

Tips & Tools: Reduced-Asset Strategies

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Grantmakers in our region and across the country are doing their best to effectively manage their assets and grants budgets during these difficult economic times. On November 20, 2002, DVG held a meeting of its Corporate Donors Forum, "Tips for Managing Your Corporate Giving in Challenging Times", where members had the opportunity to learn about trends in corporate giving and share stories of how their companies are operating in the current climate. DVG also held a meeting on December 10, 2002, entitled, "Managing Foundation Portfolios, Grant Budgets and Operating Costs in a Down Market," where foundation representatives had the opportunity to hear from several of their DVG colleagues about their approaches to investment management in a down market and discuss the challenges and experiences they have had within their own foundations. To read notes summarizing these sessions, contact Diana Loukedis at 215-790-9700 ext. 3 or email diana@dvg.org.)

Five Actions To Bulletproof Your Corporate Giving Program In A Challenging Business Environment

These tips were prepared for DVG's Corporate Donors Forum by Cynthia Giroud, Giroud Contributions Management

1. Gain senior management ownership.

- ▶ Get them involved in setting the strategic direction for the program
- ▶ Interview or survey senior managers and site leadership to gain their input on areas for improvement, strengths, challenges and opportunities.
- ▶ Determine how your program will advance the company's vision and strategic direction.
- ▶ Ensure management shares the vision focus and priorities
- ▶ Build their awareness and support of your grants.

2. Establish a clear focus and priorities that are consistently maintained.

- ▶ Greater Focus = Greater Impact
- ▶ Interview or survey community leaders to determine the most critical local needs utilize the findings to help determine your focus
- ▶ Identify a focus that fits your company and supports its strategic interests
- ▶ Evaluate your portfolio-Discontinue grants that don't fit the focus
- ▶ Be pro-active: Don't wait for requests to come to you. Seek out those that fit your focus

3. Build synergy between your program and other parts of the business.

- ▶ Get connected with marketing, sales, research, human resources and field locations.
- ▶ Meet with them to explore opportunities to support programs that are a strategic fit

4. Make every grant count.

- ▶ Solidify relationships with high priority grantees
- ▶ Agree on goals before the grant is made
- ▶ Track results
- ▶ Publicize your focus-related grants internally and externally

5. Leverage non-cash resources.

- ▶ Identify employee volunteer involvement opportunities with high priority grantees
- ▶ Donate company services or product that cost less than the cash grant you would give
- ▶ Utilize company resources such as printing, office space, meeting room space and management development workshops

For Foundations: "Eight Reduced Asset Strategies"

The article "Bearing the Bear Market" by Lee Draper, published in the November/December 2002 issue of Foundation News & Commentary, offered these tips for foundations that are coping with a reduced asset base:

1. Maintain a strong payout level.

- ▶ Maintain grantmaking budget at last year's dollar level (dipping into principal)
- ▶ Maintain a similar payout percentage (reducing the payout total)
- ▶ Cut payout to 5 percent minimum payout level

2. Cut administrative expenses.

- ▶ Freeze open positions
- ▶ Freeze salary and benefits
- ▶ Cut less-essential positions
- ▶ Partner with similar organizations
- ▶ Cut other administrative expenses through greater use of technology, streamlining and omission of ancillary functions

3. Focus on core competencies.

- ▶ Focus programs more narrowly according to mission, with few exceptions
- ▶ Cut a percentage of funding from all program areas
- ▶ Cut a specific program area in order to maintain funding in other program areas
- ▶ Target funding to highest priority agencies or issues
- ▶ Support past grantees

4. Select breadth *or* depth.

- ▶ Retain the number of grants awarded, but make smaller grants
- ▶ Reduce the number of grants, but maintain the same average size
- ▶ Give one-year grants
- ▶ Make multi-year grants

5. Redirect funding for maximum flexibility and long-term sustainability.

- ▶ Provide general operating support
- ▶ Provide capacity-building grants
- ▶ Support established organizations and projects

6. Revise investment portfolio.

7. Increase annual revenues through contributions to the foundation.

8. Create a transparent organization.

- ▶ Maintain open communication with constituents
- ▶ Establish a consistent pattern
- ▶ Maintain a long-term perspective

The article also offers this advice for **Staying Focused**:

- 1. Communication.** Maintaining open communication, both in-coming and out-going, with constituents helps nonprofit leaders who are struggling to do more with fewer resources. **If reductions in grants or changes in guidelines are anticipated, foundations should inform their constituents and communities as early as possible** in order to help them plan for the future and have realistic expectations. Moreover, foundations should be receptive and responsive to current pressing needs identified by nonprofit leaders. Open communication and two-way dialogue can go a long way to diminishing overall anxieties, establishing a sense of common enterprise, and maximizing the opportunities to have a strong impact.
- 2. Consistency.** With market forces creating an unpredictable economic environment, it is crucial for foundations to **establish consistent grantmaking and programming patterns** that can be sustained over a period of time.
- 3. Perspective.** Over the history of the philanthropic sector, numerous foundations have survived economic storms and dramatic endowment reductions, and remain vital and strong. For newer foundations, gaining this long-term perspective may be difficult. Young funders may find it beneficial to **contact colleagues at older institutions for guidance and reassurance** that foundations can be "here for the long haul."

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