

# PROVIDING FOR THE LONG TERM

How can you help a grantee establish an endowment? What are some alternatives if an endowment isn't the right move?

## IN THIS GUIDE

An endowment can be an effective way to ensure the permanence and stability of a grantee organization. Grant makers discuss the opportunities and pitfalls of supporting endowments and other long-term financial assets and provide tips on managing the fund, selecting financial advisers and fund managers, and generally helping grantees get the most from the endowment.

## HIGHLIGHTS

- Ten factors to consider before starting
- Creative alternatives to an endowment
- Guidelines for fund management



“People tend to immerse themselves in technical stuff, and overlook the very basic questions at the front end: whether it makes sense at all, and if so, when, and in what form.”

–Grant maker on the importance of thinking strategically from the start

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## A sample from the guide:

### SOME WAYS TO THINK CREATIVELY ABOUT ENDOWMENT FUNDRAISING

Grant makers who have had success with endowments suggest these four additional points for making the most of the fundraising effort:

- **Think locally.** Many organizations too easily conclude that their local communities or constituencies have insufficient resources. That's unfortunate, because these donations, even if modest, are far more important than the amount of funds received. They establish an organization's credibility and legitimacy – its value to the people it serves – and can have a powerful effect on potential contributors.
- **Reach globally.** People may move across local and national boundaries and yet maintain a keen interest in the communities and countries they have left. Even people who have never lived in a given community may have emotional, cultural, or family ties to those who do live there. In these situations, "diaspora" fundraising may be surprisingly productive.
- **Get personal.** Follow-up is essential, because soliciting larger contributions always requires several meetings and conversations. It's worth getting to know potential donors, their interests, and the particular things they might value about a given organization. Donors considering a large grant for an endowment often want to get to know the organization, its leaders, and its personality in a more intimate way than other kinds of donors might – to become part of the family, in a sense. Some donors are more receptive to an approach by one of their peers – particularly if that person knows the grantee exceptionally well.
- **The best fundraisers may not be professionals.** Volunteers, beneficiaries, and board members can be very effective in the fundraising process, even if they have no special connection to potential donors. Sometimes, *what* you know really is more important than *who* you know. Some volunteers, for example, are people who have a compelling personal story to tell about the value of the organization and the potential importance of the endowment. The most effective appeal may come from an institution's fellowship recipients, graduates, or mentoring participants. Some of its regular donors may be willing to tell others why they believe this organization is a worthwhile grantee.

#### HOW THEY DID IT/WHAT THEY DID

### AN ENDOWMENT-LIKE GRANT VS. A REGULAR ENDOWMENT

One grant maker considered several endowment options before choosing to make a working-capital reserve grant. The grantee needed a source of stable income and wanted an endowment, but a close look at reality led to another choice. The grant maker describes the decision-making process this way:

"Here was an organization [the grantee] that could really be doing more and taking more of a leadership role. And yet they were being held back – or at least they felt held back – by uncertainties over future grants. They needed to attract really top-quality professionals for the next phase [of their work], but they felt they couldn't make a long-term commitment to people like that, given how variable their budget was.

"They came to us for an endowment, and eventually they probably need one. But when we gave them a small grant to study the fundraising potential [for an endowment], it wasn't clear they could raise enough money just yet. Gradually, as we looked at the options with some really good advisers, we designed this "reserve fund." And along the way, they learned volumes about what might be possible down the road – and so did I."