



Talking “Dollars and Sense”: A Taboo, But Important Topic for Strategy

We are routinely asked this question: How much do I need to distribute annually before I can be a strategic funder?

To be strategic at any size, you must select a mission and generate grant guidelines. This is something you can do regardless of your philanthropic vehicle, be it a trust, foundation, donor advised fund, or checking account. With this done, here are some tips on how to think about making a difference with your annual distribution level.

Distributing \$200,000 or less annually

- Identify a specific geographic location and/or one narrow program area.
- Make 5 or fewer grants annually.
- Make grants with a minimum of a two-year commitment.
- Pick small organizations serving individuals or causes that are marginalized.
- Ensure that proper evaluation metrics are in place for grants of \$50,000 or more, if not all grants.
- Consider making grants that support projects funded by staffed foundations that have dedicate staff time to grant selections and oversight.
- Consider joining funding circles or collaboratives to leverage your funds.

Multi-year commitments help funders make meaningful commitments and learn more about organizations and causes. Small, one-year commitments can lead to dabbling and give the funded organizations insufficient security. Of course, multi-year commitments should be tied to contracted milestones and should not issue if the nonprofit did not expend the first year's funds in accordance with the terms of its agreement with the funder.

Distributing between \$200,000 to \$500,000 annually

- Select no more than two locations and/or two narrow programs areas.
- Make 12 or fewer grants per year.
- Make grants with two- to three-year commitments. (One-year commitments should be reserved only for pilot grants or pilot program areas.)
- Pick small organizations or small programs within large institutions that serve individuals or causes that are marginalized.
- Ensure that proper evaluation metrics are in place for grants of \$50,000 or more, if not all grants.
- Consider making grants that support projects funded by staffed foundations that have dedicate staff time to grant selections and oversight.



- If no family member is available to work part-time or hiring a family member would cause difficult family dynamics, consider hiring part-time staff or an outside consultant to negotiate your grants, oversee grants, and administer your philanthropy generally.
- Consider joining funding circles or collaboratives to leverage your funds.

Distributing between \$500,000 to \$2 million annually

- Select no more than three locations and/or three program areas.
- Target grants of no less than \$50,000 and aim to find grant projects worthy of \$100,000 or more of investment.
- Make 20 or fewer grants.
- Make grants with two- to three-year commitments. One-year commitments should be reserved only for pilot grants or pilot program areas.
- For grants of \$200,000 and up, you or your staff/consultant should meet leadership personally and consider your funding as an investment in the organization's leadership as much as the program itself.
- Consider diversifying your portfolio among grant projects that are innovative and untested with those that support tested, quality programming to ensure a portion of your funds reach those who need it.
- If no family member is available to work part-time or hiring a family member would cause difficult family dynamics, hire part-time staff or an outside consultant to implement your grants strategy in a comprehensive, organized manner. All your grants should be negotiated and properly overseen.
- Reach out to like-minded funders to leverage knowledge and consider forming or joining funding collaboratives that are staffed.

Distributing over \$2 million annually

- Select up to four program areas; a geographic underpinning is not necessary for some program areas, but will be helpful for broad program areas such as poverty prevention or child welfare.
- Consider limiting the number of grants to 30 or fewer, so that time and effort are spent on larger, more impactful grants.
- Target grant sizes of \$75,000 or greater.
- Make grant commitments of two to three years.
- For grants of \$200,000 and up, you or your staff/consultant should meet leadership personally and view funding as an investment in the organization's leadership as much as the program itself.



- For all levels, ensure that proper evaluation metrics are in place for each grant. Consider obtaining outside evaluators for some of your larger, long-term grants.
- Hire staff or consultants to administer grants. Staff or consultants should also oversee grants strategy unless a family member is competent to do this. Even so, the family member might still need staff or consultant support depending on the breadth of grantmaking and number of grants made.
- Consider serving as a leader in collaboratives, either through funding or by providing staff support to a collaboration or network for funders and grantees in the field.