



Sage Nonprofit Insights

Grants and Funding Study



Executive Summary

The process of obtaining, managing, and reporting on grants is increasing in complexity. Government grants are harder to win, the future of government funding is uncertain, foundation giving (after accounting for inflation) declined by 1.3% in 2011,¹ and there are simply more organizations competing for the same funds. Simultaneously, grantors are asking for more: more data, more specific outcome measures, and more requirements than they did two years ago. Some organizations report dissatisfaction with managing grant funding due to a lack of efficient processes, technology, and the right skills and organization structures to manage all of the requirements.

The result, in some cases, is that nonprofits avoid seeking grant funding altogether. These are a few of the challenges and trends we discovered in our recent survey of nonprofit and government organizations. Other key findings include:

- The “average” survey respondent is involved in the grant process at a human and social services organization and has an annual operating budget between one and five million dollars.
- 32% of respondents describe their strategy and the type of funders they pursue as “a few engaged funders who are totally aligned with our mission.”
- 84% of respondents report they are somewhat to very successful in obtaining funding from an engaged funder for a multiyear application.
- 58% of survey takers answered that their organization spends less than 25% of its time (from strategic planning through funding) on the grant process. The leading source of funding for responding organizations is government grants and contracts, totaling 52% of their funding.
- Impressively, 35% of the organizations report that it takes less than six weeks to complete the grant process.
- The top three success and impact measures grantors are asking for are 1) number of constituents served, 2) financial accountability and stewardship, and 3) program sustainability.
- 56% of respondents said grantors are demanding more impact/success measures than two years ago, while 30% responded that grantors are asking “about the same” amount of impact/success measurement.
- Overall, 66% of survey takers report being somewhat to very satisfied with their grant management process. However, when given the opportunity to describe their “pain points” and dissatisfaction with the grant management process, 30% of survey takers responded with an area for improvement.
- The top pain points related to the grant management process are: 1) lack of integration, process, or system; 2) no technology or limited software capability; and 3) lack of time, staff, or money to manage.

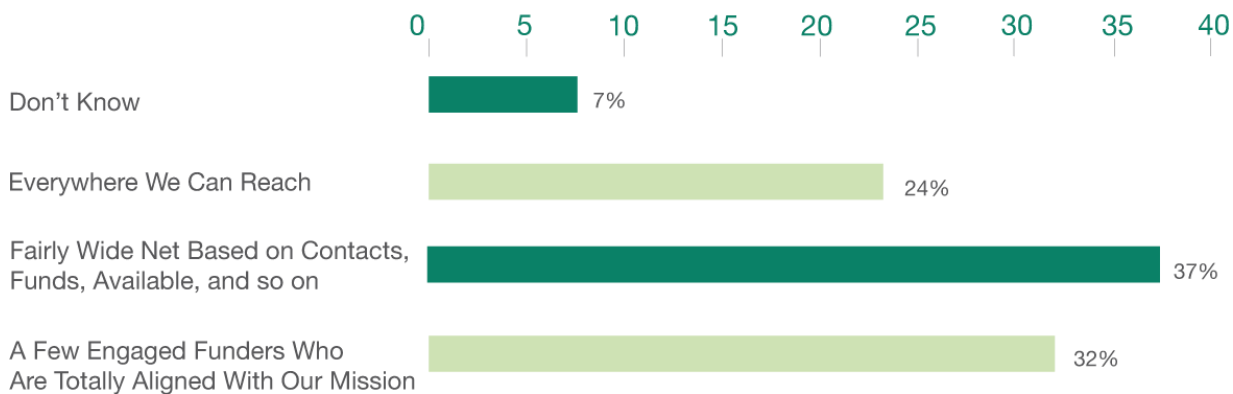
Introduction

Sage conducted the 2012 survey of grant professionals to gather data—some baseline and some longitudinal—on grant management activities in U.S. nonprofit and government organizations. This is the second year Sage conducted the survey. Overall, 853 individuals responded. Seven hundred twenty-eight survey respondents or 85% identified their organizations as the beneficiaries of grant funding. Of the organizations participating in the survey, 51% depend on grants for over half of their funding.

Grant-Seeking Strategies

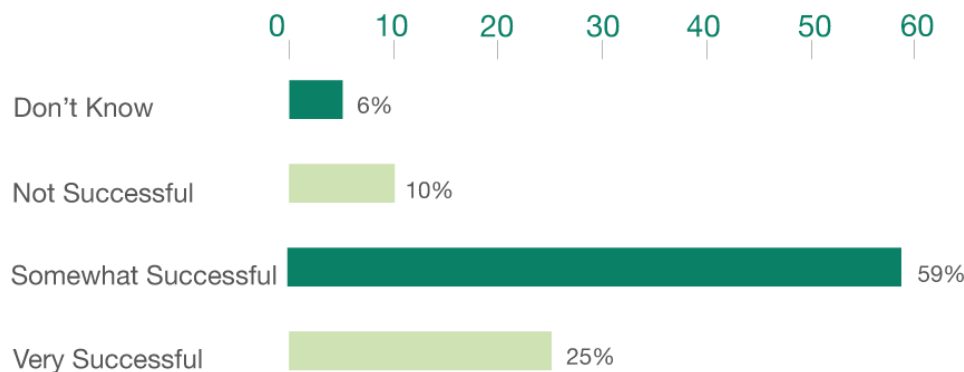
When pursuing grants, organizations vary in their strategy and “type” of funders they pursue. 32% describe their strategy as one where they seek “a few engaged funders who are totally aligned with our mission.” This is up 2% from the 2011 survey, while the rest of organizations, 61%, cast a “wide net” and seek funding “everywhere” they can reach.

Graph 1: Funder Targeting Strategy



Over 75% of organizations responded that they always or sometimes seek an engaged funder for a multiyear application. Of those who seek an engaged funder for a multiyear application, 84% report they are very or somewhat successful in doing so.

Graph 2: Multiyear Funding Success

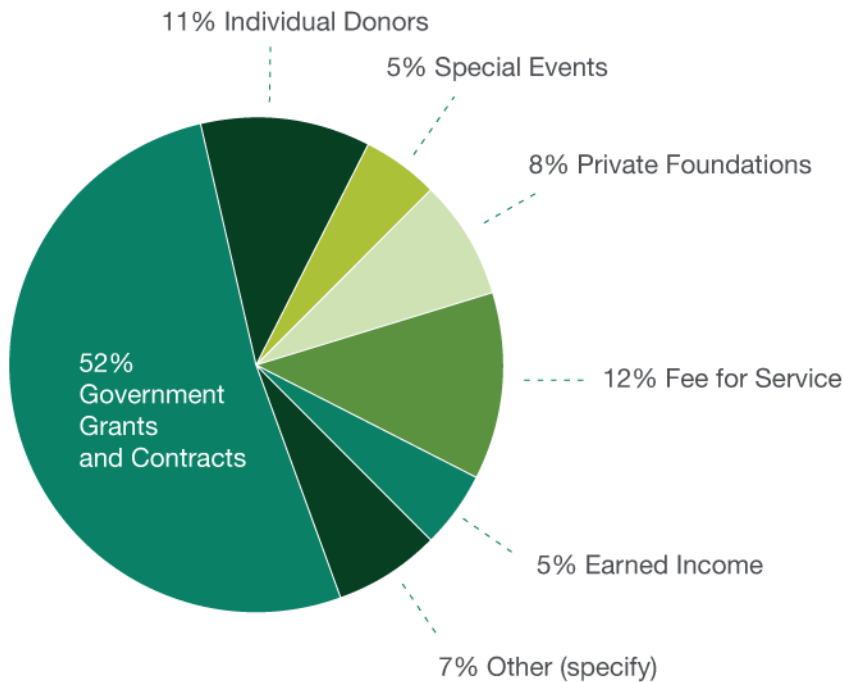


The importance of seeking engaged funders cannot be stressed enough. A recent report, *Is Grantmaking Getting Smarter* from Grantmakers for Effective Organizations (GEO) found that “engaged funders” are more likely to provide the types of support nonprofits need to thrive. Types of support include multiyear, general operating, and capacity-building support.² When crafting a grant-seeking strategy, targeting an “engaged” funder is a sage step to take.

Time Spent Seeking Funding and Funds Raised

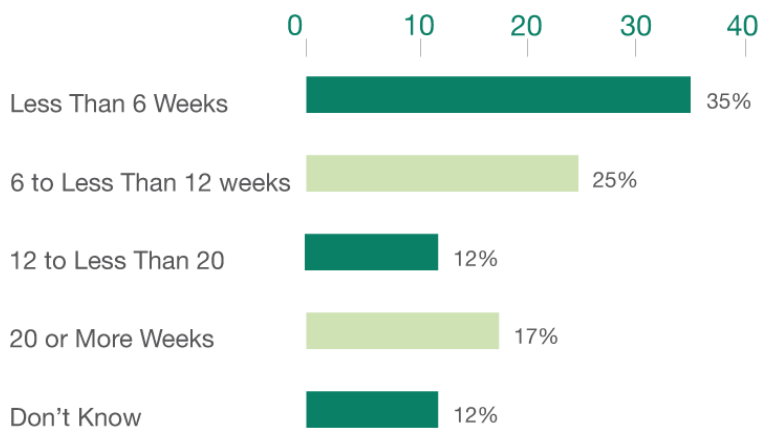
Government grants and contracts are the leading source of funding for the organizations surveyed, averaging 52%. The remaining 48% comes from fees for service, individual donors, private foundations, special events, and earned income.

Graph 3: Where Their Funding Comes From



58% of study participants estimate that their organization allocates less than 25% of their time (from strategic planning through funding) to the grant process. 35% of the organizations surveyed answered that it takes less than six weeks to complete the grant process.

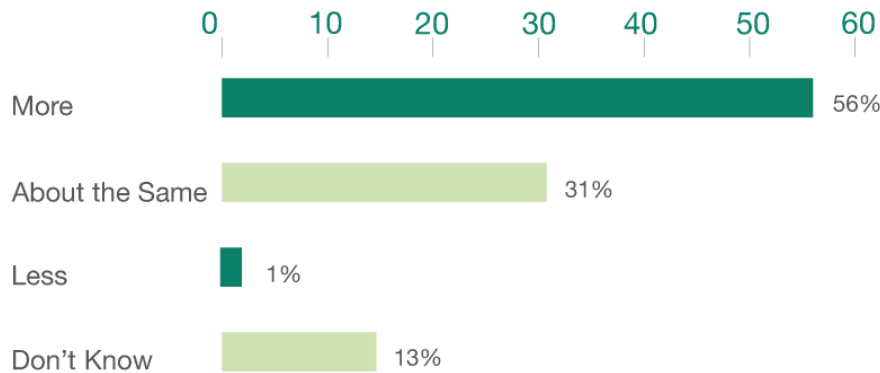
Graph 4: Average Cycle Time for Grant Process



Grantor Success and Impact Measurement

Governments, foundations, and other sources of funding expect organizations to report on the impact, success, or outcome of their financial support. With this in mind, we asked study participants, “Are grantors generally demanding more, less, or about the same amount of impact/success measures as they did two years ago?” Clearly, funders are asking for more.

Graph 5: Reporting Success and Impact Measures



The types of impact measures that grantors are asking for are relatively unchanged between 2011 and 2012. However, in this year’s survey “financial accountability” was edged out by the “number of constituents” served.

Types of Measures	2011	2012
Number of constituents served	77%	77%
Financial accountability/stewardship	81%	76%
Program sustainability	57%	59%
Program quality from participant perspective	57%	54%
Long-term participant impact	45%	50%
Collaboration with other NAPs	30%	33%
Other (specify)	4%	4%
None	2%	0%
Don't know	6%	8%

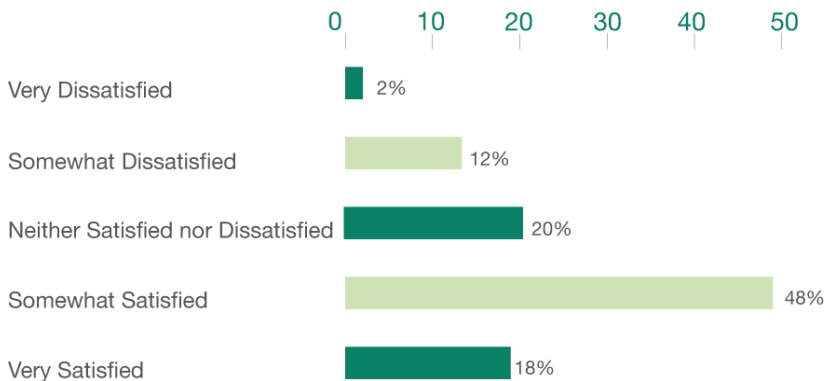
Other Measures Include:

- Academic Achievement
- Volunteer Hours
- Developmental Indicators
- Financial Literacy
- Repayment of Microloans
- Income
- Quantity of Benefits Delivered
- Rates of Participation
- Child Outcomes
- Community Impact
- Furthering Knowledge
- Administrative Costs
- Match or Leverage
- New programs only
- Type of Constituents
- Number of Preventions

Grant Management Satisfaction

66% of study participants responded that they are "very to somewhat satisfied" with the way their organization carries out the grant management process.

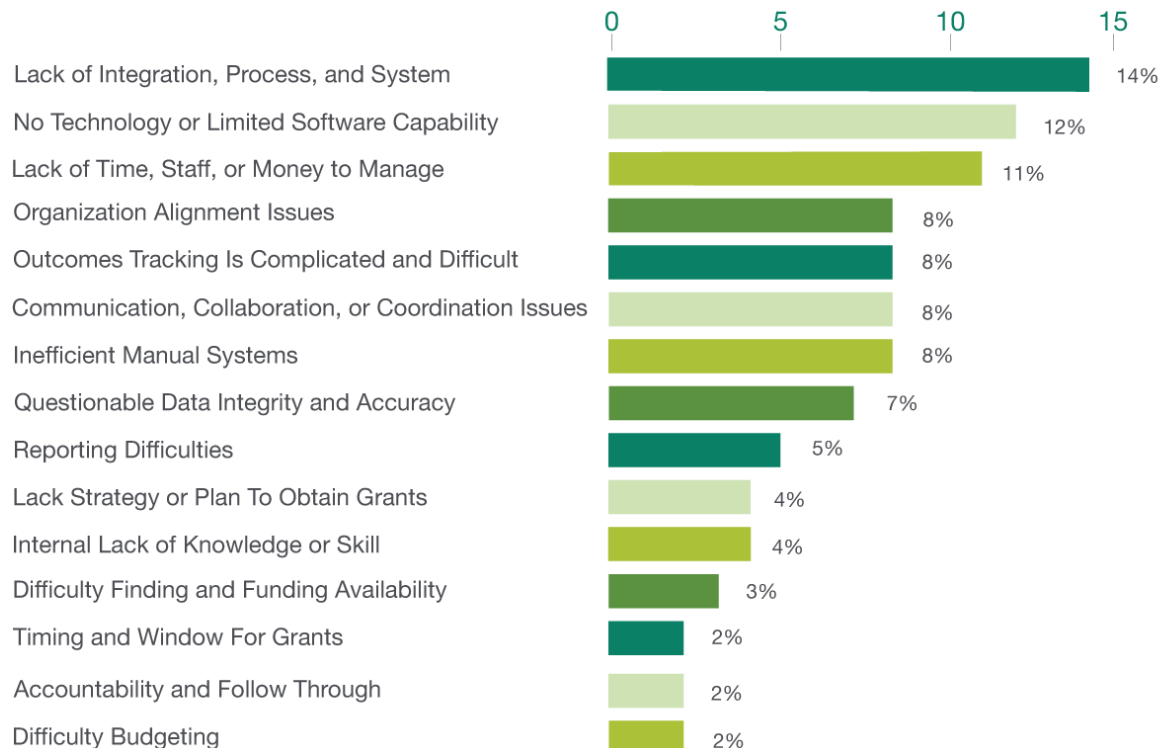
Graph 6: Satisfaction with Grant Management Process



However, when we asked participants to tell us their pain points or difficulty with the grant management process, over 30% of the participants provided a free-form answer describing a difficulty or an area for improvement.

After analyzing the responses, we developed a set of common “pain points” or reasons for dissatisfaction with the grants function at the responding organizations. The most frequently mentioned pain point is "lack of integration, process, or system" (14%). Other common reasons for dissatisfaction include "no technology or limited software capability" (12%) and “lack of Time, staff or money to manage" (11%). View the remaining pain points identified in the table below.

Graph 7: “Pain Points” in the Grant Process



Grant Management Systems and Tools

We were also curious to know what systems and tools organizations are using to manage grants. Surprisingly, only 4% of organizations use software designed specifically for grant management. The vast majority of respondents use a mix of internal “systems,” spreadsheets, or databases to track and report their success or impact measures. Not surprisingly, the lack of process, organization, integration, and inefficient manual systems were cited as reasons for dissatisfaction with the grants management process. For more information, see page 6.

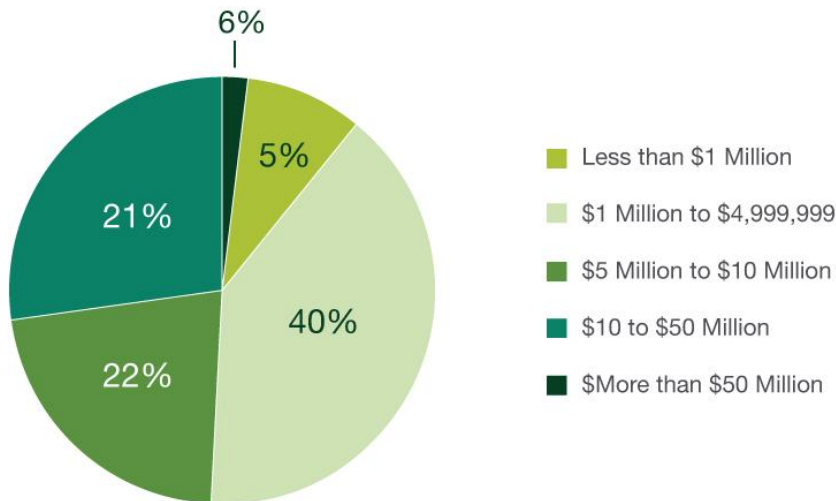
Grant Management Actions				
Tools	Track Success or Impact Measures	Report Success or Impact Measures	Conduct Financial Analysis or Budget	Pipeline Management
Grant Management Software	4%	4%	4%	3%
Spreadsheet Software (Excel)	31%	27%	24%	12%
Database Software	31%	28%	6%	7%
Financial/Accounting Software	4%	5%	63%	1%
Manually on Paper	9%	15%	1%	4%
Other	8%	11%	0%	15%
Don't Do This	4%	2%	1%	26%
Don't Know	7%	6%	1%	33%

Note to Sage Customers Sage 100 Fund Accounting has a grant management module that comes with the program. Be sure to check with your system administrator to ensure you have the appropriate rights to access the module. Sage also offers Sage Grant Management, a complete grant lifecycle solution with integrated financial analysis, contact management, business intelligence, budgeting, and success or impact metrics and tracking.

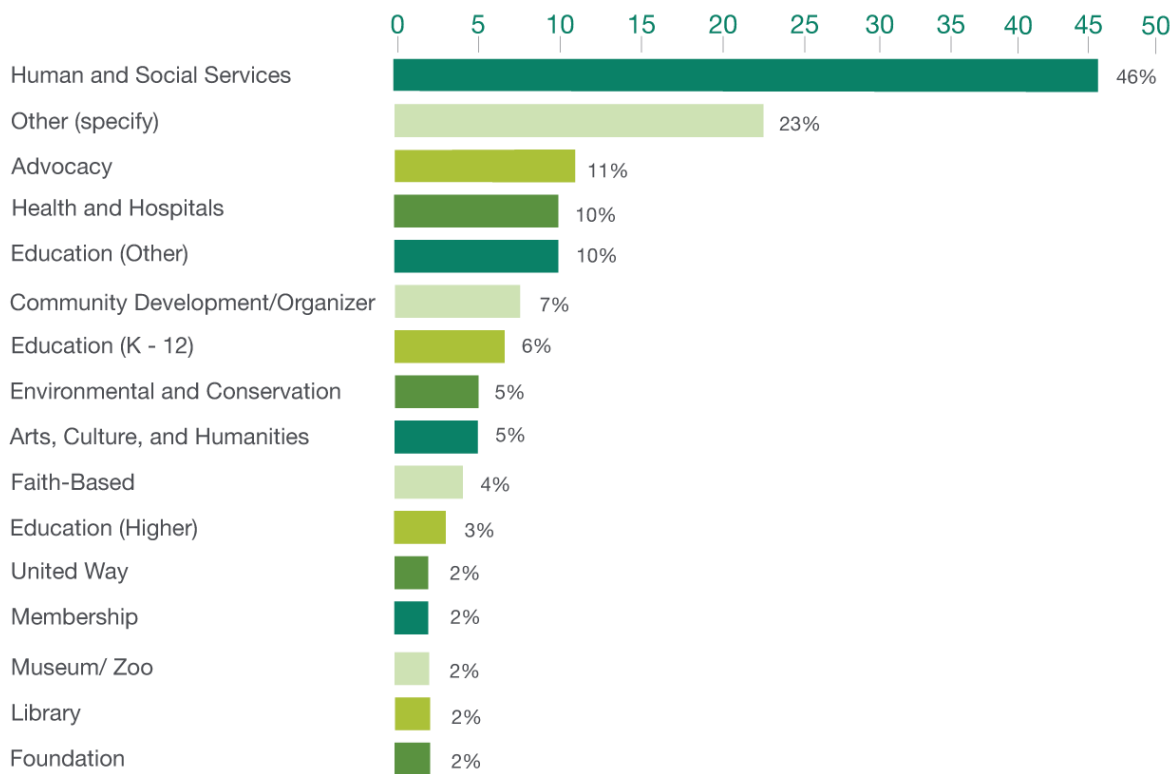
Who Responded to Our Survey

Our study participants represent a diverse array of social service organizations from small to large organizations and everything in between.

Graph 8: Organization Annual Operating Budget



Graph 9: Organization Type



Other

- Public Broadcasting/ Media Organizations
- Science Technology Engineering and Medicine (STEM) Organizations

About Sage Nonprofit Solutions

Sage Nonprofit Solutions has been serving nonprofit and governmental organizations throughout North America for more than 30 years. The organization helps more than 32,000 unique not-for-profit organizations increase efficiency and more easily manage their operations through the use of technology. From fund accounting, donor and fundraising management, and grant management to online donation processing, human resources (HR), payroll, and fixed asset management, Sage offers a software product or service to meet the organization's need. Follow Sage Nonprofit Solutions on Twitter® (www.twitter.com/SageNonprofit) and Facebook® (www.facebook.com/sagenonprofit), read its blog (www.sagewords.net), and join its community for not-for-profits (<http://community.sagenonprofit.com>).

Acknowledgements

We owe a great deal of thanks to everyone who participated in this study by answering our questions and taking the time to respond thoughtfully with their open-ended feedback. Special thanks to the Grant Professionals Association for allowing us to include GPA members in the survey. Additionally, this survey and report could not have been produced without the support of the following individuals:

- Gary Borislow
- Kathleen Hall
- Joan Benson
- Patricia Tynan

References

1. Foundation Growth and Giving Estimates: Current Outlook, 2012 Edition, Foundation Center, May 2012, <http://foundationcenter.org/gainknowledge/research/pdf/fgge12.pdf>
2. Is Grantmaking Getting Smarter?: A National Study of Philanthropic Practice, Grantmakers for Effective Organizations, March 2012
http://www.geofunders.org/storage/documents/2011_geo_field_study_final.pdf