



Grantmakers in the Arts

GIAreader

Ideas and Information on Arts and Culture



PRIMUM
NON NOCERE!¹

Vol. 22 No. 1, Spring 2011

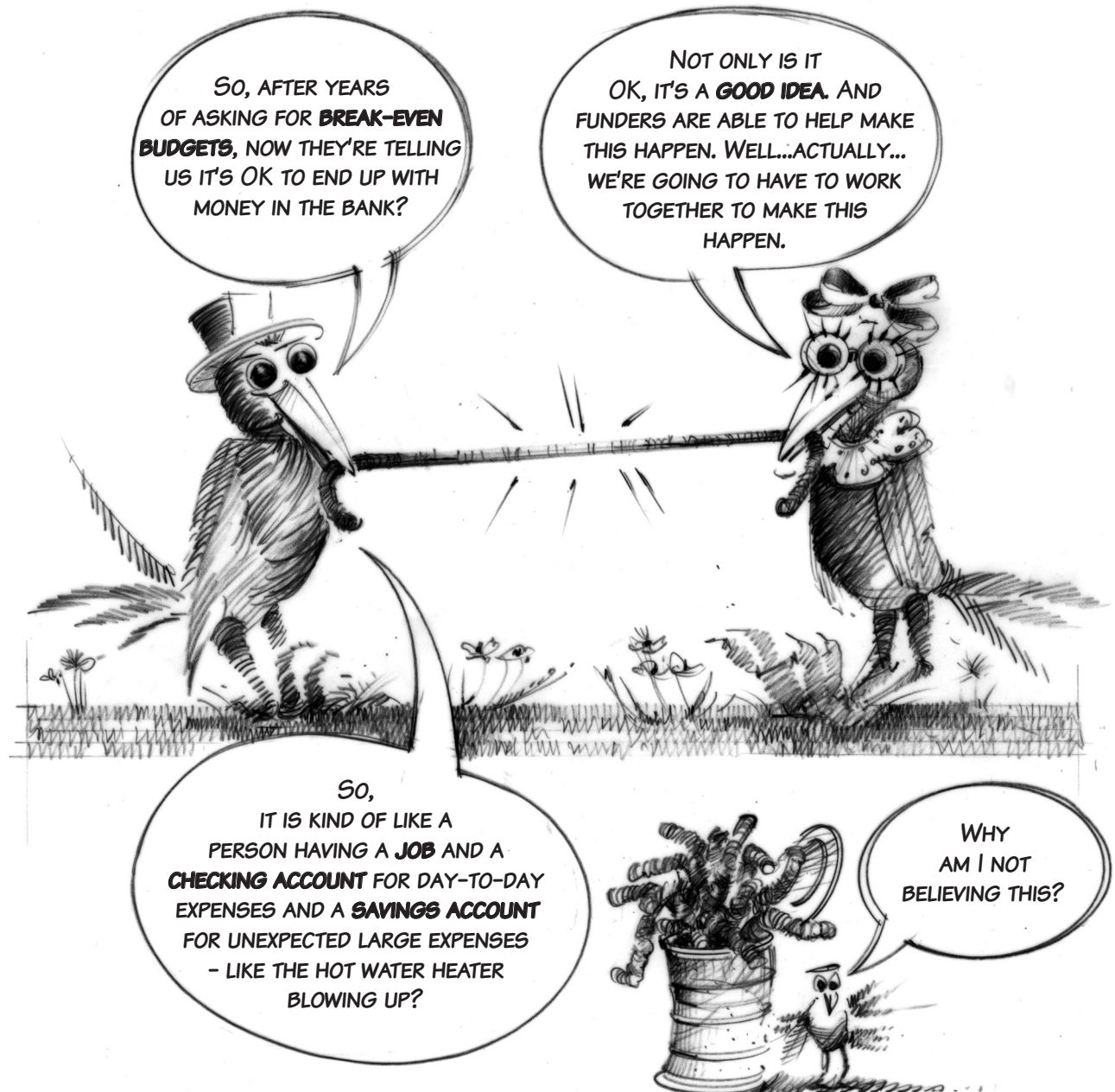


IN 2010, GRANTMAKERS IN THE ARTS CONVENED THE NATIONAL CAPITALIZATION PROJECT IN RESPONSE TO A GROWING NATIONAL CONVERSATION AMONG FUNDERS OF ALL STRIPES, LARGE AND SMALL, ABOUT THE NEED TO MORE EFFECTIVELY SUPPORT AND STABILIZE THE ARTS NONPROFIT SECTOR.

A HEALTHY NONPROFIT HAS THE RESOURCES TO ACHIEVE ITS MISSION AND GOALS. IT HAS THE ABILITY TO ACCESS CASH NECESSARY TO COVER ITS SHORT- AND LONG-TERM OBLIGATIONS, TO WEATHER DOWNTURNS, AND TO TAKE ADVANTAGE OF OPPORTUNITIES TO INNOVATE.

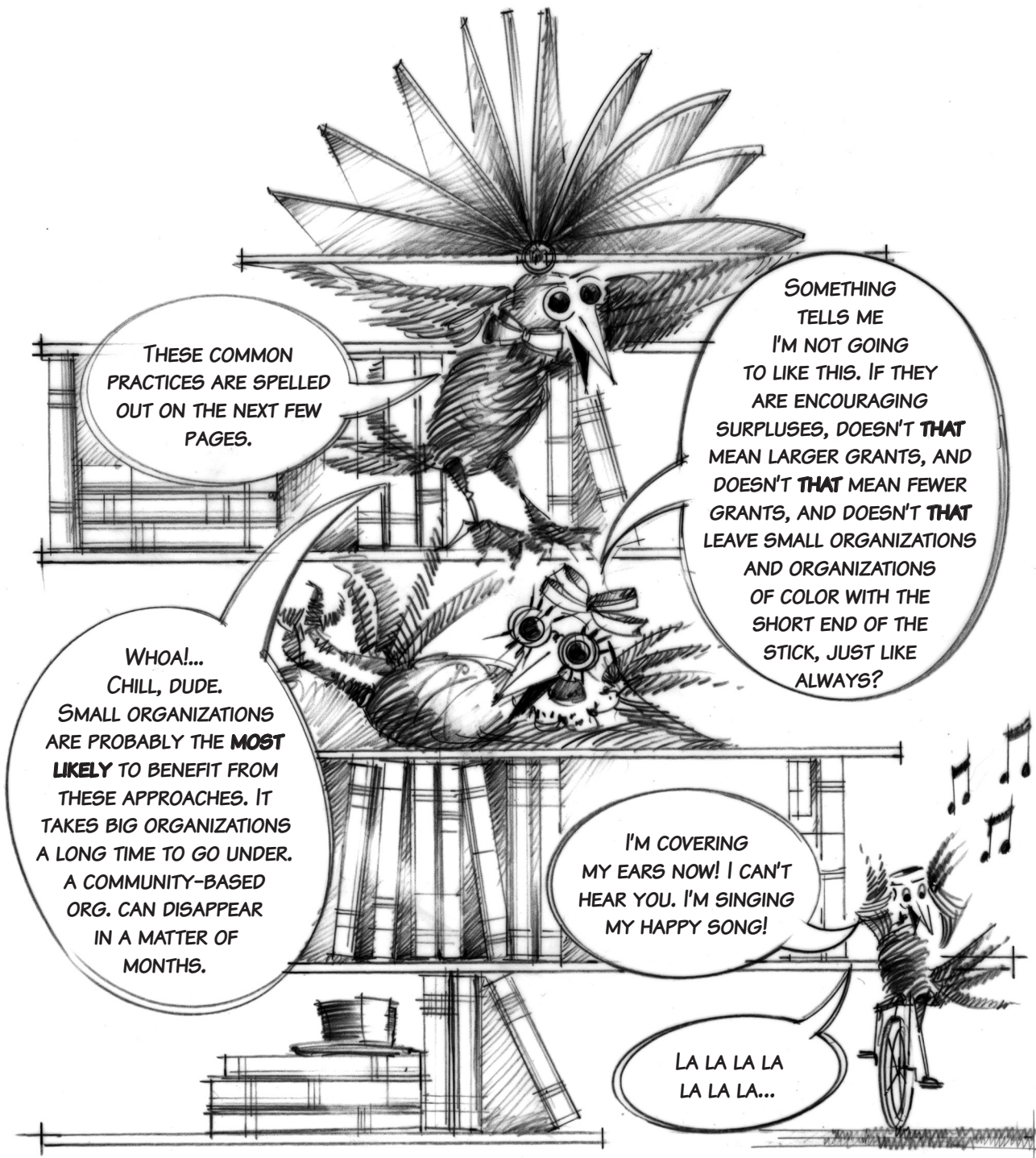
THIS IS TRUE FOR SMALL ORGANIZATIONS AND LARGE ONES. IT IS TRUE REGARDLESS OF WHETHER THEY HAVE A BUILDING OR AN ENDOWMENT OR NOT. EXACTLY HOW THIS PLAYS OUT FINANCIALLY WILL DIFFER DEPENDING ON THE ORGANIZATION'S BUSINESS MODEL, WHERE IT IS IN ITS GROWTH LIFE CYCLE, ITS MISSION AND CORE VALUES.

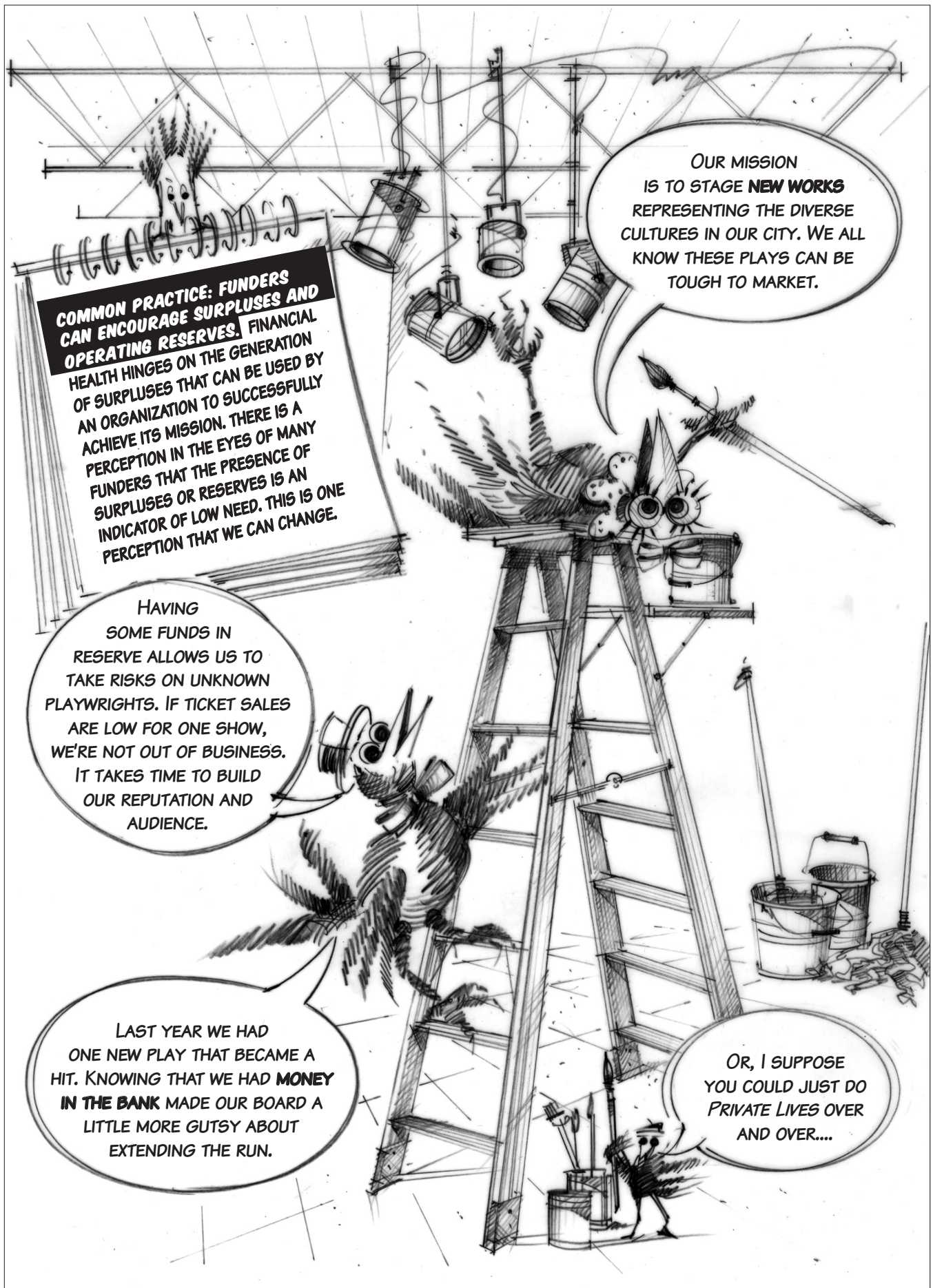
WHAT'S KEY, HOWEVER, IS THAT SUSTAINABLE BUSINESS PRACTICES HAVE TO ALIGN WITH THE ORGANIZATION'S MISSION.

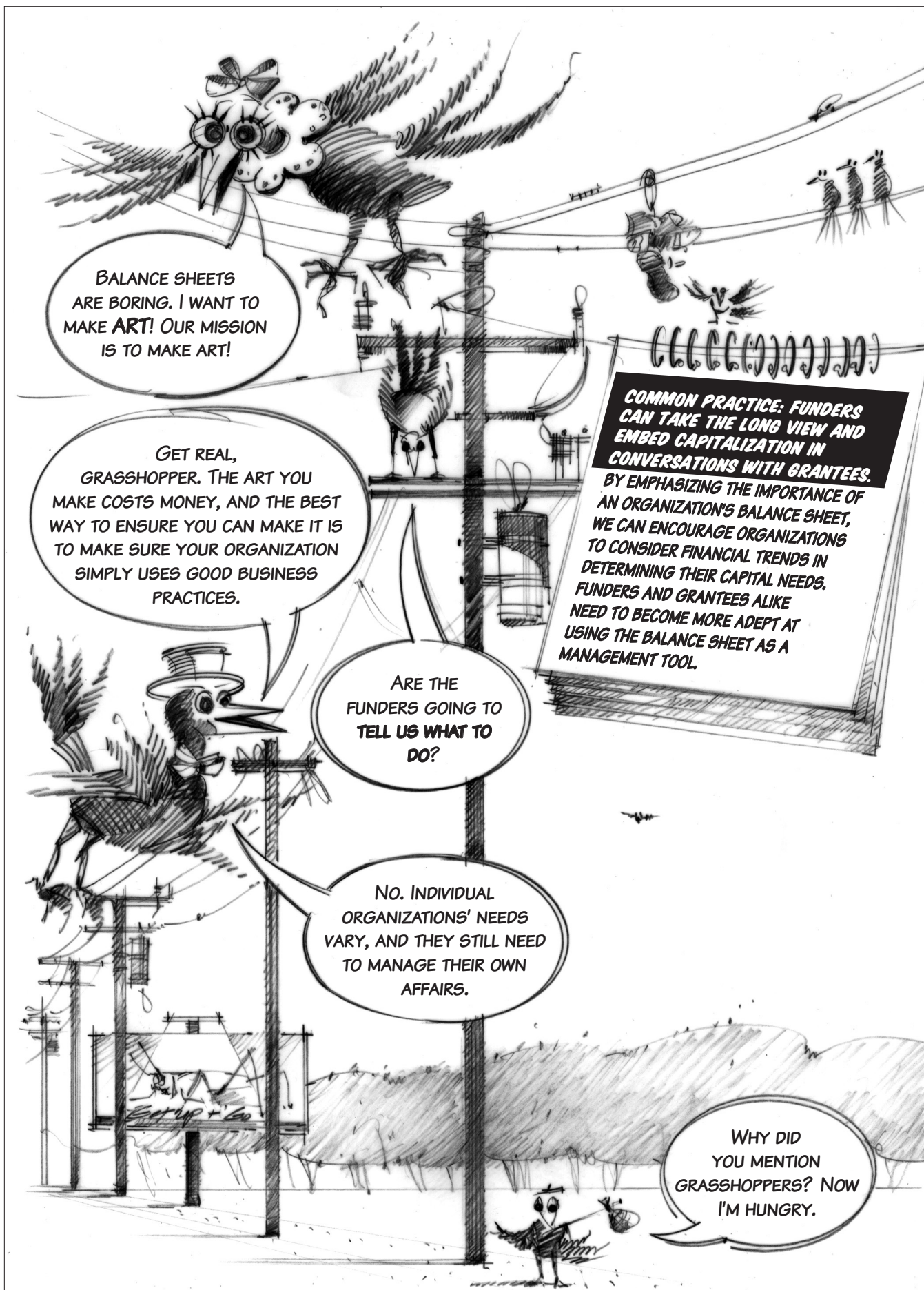


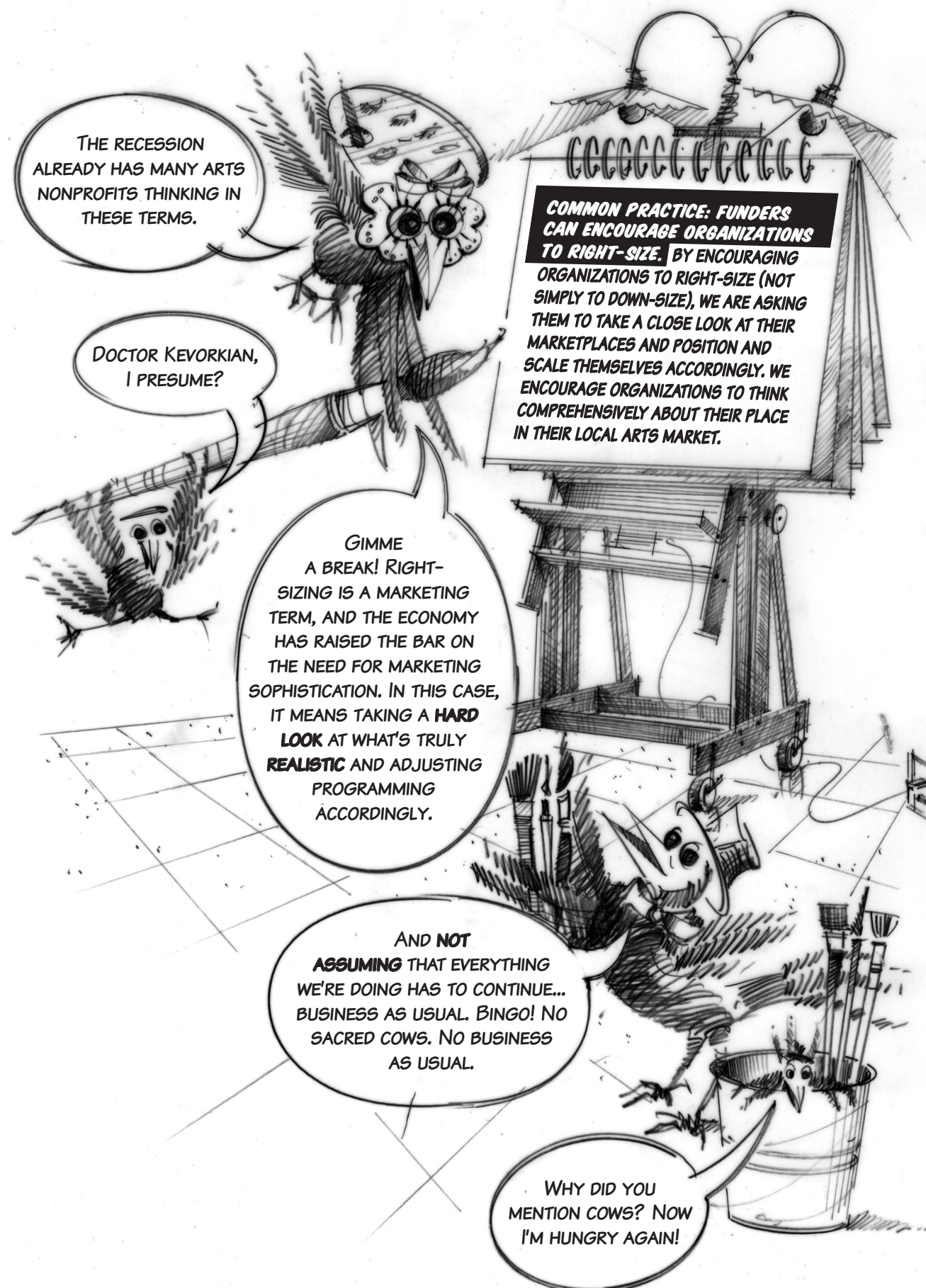
SO...GETTING BACK TO THE CHANGING-THE-GAME PART... GIA HAS COME UP WITH A HANDFUL OF COMMON PRACTICES FOR FUNDERS, DESIGNED TO HELP GRANTEES BECOME MORE FINANCIALLY HEALTHY. WE KNOW THAT FUNDERS ARE A DIVERSE LOT, AND EVERYONE WON'T BE ABLE TO APPLY ALL THESE IDEAS ACROSS THE BOARD.

AND FUNDERS ARE NOT GOING TO CHANGE THE GAME ALONE. ARTS NONPROFITS NEED TO BECOME MORE FINANCIALLY SAVVY AS WELL.









THE RECESSION
ALREADY HAS MANY ARTS
NONPROFITS THINKING IN
THESE TERMS.

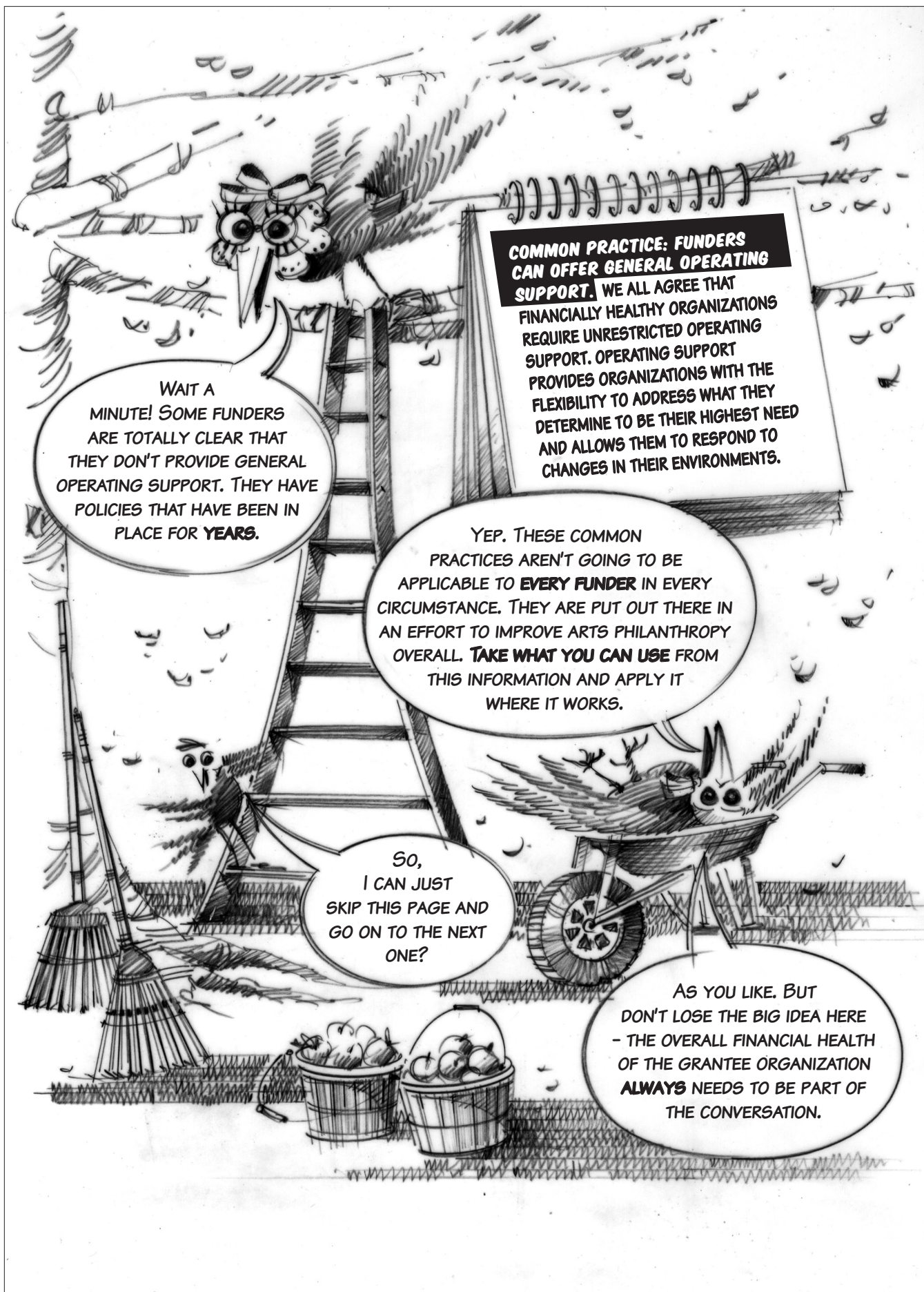
DOCTOR KEVORKIAN,
I PRESUME?

**COMMON PRACTICE: FUNDERS
CAN ENCOURAGE ORGANIZATIONS
TO RIGHT-SIZE.** BY ENCOURAGING
ORGANIZATIONS TO RIGHT-SIZE (NOT
SIMPLY TO DOWN-SIZE), WE ARE ASKING
THEM TO TAKE A CLOSE LOOK AT THEIR
MARKETPLACES AND POSITION AND
SCALE THEMSELVES ACCORDINGLY. WE
ENCOURAGE ORGANIZATIONS TO THINK
COMPREHENSIVELY ABOUT THEIR PLACE
IN THEIR LOCAL ARTS MARKET.

GIMME
A BREAK! RIGHT-
SIZING IS A MARKETING
TERM, AND THE ECONOMY
HAS RAISED THE BAR ON
THE NEED FOR MARKETING
SOPHISTICATION. IN THIS CASE,
IT MEANS TAKING A **HARD
LOOK** AT WHAT'S TRULY
REALISTIC AND ADJUSTING
PROGRAMMING
ACCORDINGLY.

AND NOT
ASSUMING THAT EVERYTHING
WE'RE DOING HAS TO CONTINUE...
BUSINESS AS USUAL. BINGO! NO
SACRED COWS. NO BUSINESS
AS USUAL.

WHY DID YOU
MENTION COWS? NOW
I'M HUNGRY AGAIN!



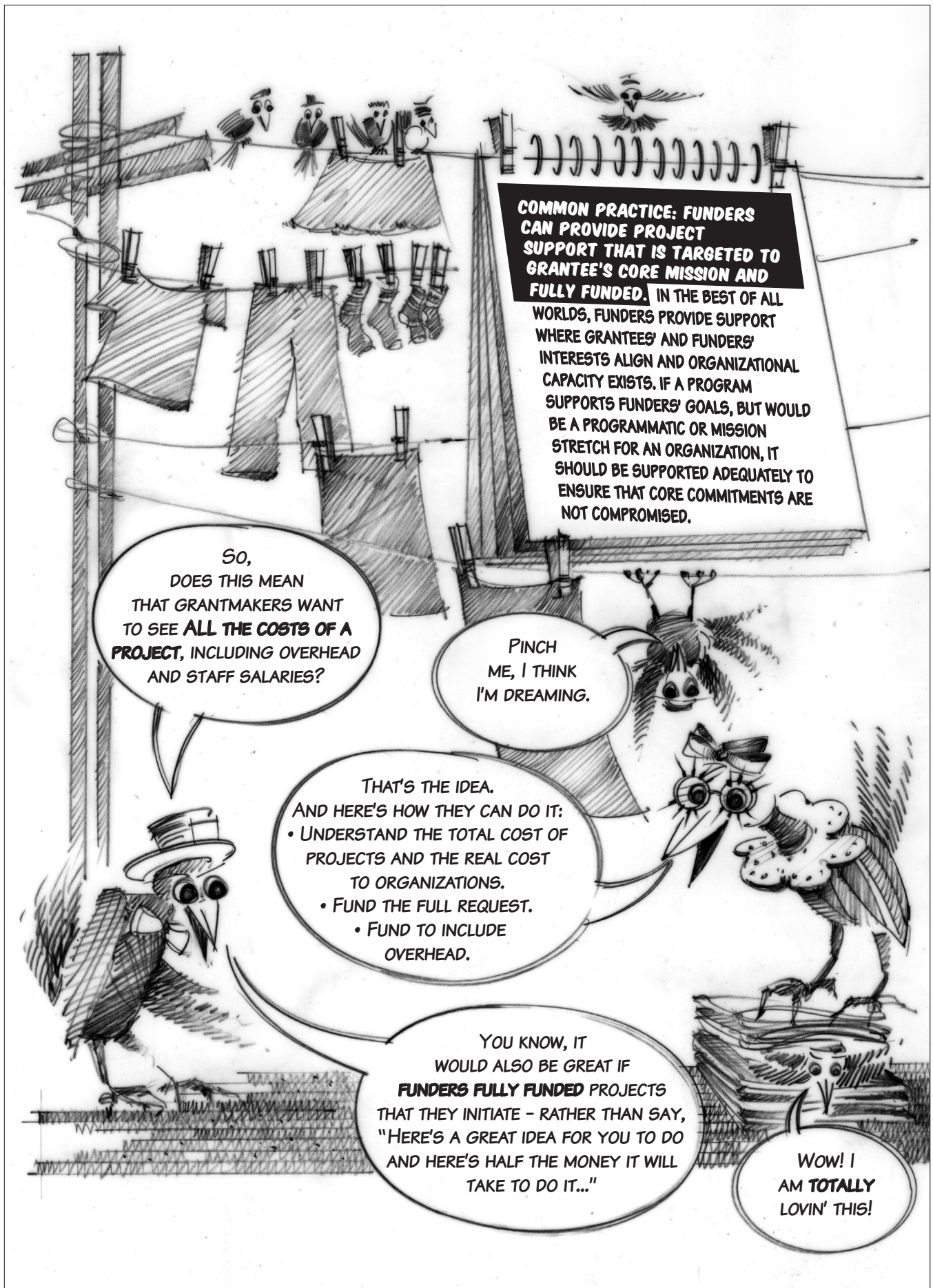
COMMON PRACTICE: FUNDERS CAN OFFER GENERAL OPERATING SUPPORT. WE ALL AGREE THAT FINANCIALLY HEALTHY ORGANIZATIONS REQUIRE UNRESTRICTED OPERATING SUPPORT. OPERATING SUPPORT PROVIDES ORGANIZATIONS WITH THE FLEXIBILITY TO ADDRESS WHAT THEY DETERMINE TO BE THEIR HIGHEST NEED AND ALLOWS THEM TO RESPOND TO CHANGES IN THEIR ENVIRONMENTS.

WAIT A MINUTE! SOME FUNDERS ARE TOTALLY CLEAR THAT THEY DON'T PROVIDE GENERAL OPERATING SUPPORT. THEY HAVE POLICIES THAT HAVE BEEN IN PLACE FOR **YEARS**.

YEP. THESE COMMON PRACTICES AREN'T GOING TO BE APPLICABLE TO **EVERY FUNDER** IN EVERY CIRCUMSTANCE. THEY ARE PUT OUT THERE IN AN EFFORT TO IMPROVE ARTS PHILANTHROPY OVERALL. **TAKE WHAT YOU CAN USE** FROM THIS INFORMATION AND APPLY IT WHERE IT WORKS.

SO, I CAN JUST SKIP THIS PAGE AND GO ON TO THE NEXT ONE?

AS YOU LIKE. BUT DON'T LOSE THE BIG IDEA HERE - THE OVERALL FINANCIAL HEALTH OF THE GRANTEE ORGANIZATION **ALWAYS** NEEDS TO BE PART OF THE CONVERSATION.



COMMON PRACTICE: FUNDERS CAN PROVIDE PROJECT SUPPORT THAT IS TARGETED TO GRANTEE'S CORE MISSION AND FULLY FUNDED. IN THE BEST OF ALL WORLDS, FUNDERS PROVIDE SUPPORT WHERE GRANTEES' AND FUNDERS' INTERESTS ALIGN AND ORGANIZATIONAL CAPACITY EXISTS. IF A PROGRAM SUPPORTS FUNDERS' GOALS, BUT WOULD BE A PROGRAMMATIC OR MISSION STRETCH FOR AN ORGANIZATION, IT SHOULD BE SUPPORTED ADEQUATELY TO ENSURE THAT CORE COMMITMENTS ARE NOT COMPROMISED.

So,
DOES THIS MEAN
THAT GRANTMAKERS WANT
TO SEE **ALL THE COSTS OF A PROJECT**, INCLUDING OVERHEAD
AND STAFF SALARIES?


PINCH
ME, I THINK
I'M DREAMING.

THAT'S THE IDEA.
AND HERE'S HOW THEY CAN DO IT:

- UNDERSTAND THE TOTAL COST OF PROJECTS AND THE REAL COST TO ORGANIZATIONS.
- FUND THE FULL REQUEST.
- FUND TO INCLUDE OVERHEAD.

YOU KNOW, IT
WOULD ALSO BE GREAT IF
FUNDERS FULLY FUNDED PROJECTS
THAT THEY INITIATE - RATHER THAN SAY,
"HERE'S A GREAT IDEA FOR YOU TO DO
AND HERE'S HALF THE MONEY IT WILL
TAKE TO DO IT..."

Wow! I
AM **TOTALLY**
LOVIN' THIS!



COMMON PRACTICE: FUNDERS CAN BE CLEAR ABOUT THE STRUCTURE AND TIMELINE OF GRANTS. WE RECOGNIZE THAT IN THE COURSE OF CONVERSATIONS WITH GRANTEES, FUNDERS MAY BE CLEAR AND EXPLICIT ABOUT THE GRANT AGREEMENTS, BUT BEHAVIORS MAY SEND A DIFFERENT SIGNAL. MANY OF THESE STRATEGIES ARE ABOUT ADDRESSING BOTH OUR CONVERSATIONS AND OUR ACTIONS.

YES, THE JACKDAW FOUNDATION HAS BEEN PROVIDING SUPPORT FOR OUR SEASON **YEAR AFTER YEAR**. WE PLAN AND BUDGET FOR IT.

TRUE ENOUGH, BUT YOU NEED TO KEEP IN MIND THAT EVEN THOUGH IT **SEEMS LIKE** ONGOING CORE SUPPORT, THOSE ARE **INDIVIDUAL** ANNUAL GRANTS, AND THEY MIGHT CHANGE THEIR PRIORITIES AT SOME POINT.

WOULDN'T THEY TELL US?

IN THE BEST OF ALL WORLDS, YES. THAT'S THE POINT. FUNDERS SHOULD **TALK STRAIGHT** TO THEIR GRANTEES. **CALL THEM UP. TAKE THEIR CALLS** WHEN THEY CALL YOU.

THERE'S A MORE DETAILED PAPER ON CAPITALIZATION AND AN EXTENSIVE LITERATURE REVIEW AT WWW.GIARTS.ORG/ARTICLE/NATIONAL-CAPITALIZATION-PROJECT

NOTE

1. PRIMUM NON NOCERE IS A LATIN PHRASE THAT MEANS "FIRST, DO NO HARM." OFTEN MISTAKENLY ATTRIBUTED AS PART OF THE HIPPOCRATIC OATH, IT HAS BEEN IN USE SINCE AT LEAST 1860. FOR PHYSICIANS, THE PHRASE HAS BEEN A HALLOWED EXPRESSION OF HOPE, INTENTION, HUMILITY, AND RECOGNITION THAT HUMAN ACTS WITH GOOD INTENTIONS MAY HAVE UNWANTED CONSEQUENCES.