Funding Technology: Lesson Learned

Council on Foundations
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Jeff Clarke – Rasmuson Foundation, Anchorage, AK

Kit Gillem - MJ Murdock Charitable Trust, Vancouver, WA

Marty Schneiderman - Information Age Associates and Foundation News & Commentary, Princeton, NJ

Session Agenda

1. Introduction

2. Overview of presenters and their foundations

3. What are the most common challenges that you've encountered when making technology-related grants? Followed by brief Q&A.

4. Case Study

5. What are the five most important things you'd advise a new program officer to consider when reviewing proposals and making technology-related grants? Followed by brief Q&A.

6. Open discussion

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Technology:
the Achilles Heel of Nonprofits

"Technology is the Achilles' heel of the nonprofit world, despite much promotion of Web sites that assist in fund-raising and perform other functions.

Donors typically do not like to underwrite investments in office equipment, so nonprofits often assemble their technology in a piecemeal fashion, buying off-the-shelf software and relying on volunteers to design and set up computer systems."

Source: New York Times, April 15, 2002

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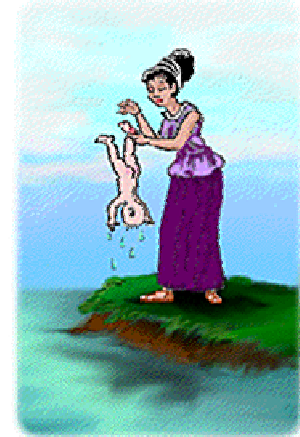
Nonprofit Technology Planning and Budgeting

- ¡ 75 percent would benefit from some investment in information technology

- ¡ Less than 40 percent have a budget for information technology

- ¡ Less than 30 percent have a strategic plan for technology

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Technology is Not a High Priority for Most Nonprofits

"In a recent study of 400 nonprofit senior managers . . . 100% of respondents said they are dedicated to improving the efficiency and effectiveness of their organization, and they believe that technology can contribute significantly to this goal.

However, they are not including technology in their organizational planning. This suggests that while the power and potential of technology as an organizational tool is recognized, the leaders of nonprofits still view technology as an adjunct to their operations, rather than a mission critical tool."

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Technology Decisions Are Not Typically Part of Strategic Plans

According to the authors of the study, "… as technology investment decisions are made, they are not generally made within the context of the organization's long-term strategic plan."

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Some Examples of Technology-related Grants

¡ The development of a comprehensive <u>technology plan</u>

¡ <u>Professional development</u> of non-profit staff to use technology more effectively to achieve their goals

¡ <u>Office automation and communications technologies</u> that are used to automate, expand, and streamline a non-profit's operation

¡ Technologies that is used to <u>establish or enhance communications</u> among a non-profit's constituent audiences and collaborators

¡ The use of technologies to <u>improve the scope and effectiveness of education and learning</u>

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MJ Murdock Charitable Trust

- Foundation assets size 2003 – ~$550 million
- Number of staff – 16
- Office locations – Vancouver, WA
- Proposals received in 2003 –284
- Active grants –543
- Grants awarded in 2003 – $28,043,901
- Program areas – Arts & culture, research, education, health & human services, conservation, general purpose foundation
- Geographic focus – Alaska, Idaho, Montana, Oregon and Washington
- Approximate percent of grants with some technology-related support - 10-15%

Rasmuson Foundation

¡	Foundation asset size (2003)	$427,000,000
¡	Number of staff	8 and 1 intern
¡	Office location	Anchorage, AK
¡	Proposals received (2003)	463
¡	Active grants (2003)	222
¡	Total grant payments (2003)	$17,200,000
¡	Program areas	Health & Human Services Arts & Culture
¡	Geographic focus	Alaska
¡	Approximate percent of grants with some technology-related support	20% / 5 – 10% of $

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Rasmuson Foundation Technology Grant Request Checklist

The Rasmuson Foundation recognizes technology's important role within the not-for-profit community. Your assistance with the following information will help the Foundation in its process regarding the appropriateness and sustainability of technology-related grant requests. Hardware is defined as servers; computers; peripherals (printers, networked copiers etc); network devices; audio-visual; or telecommunications equipment (phone systems). 'Software' is defined as any business application (aside from standard Office suites and productivity tools) such as donor, finance, or inventory or communication tool such as a web site.

Organization Name: _____

Preparation

	Yes	No
Our organization has secured non-profit pricing from our vendor of choice and / or has visited DiscounTech at www.techsoup.com for non-profit pricing.		
There is a dedicated and experienced project manager overseeing this project.		

I. Anticipated Outcomes and Benefits

In the grant application project description, describe the project's benefits for both the organization and its clients.

II. Governance

	Yes	No
Our organization has either a standing or an ad hoc Technology Committee. If yes, please state its mission and describe its composition below.		
Our organization has a formal technology strategy and plan. If so, please attach.		
Our organization has a formal technology policy and / or procedure document.		
Our organization is subject to information security / privacy regulations such as HIPAA		

Rasmuson Foundation Technology Grant Request Checklist

- Securing of nonprofit price discounts
- Anticipated outcomes and benefits
- Governance
- Current environment
- Ongoing operations and sustainability
- Business software: planning, selection, implementation and support
- Training
- Telecommunications equipment: planning, selection, implementation and support

What are the most common challenges that you've encountered when making technology-related grants?

MJ Murdock Charitable Trust

- Lack of <u>comprehensive technology plan</u>
- Isolated approach, <u>not integrated</u>
- Lack of <u>institutional technology infrastructure</u>
- Lack of <u>administrative systems</u> in place
- <u>Inappropriate proposed solution</u> or technology

Rasmuson Foundation

- <u>Low "IT IQ"</u> across key stakeholders
- Absence of a <u>technology governance model</u>, <u>roadmap</u> and <u>commitment to sustainability</u>
- Applicants have <u>little experience working with vendors / consultants</u>
- Vendors have <u>transactional as opposed to strategic focus</u>
- Vendors try to "<u>game the system</u>"

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¡ The organization <u>lacks the expertise to make informed decisions</u> about information systems and technology support services

¡ Plans to <u>automate existing inefficient workflows and processes</u> vs. making changes and using technology appropriately that result in significant improvements

¡ Staff <u>training and technical support</u> has been underestimated

¡ Plans that don't include adequate <u>security, backup and protection of confidential information</u>.

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Case Study

Portland Opera

¡ **Description of Grant Recipient**
  l Professional grand opera (top 15 in country), $6 million annual budget, 41 full-time and 500 part-time staff, five major productions and Broadway presenting series, reach 300,000 people, loyal following, strong ticket sales

¡ **Problem**
  l Chronic deficit situation, undercapitalized in 1998

¡ **Proposed Solution and Key Technology Components**
  l $25 million five year stabilization campaign 1999-2003 (boost annual contributions, build endowment and create new works fund)
  l Build internal capacity to implement campaign
    ¡ Expand development department (proposed four new staff)
    ¡ Enhance information systems and technology (migrate data and mission critical applications from DOS/Macintosh systems to Windows NT; enhance online capabilities) (proposed funding hardware, software, consultants)

Portland Opera

- **Format and Components of Grant**
  - 1999, two year grant on declining basis ($367,000) with a small matching portion for major gifts manager and prospect research manager, and technology

- **Outcomes (anticipated and unanticipated)**
  - Exceeded $25 million goal June 2003, balanced operating budget last five years, contributed income from $2 million to $4 million annually, $10 million endowment

- **Keys to Success**
  - Comprehensive organization-wide technology plan
  - Staff leadership and expertise
  - Institutional priority

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What are the five most important things you'd advise a new program officer to consider when reviewing proposals and making technology-related grants?

MJ Murdock Charitable Trust

- Impact on <u>mission</u>

- Project/organization <u>integration</u>

- Organizational <u>expertise</u>

- <u>Training and project transition</u>

- <u>Sustainability</u>

- Don't be afraid to say "I do not understand", take time to educate yourself, establish a network, find a mentor or resource person to contact with questions, and <u>seek knowledge and information</u>.

Rasmuson Foundation

- Create <u>awareness</u> amongst your staff and Board about technology

- Encourage your foundation to <u>model the approach to technology</u> that you suggest for grantees

- Develop a <u>framework</u> by which grantee capability, and project impact and risk can be properly evaluated. Craft it as a useful educational and planning tool for the grantee

- Identify a <u>subject matter expert</u> to assist you, if necessary

- Develop a post award <u>evaluation process</u>

- <u>Convene vendors</u> and explain the rules of the game

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Some Technology Resources for Foundations

- CompuMentor – www.compumentor.org

- Coyote Communciations – www.coyotecom.com

- Information Age Associates – www.iaa.com

- NPower - www.npower.org

- Network for Good – www.networkforgood.org

- Open Studio – www.openstudio.org
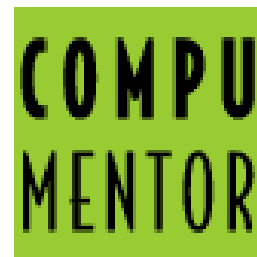
More Technology Resources for Foundations

¡ **Organizational Effectiveness/Capacity Building links-** http://fdncenter.org/pnd/specialissues/item.jhtml?id=6900039

¡ **Summit Collaborative –** www.summitcollaborative.com

¡ **TechFoundation –** www.techfoundation.org

¡ **Technology Works for Good –** www.technologyworks.org

¡ **TechAtlas –** www.techatlas.org

¡ **TechSoup –** www.techsoup.org

Technology Resources

Articles about technology, industry trends, surveys, and links to references of special interest to foundations and nonprofits.

The site is updated regularly

www.iaa.com/resources.html

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Time for
spirited questions!

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