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Answering the Dreaded Sustainability Question

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Agenda

1. Introductions
2. Defining sustainability – different ways to look at the question
3. Foundation program officer perspectives
4. Organizational factors to consider
5. Examples
6. A Few More Thoughts
7. Q & A

Presenter: Ellen Gugel, GPC



20+ years grant writing and fundraising in staff roles and independent consultant.

Developed hundreds of successful proposals for social services, education, health, environment, social change, advocacy, and arts and cultural from small grassroots to \$60M+ organizations.

- Independent grants & fundraising consultant – www.grantsandmore.org
- GPC 2010-present (#OH0090006)
- MBA, with concentration in public and non-profit management, Boston University
- Have had to answer the annoying sustainability question – for different types of organizations and projects!

#2: Knowledge of organizational development as it pertains to grant seeking – in that the organization’s capacity (2.01), readiness (2.02) and other organizational aspects factor into both organizational and program/project sustainability

#3: Knowledge of strategies for effective program and project design and development – in that program/project sustainability is part of effective program/project design (3.08)

#4: Knowledge of how to craft, construct, and submit an effective grant application – insofar as describing organizational and/or program sustainability well is an element of an effective grant application (4.01) – and may be a competitive advantage over other worthy applications

#9: Ability to write a convincing case for funding – and includes making a persuasive case (9.01) for organizational and/or program sustainability

Inspiration for this Session

- Vu Le's weekly blog – “Nonprofit AF” (formerly “Nonprofit With Balls”) – this annoying question hasn't seemed to go away, despite Vu Le's agitating and pushing back for nearly ten years
- “Making things up” – having had to answer the question dozens of times – with no real guidance from management
- Previous GPA sessions and blogs on the topic

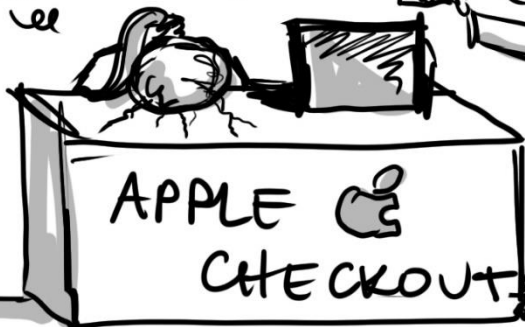
Survey

- If you've had to answer this question, were you satisfied with your answer?
- Did it work? Did you get the grant?
- What do you want from this session?

IMAGINE IF APPLE HAD TO RUN LIKE A NONPROFIT...

BEFORE I BUY THIS PHONE,
WHAT IS YOUR SUSTAINABILITY PLAN?
HOW DO YOU PLAN TO SUSTAIN THIS STORE AFTER
I BUY THIS PHONE AND I'M GONE? HOW ARE YOU
DIVERSIFYING YOUR REVENUES SO THAT
YOU'RE NOT SO DEPENDENT ON
RETAIL CUSTOMERS?

* HEAD DESK *



The Question - Variations

- How will you sustain the program after the grant ends?
- What is your plan for sustaining the project beyond the grant period?
- Describe the future of this program and how you will support it after the grant.

Hint! Even if they don't ask the question, they are looking for signs of sustainability – organization, program, etc.

Defining Sustainability

Is it:

- Financial sustainability of the program?
- Organizational sustainability – finances, track record, stability, leadership, reputation?
- Sustainable outcomes?

Financial Sustainability

May Not Be a Goal for the Project

- Capital campaigns & projects – especially if you are building in an endowment for future maintenance
- Equipment and infrastructure – “expected to last X years and increase operational and staff productivity”
- Initial staff training, then a “train the trainer” model internally
- Pilot/test program
- Curriculum development
- Clear a one-time backlog or event – due to economic factors, government policy change, natural disaster, pandemic
- Pandemic – short-term funding needed because other sources not viable (e.g., events, business donations)
- Lots more examples

Foundation Perspectives

Our Methods

Interviews with program officers at different types and sizes of foundations:

- large community foundation with over \$150M assets
- large national bank that manages hundreds of funds
- private foundation
- regional health foundation

Questions:

- What do you look for in the answer?
- Examples of worst answers?
- Examples of best answers?

Literature Review

If you answered the sustainability
question with:

“We will find more grants”

You failed the test

What Program Officers Look For

- Does this program make sense for the organization? (e.g., mission fit, serves their client population, etc.)
- Can you show that the program is attractive to other donors?
- Can you show the organization has thought about funding “beyond next week”?
- If organization has a strong performance track record for similar programs, show it, even if you don’t have a plan for this program yet
- Is this a good investment for us?
- ***Even if they don’t ask it, they are looking for sustainability***

Examples of Bad Answers from Program Officers

- “We will find more grants.” – one program officer reported 70-80% of organizations say this (details? plan? to which foundations for how much?)
- “Our numbers are going to quadruple this year.” – members, donors, funds, etc. (“unrealistic expectations”)
- “We are planning a new fundraising event.” – usually a long-term (3-5 year) pay-back

Examples of Bad Answers from Program Officers

- “If you don’t give to us, we’ll have to cut back” – sounds like a threat, says one program officer
- “We are going to (or just did) hire more development staff” – this in and of itself costs money one program officer observes; but another program officer says this answer is fine if you show it’s part of a strategy
- Lydia Howie, GPC, Howie Marketing & Consulting interviewed dozens of program officers on their “pet peeves” and this one came up multiple times: “We will submit more grant proposals” (“Pet Peeves of Funders”, GPA Annual Conference 2018, Chicago, IL)

Examples of Good Answers from Program Officers

A program officer at a local health foundation says:

Good examples of clear answers to us include things like:

- renovating a space to enable the organization to provide additional programming since the renovations would only have to be done once
- starting a program that will be sustained by third party payers – a new service that will be reimbursed by a state or federal program (i.e., Medicaid reimbursement)
- programs that will enable the organization to be more effective and efficient – the move to telehealth during the pandemic by many organizations is a good example

Examples that might be less compelling are ones that the organization thinks will be popular and people would pay for, but are lacking evidence that this will happen.

Examples of Good Answers from Program Officers

One program officer said she likes to see organizations present both the “good side” and “bad side”, acknowledging the environment.

Example: “We have government funding for this program, but the funds are being cut” - or “but it’s not enough to do the job to our standards”

Examples of Good Answers – Program Sustainability

- “We know the program costs will decrease – start-up, marketing/branding, equipment, staff training, etc. will decrease in Year 2.”
- “We will know more after the evaluation.” – but this answer depends on a robust evaluation plan in the proposal
- Show strong or long-term collaborations and partners sharing the costs and portions of the work – shows others are invested in its future too
- “My college tends to say we'll integrate the program into existing ones because the grant funds have let us learn how to expand those programs. Sometimes that actually happens.” Recorded in the Chat from a participant at a GPA conference session on sustainability in 2020

Examples of Good Answers – Program Sustainability

- Name other funders you have secured funding from and those you are approaching. Say if they've funded you before.
- List in-kind support and/or volunteers if it's a significant part of the program
- Does your program address a growing or urgent concern among government and/or private funders – e.g., mental health, criminal justice reform, climate change, opioid crisis, equity, housing crisis? Connect that to funding opportunities
- Replicable or scalable potential? Opens up national funding potential
- Is this program positioning your organization to attract state or federal contract funding?

Organizational Factors to Consider:

Financial

- Diverse organization revenue sources
- Stable financial position – e.g., “We’ve never had a deficit”
- Strategic Plan – look here for financial sustainability goals, quote the plan in your answer
- Partner agencies – extend capacity/reach, share costs, also have “skin in the game”
- Can the program become a line item in organizational budget if successful? Works best for larger organizations with reserves or earned income
- Can you show you are doing better in diversifying funding than similar agencies in your sector? Example: refugee resettlement agency creates a fee-for-service translation/interpretation program (bonus: and hires refugee clients!)

Organizational Factors to Consider: History, Stability, Adaptability, Strategy

- History/track record with starting and sustaining similar programs – e.g., “We’ve never closed a program in 30 years”
- Strategic Plan – show how this program advances your strategic plan or is named in your strategic plan as a goal; quote the plan in your answer
- Adaptability: pandemic era, inflation – how has your organization been resilient and sustained programs and outcomes through challenging times?
- Stability – Low staff turnover a sign?
- Longevity – you may be a small, community-based nonprofit that’s been around 50 years. That alone should be sufficient to show sustainability.

Organizational Factors to Consider: Community, Leadership

- Community reputation/relevance
- Leadership:
 - charismatic, well-respected, or well-known executive director or board chair
 - leadership reflects clients*

*More funders are looking for leadership that reflects client population or the community you work in and those most affected by the issue you are addressing.

These points can be an opportunity to highlight how your leadership is part of your organizational stability in that you are in a position to be responsive to changing community and client needs.

Organizational Factors to Consider: Size, Sector, Age

- Looks different for new vs. established organizations; or small vs. large organizations
- Sector differences: Social service agencies, for example, are more dependent on grant and government funding (“public provider” funding model) – less individual giving or earned revenue opportunities than, for example, a theatre or private school - worth explaining?
- Can you show your grant funding percentage is aligned with industry norms?

*Note: According to a report by The Balance, about 20% of nonprofit income was derived from grants in 2020. This figure is based on data from various sources, including the National Philanthropic Trust and Center for Effective Philanthropy.

In 2019, 82% of grant seekers reported acquiring funding from private foundations and 39% reported that private foundations were their largest source of funding. – GrantStation Grant Seeking Report

Examples of Good Answers – Organizational Sustainability

- Show growing number of members, donors, patrons, partners, volunteers
- Show community relevance, reputation
 - Has the mayor or other prominent official praised your organization, e.g., “Our city could not address homelessness without GreatOrg’s work! They are indispensable!”
 - Letters of support from partners
 - Client testimonials
 - Sustained outcomes
 - Awards, citations – organization or key staff
 - Well-known, respected leadership and/or brand
- Note: These answers are likely in other places – no need to be repetitive here, but can remind reviewers that these are part of sustainability

Examples of Good Answers – Organizational Sustainability

- Describe your organization's fundraising plan, if one exists. Call attention to your record of success with other funders, name those that renew funding annually, any multi-year or general operating support you have.
- Show plans for earned revenues, fee for service – either as an organization (is fee for service revenue growing at your organization?) or through this program

Example: statewide teen pregnancy alliance

This organization specializes in building local capacity with local partners in cities throughout the state by bringing them technical assistance, training, and curriculum.

The state alliance on teen pregnancy had a number of 5-year evidence-based federal grants to reduce teen pregnancy in cities with high teen pregnancy rates.

Dramatic reductions in teen pregnancy were rapidly achieved in those communities, and outcomes were sustained by local partners, long after the program ended. No further funding was needed.

Example: mental health recovery program

Explain how this program might sustain itself in future years if it receives funding.

The partnerships we will build today won't go away when the funding ends. They should yield more referrals in future years.

And organizational factors like these can predict program sustainability:

- **Resilience.** The pandemic tested sustainability of all our programs and services, not just this one. We adapted within one week of the shutdown to virtual services and have offered all programs and services since, uninterrupted.
- **Relevance.** The pandemic exposed and increased the need for our services as our client numbers have grown 50% since the pandemic.

Example: mental health recovery program

(continued)

- **Growing client base.** Up 50% since 2020; referrals up 73% in the past year. Past grants for website improvements, language translation, and partnership building are yielding results.
- **Partnerships.** We are developing new partnerships, partly through this proposal if funded, as well as other ways. Increasing partners means more community invested in the program and more referrals.
- **Financial stability**
 - We've earned the trust of long-time funders such as Foundation1, Foundation2, and other local funders. We reach out to new funders as opportunities arise and attracted new funders last year (Foundation3).
 - Our state contracts only cover certain activities. We look to foundation support that allows us to do more – more outreach, partnership building, web site improvements, and to serve more people.

Example: environmental education center

From a report to a funder on an environmental education center's 2020 summer program:

What steps are being made to ensure the sustainability of your project or organization beyond this grant period?

- Successfully shifting during a pandemic is a test of sustainability. Securing new funding sources like XYZ Foundation is part of sustainability, and also validates our value to the community.
- Our current capital campaign (over \$4 million raised) is about remaining responsive and relevant to the community, a measure of sustainability. Half raised is for capital renovation/expansion, and half for education program innovation to remain relevant to changing needs, population, and environment.

Example: public K-12 school district

Examples from a grant professional who worked for a public K-12 school district*:

- “[so many] dollars won't need to be replaced when the grant ends because they represent the cost to manage this grant, not the project.”
- “These one-time investments (e.g., teacher professional development, equipment) build capacity. The equipment will last for X years after the grant ends before we need to think about replacing them.”
- “We are going to use a ‘train-the-trainer’ model to continue professional development.”

*Lisa Glickstein, Director of Corporate And Foundation Relations at Regis College, formerly Grants Coordinator, Andover Public Schools

Example: public K-12 school district

(continued)

- “We don't just ‘hope’ the district will pick up the remaining cost, we are planning for it by using the grant-funded period to collect data to show how valuable it is. We're going to use the data to grow the program also, by looking for more partners (including other funders).”
- “Maybe we will continue the after-school program by charging a small fee, once we prove to the constituency it is worth it and we've built our capacity to provide this service.”

Example: public K-12 school district

(continued)

- “The program will actually provide a cost savings to the district that will partially or totally off-set the costs of service.” (e.g. an in-district special ed program that keeps students out of expensive out-of-district special ed programs – or saves the cost of transporting them – or brings students whose costs are paid by other districts)
- Maybe the program will end or become smaller because you have addressed a need (infrastructure, capacity) that won't be ongoing.

Another Perspective

“Most people define sustainability as ‘obtaining funding to keep the program running.’ That’s not quite right. It’s primarily about perpetuating the results that are being achieved. Sometimes sustaining outcomes requires that you continue the program or some part of it – but not always.” - Barbara Floersch, Executive Director of The Grantsmanship Center “Sustainability After the Money Runs Out”, The Nonprofit Times, February 17, 2016

But!

When presented with this, one program officer interviewed observed: “Sustainable outcomes, in and of itself, does not generate funds.”

“Risk-taking” Answers

- Can you say you will need more than one year of funding – may take 3 or 5 years to become sustainable to ramp up, plan. Can we admit we need, and ask for, multi-year funding?
- Say the program will expand more slowly if full funding not secured? Fewer locations, fewer clients, students, etc.
- Can you ask for funding to create a plan to fund the program in future years? Or include funding for planning in the program budget?

Conundrum: Can You Make Your Organization Look Too Good?

- One Executive Director observes about the sustainability question: “After five or more #!*&-ing pages of explaining just *how much* you need the bucks, you are now invited to totally reverse yourself!”
- One program officer interviewed admits: the “double-edged sword” that showing financial sustainability may make it look like you are “all set”.

Answers if We Were Brutally Honest*

- “Program staff and the board will triple the amount of time they spend praying for money.”
- “Program participants will be asked to pray for money to provide for their services as well.”
- “10% of general operating funds will be used to purchase Power Ball lottery tickets.”
- “Fund development staff will regularly consult a reputable psychic to help track which direction foundations are trending to support.”
- Or “We will leave you alone and bother other people.”

*Vu Le, Nonprofit AF, “The Sustainability Question, Why it is So Annoying”, 09/03/2013

More Answers if We Were Brutally Honest

- “If you don’t give to us, there won’t be a program (or organization) to sustain.”
- “What? You think I’m only a “one-night (year) stand?”
- “Are you scared of commitment?”
- “You’re afraid of running out of money? You only give 5% of your assets every year. We don’t have that luxury. How do you think we feel about running out of money?”

Foundations is to Nonprofits as Parents is to Millennials

“Many foundations have this crippling fear that we nonprofits will become dependent on them. Like those Millennials who move back home to live with their parents after grad school* and refuse to leave. Because of this fear, most foundations give one-year grants, usually restricted. Tough love, you know.”

Vu Le, Nonprofit AF, “Can we all just admit there is no such thing as nonprofit sustainability?”, 12/08/2014

Final Survey

What did you use to answer the sustainability question? Did it work? Did you get the grant?

What do you plan to use to answer the sustainability question next time?

Is there one idea you got today that you can use to answer the sustainability question in the future?

Q & A

Final Comments?

Thank you!

Ellen Gugel, emgugel@verizon.net

References

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