Private Funding Opportunities for Research

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http://www.advancement.vcu.edu/faculty/corporate/opportunities.html

Today's Topics
- The external fundseeking process at VCU
- Foundation funding trends, types of foundations & the decision process
- Corporate funding trends (CSR)
- Identify and cultivate external funders
- Foundation letter of intent & proposal writing
- Questions and discussion

Role of the Central CFR office
- Prospect identification for university priorities
- Registration into central university database of prospects and donors
- Proposal editing and finalization for presidential level requests
- Statistics and boilerplate resources
- Presidential or VP cover letters
- Coordination of submissions and reports
- Coordination and disseminatin of RFPs
- Report to BOV of outstanding and funded proposals

The Private Fundseeking Process
- 1) Identify and define critical aspects of the project and organize them on paper
  - http://www.advancement.vcu.edu/faculty/corporate/process.html
- 2) Discuss project and potential sources of support with your dean, department chair, center director and unit development officer
- 3) Determine how VCU will process your funding request
  - Gift or grant
  - http://www.advancement.vcu.edu/faculty/corporate/giftorgrant.html
- 4) Make the appropriate university contacts
  - Sponsored Programs and the Office of Research
  - Advancement, unit and central development officers
  - University foundations and their presidents
  - Fiscal Administrators
The Private Fundseeking Process (cont’d)

- 5) Identify and compile a list of potential funders
  - [http://www.advancement.vcu.edu/faculty/corporate/resources.html](http://www.advancement.vcu.edu/faculty/corporate/resources.html)

- 6) Contact and cultivate a funder
  - [http://www.advancement.vcu.edu/faculty/corporate/process.html#four](http://www.advancement.vcu.edu/faculty/corporate/process.html#four)

- 7) Prepare a letter of intent or proposal
  - [http://www.advancement.vcu.edu/faculty/corporate/process.html#five](http://www.advancement.vcu.edu/faculty/corporate/process.html#five)

- 8) Reporting and stewardship
  - [http://www.advancement.vcu.edu/faculty/corporate/process.html#seven](http://www.advancement.vcu.edu/faculty/corporate/process.html#seven)

University Policies

- Faculty do not have signatory authority for the institution

- Faculty are required to inform development units and/or sponsored programs of external funding opportunities and submissions
  - ULP process

- Gifts and pledges to the university are made through the 4 university foundations
  - School of Business Foundation
  - School of Engineering Foundation
  - VCU Foundation (MPC)
  - MCV Foundation

Managing Risks

- Gifts (Development officers/foundations):
  - Proposal and reports often required
  - Sometimes require matching fundraising
  - Timeline and budget often required
  - Less restrictive, but still may require IRB approval
  - Irrevocable
  - Include payments over time (pledges)
  - Overhead expenses are direct expenses

- Grants (Sponsored Programs/Grants & Contracts):
  - Proposal and reports always required
  - Timeline and budget always required
  - Sometimes require matching or in-kind funding
  - Deliverables expected, strict accountability
  - Often include legal agreements
  - Revocable
  - Overheads are standardized
VCU Private Funding Contacts

- MCV Foundation – Bill Kotti
- VCU Foundation – Tom Burke
- School of Business Foundation – Ken Blaisdell
- School of Engineering Foundation – Brian Thomas
- Central Advancement – Samantha Marrs
- Sponsored Programs – Sue Robb

Foundation Facts

- 72,000 grant-making foundations gave away $42.9B in 2007
- Gifts from foundations increased 14.3% in 2005, 11.7% in 2006 and 10% in 2007
- Foundation philanthropy has doubled since 1989
- Despite economy, continued growth is forecasted due to intergenerational transfer or wealth
Types of Foundations

- Independent Foundations ~88%
  - Represent 72% of all foundation giving
  - Gave away $30.9B in 2007, up 13% from 2006
  - Family foundations are the majority (N=36,000)
  - Do not operate any programs

- Operating Foundations ~7%
  - Represent 8% of all foundation giving
  - Spend most of their income on research or programs
  - They operate programs, may make limited number of grants
  - Can be good sources of information

- Corporate Foundations ~4%
  - Represent 10% of all foundation giving
  - Gave away $4.4B in 2007, up 7% from 2006
  - Represent almost 30% of all corporate contributions
  - Separate entity from the corporation

- Community Foundations ~1% (N=800)
  - Represent 9% of all foundation giving
  - Gave away $4.1B in 2007, up 14% from 2006
  - “Mutual fund” model
  - Localized funding
  - More likely to give to human services, arts

Types of Grants

- Programmatic (50% of all grant $)
- Seed money
- Planning
- Operating budget (20% of all grant $)
- Special projects
- Research
- Endowments

Source: The Foundation Center, Foundation Yearbook 2007
What do they Fund?

Education 26%
Human Services 16%
Health 22%
Environment 6%
Arts and Culture 14%
Social Science 1%
Science and Technology 3%
Public/social 2%

How do they Fund?

Education 22%
Human Services 28%
Environment 14%
Arts and Culture 14%
Social Science 1%
Science and Technology 2%
Public/social 2%

Foundation Decision Makers

BOARD OF TRUSTEES
Family members
Primary donors
Financial Managers
Program Staff
Administrative
Research & Consultants
Suppport staff and Reviewers

Corporate Funding

Facts and Trends
What We Know

- Corporate philanthropy continues to rise, from $10.7B to $13.8B in 5 years
- 2,600 registered corporate foundations
- Pharmaceuticals are most generous
- Other players: computers, telecommunications, food, tobacco, banks, transportation
- Health and human services got 41%
- Giving follows profits, slight declines expected
- Consumers increasingly expect good corporate citizens

Corporate Funding Mechanisms

- Corporate foundations
- Community engagement offices
- Marketing & sponsorships
- R&D
- Human Resources
- Sales/Procurement
- Board allocations
- Matching gifts
- Employee foundations and fundraisers

Definitions

- **Strategic Philanthropy**: creates social and brand value (win-win)
- **Corporate Foundation**: primary purpose is to fund initiatives through grantmaking
- **Sponsorship**: fees paid to a property in return for exploitable access (a contract)
- **Cause Marketing**: sales-driven strategy that ties customer purchases to donations

Strategic Philanthropy

“Leveraging the power of a company’s brand, as well as its philanthropic and marketing budgets, distribution channels, staff and customers to achieve both business and social benefits that are far greater than the sum of their parts.” 2008 IEG Definition
Corporate Social Responsibility

- “Doing Well by Doing Good”
- Tied to corporate mission
- Integrates business objectives across functional areas
- Executives appointed to lead CSR
- Apply business principles to nonprofit effectiveness
- Shareholder & stakeholder endorsement
- Marketing budgets tapped
- Volunteerism & employee participation
- Customer participation

Source: Center for Corporate Citizenship at Boston College

Corporate Motives

- Enhance company image/positive PR
- Establish credibility in community
- Develop community allies and strengthen/stabilize community
- Improve employee recruitment/retention
- Increase effectiveness & impact of their investment

Source: Michael Porter, Harvard Business Review

Reputation Management

- Helping to make a difference, right here at home.

Source: [Image]
Community Relations

Competitive Marketplace

Cause Marketing

Sustainable Development
Consider…

- Previous giving
- Internal advocates
- Business interests
- Philanthropy motives (stated & unstated)
- Board & corporate leadership (current & future)
- Corporate health
- Company’s market
- Industry health
- Lobbying priorities