community TV, Cambridge, Mass.; DiverseWorks Artspace, Houston; Hult Center for the Performing Arts, Eugene, Ore.; Lewis & Clark Library, Helena, Mont.; Metro/Dade Arts Council, Miami; Minneapolis Institute of the Arts, Minneapolis; Schomburg Library, New York, N.Y.; Telluride Institute/InfoZone, Telluride, Colo.; and Topeka and Shawnee County Public Library, Topeka, Kan.

Remaining pilot sites in all 50 states will be selected through a competitive process, with awards to be announced in February.

To apply, send email to mentor-rfp@benton.org (for mentor awards) or accessrfp@benton.org (for access awards). For information on Open Studio, call Green at (202) 638-5770.

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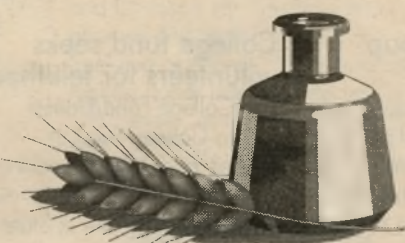
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