

A Case Study of a Successful Donor–Nonprofit Relationship

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This case study explores a collaborative partnership between a family foundation and a mezzanine-level¹ nonprofit arts and education organization. In describing in detail a grant made to Storahtelling by the Rita J. & Stanley H. Kaplan Family Foundation, Inc., in 2007–2008, we seek to explore the donor–nonprofit relationship, a central pillar of the Jewish community. The donor–nonprofit relationship is changing—moving from one of hierarchy to one of close partnership—and this shift warrants exploration. By reflecting on and sharing our grantmaking experience, this case study sheds light on an often closed-door process. We invite you backstage (or into the board room) to probe key questions and consider critical decision points throughout the grant-making experience. We hope you gain greater insight into the donor–nonprofit partnership and will be inspired to engage in further conversation and thought about this topic.

DONOR BACKGROUND: RITA J. & STANLEY H. KAPLAN FAMILY FOUNDATION, INC.

Mission and History

Established in 1984, the Rita J. & Stanley H. Kaplan Family Foundation, Inc. (KFF) is a private, nonoperating foundation² dedicated to enhancing the continuity of the Jewish people and to supporting programs in the arts, education,

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We would like to thank the boards of directors of the Rita J. & Stanley H. Kaplan Family Foundation, Inc., and Storahtelling, Inc., for having the vision and courage to support us with this project.

Gali Cooks is the executive director of the Rita J. and Stanley H. Kaplan Family Foundation, Inc., a position she assumed in January 2009. Before joining KFF in 2007, Gali was the founding director of The PJ Library, a program of the Harold Grinspoon Foundation that sends free Jewish children's books and music to Jewish families with young kids as a way of building Jewish engagement. Gali spent several years in Washington, D.C., working as an ambassador's speechwriter, an appropriations legislative assistant, and a foreign policy research analyst.

Sarah Sokolic is the associate executive director of Storahtelling, Inc. She joined the Storahtelling Company of Artists in 2004 as a performer and educator and currently oversees all aspects of Storahtelling's organizational operations. Sarah began her professional career in the corporate world, pursued a professional acting career, and earned credits both Off and Off-Off Broadway, and has appeared in numerous independent films and TV commercials and on television.

¹Mezzanine level is a venture capital term used to describe later-stage financing for a company that is between a start-up (seed funding) phase and an initial public offering. A nonprofit is considered to be at the mezzanine level if it has fully pilot tested its idea, documented its outcomes, and developed a written plan to scale up its innovations, but has not yet achieved large geographic scale or had its idea widely adopted.

²There are two classifications of private foundations, operating and nonoperating. A nonoperating foundation can grant money only to other charitable organizations. An operating foundation can distribute funds to charitable programs it initiates and runs itself.

health/medical research, and social justice/social welfare. Fifty percent of KFF's giving is granted to Jewish organizations.

As a child, Stanley H. Kaplan began instructing his peers on test taking. A natural-born teacher, Stanley turned his passion into the Stanley H. Kaplan Educational Center, founded in 1938 as a company devoted to giving students the tools to tackle and overcome a possible obstacle to higher education—the standardized test. The experiential, accessible teaching model created and implemented by Stanley had a measurable impact. It enabled students to maximize their potential by breaking testing barriers, and in so doing, it democratized education.

The Kaplan Educational Center began as a family business. Stanley's wife, Rita, kept the books, and the Kaplans' three children regularly proctored practice exams, tutored individual students, and taught preparation courses. In 1984, Stanley H. Kaplan Educational Center was sold to the Washington Post Company and renamed Kaplan, Inc. Some of the proceeds of the sale were used to create the Rita J. & Stanley H. Kaplan Family Foundation, Inc. (KFF). It is no wonder then that the “new” family business—the family foundation—would come to embody the same intergenerational values and modus operandi as the original family business: strategy, creativity, passion, and impact. KFF currently includes three generations of the Kaplan family and considers certain proposals as a board.

Guiding Principles of the Foundation

Leveling the Playing Field KFF is committed to creating greater access to quality programs and services for all people, with a special emphasis on reaching underserved and marginalized populations. Stanley created and provided access to new paradigms of education that had a deep impact on an array of people. KFF has aimed to do the same through its philanthropic strategy. This philosophy originates in part with Rita, a social worker by training, because the social work discipline seeks to improve the human condition and enhance the quality of life for all.

Building an Inclusive Jewish Community Fifty cents of every dollar spent by KFF goes to Jewish organizations. Many of these funds are allocated to organizations that work toward building an inclusive Jewish community. In the spirit of leveling the playing field, KFF envisions a Jewish community in which all Jews are invited into the tent—Jews with special needs, Jews who suffer from substance abuse issues, GLBT Jews, Jews who express themselves through arts and culture, etc.

Nurturing Innovation Entrepreneurship is a core part of KFF's vision. After all, Stanley H. Kaplan Educational Center was itself a start-up venture. Through that experience, the family has come to respect and appreciate the risk and discipline that come with turning an idea into reality. Whether within or outside of established organizations, nurturing innovation—helping implement a new idea to address an old problem—is a central principle of KFF. As Rita would say, “If you don't fight the battle, you can't complain when there are no results.” Thus, KFF supports certain efforts that question and seek to restructure the status quo.

Investing in Leaders Investing in individuals who have the potential to inspire others to action is one of the most effective ways to create change in society. KFF acknowledges the importance of excellent leadership to the creation and growth of effective organizations. Therefore, it works to create opportunities that develop the current and next generation of leaders by providing resources, training, and services to the stalwart pioneers of social change.

Giving Back to the Community While KFF invests in the “roots” of society—educational institutions, hospitals, and the like—the people who lead them, and the ideas that make them dynamic and strong, it also cares deeply about the “flowers” of society: cultural institutions. These are organizations that bring fresh perspectives, enrich souls, and fill lives with beauty. By supporting museums, theaters, and individual cultural organizations, KFF seeks to give back to the community and nurture the next generation of artists and audiences.

NONPROFIT BACKGROUND: STORAHTELLING, INC.

Mission and History

Storahtelling is a pioneer in Jewish education via the arts and new media. Through innovative leadership training programs and theatrical performances, Storahtelling strives to make ancient stories and traditions relevant for new generations, advancing Judaic literacy and raising social consciousness.

Since its founding in 1999, Storahtelling has sought to bridge the gap between modern Jews and ancient Judaism by focusing on the essential building blocks of Jewish identity: the collective stories of Jewish ancestry. Making these stories relevant and accessible to modern-day Jews helps people take ownership of and connect with rituals that are part of Jewish life. With a decade of content and experience in hand, Storahtelling aims to empower community leaders to revolutionize the teaching of the Torah and its application to daily life.

Founded by Amichai Lau-Lavie, an Israeli-born Jewish educator and performance artist, Storahtelling was initially created to promote Judaic literacy and engagement by reinvigorating the Torah service that is part of weekly prayers. Amichai's vision was to restore the Torah service to its original stature as the central communal opportunity for Jewish learning by reviving the lost craft of the *Maven*, the traditional storyteller who translated Torah into local languages and offered creative interpretation within the weekly ritual. The *Maven* was phased out of synagogue life and replaced by the rabbinic sermon about 1000 years ago for various socio-religious reasons.

Amichai's process of research and development yielded an innovative educational method based on the historical *Maven*'s craft. By 2000, he had trained Storahtelling's six founding company members to perform in synagogue Torah services and on the public stage and to impart the Storahtelling *Maven* method to educators. This new method incorporated dramatized interpretations, traditional chanting, original music, and live interaction, bringing the Bible off the page and onto the stage by inspiring lively connection and deep learning for a wide range of individuals. In its first five years, Storahtelling attracted growing numbers of company members and developed an administrative infrastructure. By 2004, in response to growing demand, the organization developed a

Challenge grants may be used to encourage nonprofits and donors alike to step outside their comfort zone and embark on a new path.

curriculum for training educators in the refined Storahtelling methodology. To date, Storahtelling has trained more than 300 artists, educators, lay leaders, and clergy in the Storahtelling methodology to serve as change agents in their local communities.

Key Programs

Storahtelling addresses its broad mission through five programs. Each one is rooted in the revived practice of the Maven and targets Jewish people of all affiliations and generations (including nonaffiliated Jews and interfaith families).

1. **MAVEN:** Ongoing performances and training programs that revive the Torah service for audiences of all denominations and ages
2. **STORAH LAB:** An annual training institute for continuing education of supplementary schoolteachers, which aims to reinvigorate Jewish education via the arts
3. **RAISING THE BAR:** The organization's newest program, which reclaims and reshapes the B'nai Mitzvah experience by infusing it with the Storahtelling methodology
4. **RITUAL AB:** An alternative worship experience for multigenerational audiences, in which music, storytelling, and interactive liturgy celebrate the text and present an inclusive model for personal access to the Torah
5. **STORAH STAGE:** Fully staged theatrical performances focusing on biblical narrative seen through a modern lens

Since 1999, Storahtelling has facilitated more than 1000 presentations and educational programs across the country and internationally. These programs have directly engaged more than 100,000 people at venues including museums, synagogues, schools, theaters, college campuses, and summer camps.

DONOR–NONPROFIT RELATIONSHIP HISTORY

Alignment of Core Values Yielding a Trusting Relationship

The KFF–Storahtelling relationship was nurtured over a number of years. It began serendipitously and developed organically after Nancy Greenblatt, executive director of KFF from 2000 to 2008, participated in one of Storahtelling's inaugural Maven services, led by Amichai, in 1997. Greenblatt was inspired by this experience and kept in touch with Amichai, cultivating an ongoing relationship.

As the years passed, Amichai met several KFF trustees who were impressed with his work. In turn, they attended several Storahtelling performances and were intrigued by Amichai's passion and the innovation and accessibility of the Maven model.

After Greenblatt joined KFF as its first executive director, she and the board worked on fine-tuning KFF's grant-making strategy, crafting these objectives vis-à-vis Jewish organizations:

- Support efforts to create/build an inclusive Jewish community
- Help develop and apply new models of Jewish education
- Nurture Jewish social entrepreneurs/start-up organizations—those working for systemic change within and outside of existing Jewish organizations

- Have an impact on a large and diverse Jewish population through accessible, relevant direct programs and services

While KFF worked to refine its strategy, so did Storahtelling. Assisted by a Joshua Venture³ grant, Bikkurim⁴ support, and other seed funding, Storahtelling emerged from its start-up stage, empowered by early successes and a mounting track record of impact, as indicated by affiliated community partners at New York synagogues (such as Congregation B'nai Jeshurun and The Actors Temple) and the resounding number of positive survey responses to theatrical performances at Off-Broadway venues targeted at the unaffiliated demographic. As the organization matured, it recognized the need to revisit its founding business plan and meet the growing demand for training in local communities.

With greater clarity of mission, strategy, and objectives, both organizations set out to find new strategic partnerships. Given KFF's early knowledge of Storahtelling's leadership and programming, the two began exploring a funding relationship. In time, it was clear the organizations were a good match: they were aligned in core values and objectives.

In 2004, KFF invited Storahtelling to submit a first proposal for funding,⁵ and a collaborative grant-making relationship began. From 2004 through 2006, KFF provided approximately \$80,000 in grants to Storahtelling for program-specific projects (see Table 1).

THE SCENARIO: STORAHTELLING'S 2007 PROPOSAL TO THE FOUNDATION

In 2007, KFF again invited Storahtelling to submit a one-year proposal. It wanted to continue funding Storahtelling for the following reasons:

- It was encouraged by the growing demand and demonstrated impact of the Storahtelling trainings. These “train the trainer” sessions energized educators and gave them a toolkit of resources and skills to bolster the classroom experience. What is more, this effort reached a large number of students, since every

³Joshua Venture (JV), a fellowship program in existence from 1998 through 2005, was created to support and train emerging Jewish social entrepreneurs by providing them with seed funding, organizational and professional development support, and developing communities of practices over a two-year fellowship. The program ran a total of two cohorts of 16 fellows, one from 2000-2002 and the second from 2003-2005. JV is scheduled to relaunch in the near future. See http://www.leadingup.org/web/guest/joshua_venture

⁴Bikkurim, a business incubator for early-stage, New York City-based, Jewish organizations. See <http://www.bikkurim.org/v3/missionandgoals.php>.

⁵Like many other grant-making organizations, KFF accepts proposals by invitation only. Because it is clear about its priorities and the impact it seeks to make, it identifies nonprofits that will further its grant-making strategy. In this way, KFF has control over its grant-making plan and can ensure that it is not flooded with unwanted proposals.

Note: inviting an organization to submit a proposal does not mean it is assured funding.

Table 1.
Foundation Grants to Storahtelling

Date	Grant Amount	Purpose
2004	\$15,000	Theater programs
2005	\$25,000	Education programs
2006	\$40,000	Storahtelling, an expanded, more focused iteration of the original education program (\$25,000) Theater programs (\$15,000)
TOTAL	\$80,000	

educator who attended the training had the potential to influence hundreds of students in years to come.

- It saw value in the online platforms that Storahtelling created for educators, which facilitated their ongoing connection, idea sharing, and learning.
- It continued to share core values and objectives with Storahtelling.
- It felt validated by other donors' recognition of Storahtelling's work. Storahtelling was listed in *Slingshot* three years in a row and in 2007 was awarded a first-ever Slingshot Fund grant.⁶

Based on KFF's track record of funding education programs, Storahtelling requested \$50,000 for the StorahLab Training Institute in 2007. Of note, in the proposal, Storahtelling listed its FY2007 annual budget as \$600,000 with an average annual budget increase of approximately 5%. Additionally, Storahtelling reported that revenue from its programs generated more than one-third of the organization's overall annual budget.⁷ KFF staff deduced that Storahtelling received an average grant of \$25,000 from other foundations. Importantly, Storahtelling was also able to show a track record of programmatic success and wide impact via an extensive evaluation program supported by the Covenant Foundation. Over the three years of the StorahLab program, an external evaluator was contracted to collect data from educators, their supervisors, students, as well as the Storahtelling faculty. The ongoing evaluation reports provided recommendations and lessons used to incrementally improve the program, curriculum, recruitment process, and mechanisms for follow-up training and support.

Key Observations

KFF and Storahtelling staff met face-to-face on several occasions to discuss the program and the organization, in general. The following are insights gleaned from these conversations.

- *Classic mezzanine-level quandary*: No longer a “new kid on the block” but not yet a fully realized institution, Storahtelling in its tenth year found itself in a new phase of organizational life. It could no longer sustain its high-quality programming and growing operations using the same development techniques used in the start-up phase (i.e., small, one-time grants restricted to specific programs). There was a clear need for additional resources to strengthen infrastructure and build strategic capacity.
- *Founder fatigue*: By 2007, Amichai had what amounted to three full-time jobs at Storahtelling—executive director, artistic director, and development director. Fundraising activities gradually took up the majority of his time and eventually prevented him from focusing on his passion and expertise as a teacher, performer, and visionary for the organization. In meetings with KFF staff,

⁶*Slingshot, A Resource Guide to Jewish Innovation*, is an annual compilation of the 50 most inspiring and innovative organizations, projects, and programs in the North American Jewish community. The Slingshot Fund is designed to highlight, encourage, and provide support for a subset of the undercapitalized organizations featured in *Slingshot*. Founded by Jews in their 20s and 30s, this fund aims to provide a new model for raising and distributing grants by engaging people in Jewish philanthropy who would otherwise not be involved. See <http://www.slingshotfund.org>.

⁷Synagogues, day schools, and other educational institutions pay a fee for bringing Storahtelling company members to their venues for performances, training workshops, and special events. These fees are highly subsidized by Storahtelling and therefore cover only a fraction of the overall expenditures it incurs.

Amichai seemed fatigued. He would light up when speaking about the ideas that fed the engine of Storahtelling, but turned off when asked about the financial health of the organization. In conversation, KFF learned that Storahtelling's board had been aware that Amichai was overextended and in 2006 voted to approve the hiring of a development director. However, the lack of funding prevented the organization from hiring someone on a full-time basis. Storahtelling brought on a part-time consultant who helped provide some strategy, but could not directly build the kind of funding base the organization needed.

- *Moving beyond the founder:* After years of operation, Storahtelling was no longer just about Amichai, its charismatic founder and leader. Amichai had recruited and trained a talented team of artists and educators who eventually took on a majority of the artistic development and performing. This diverse group became a community that shared a passion for seeking new ways to engage in Judaism artistically, spiritually, and educationally. The organization had matured beyond its founding structure.
- *Succession and delegation:* As the Storahtelling company grew and the quality of programs increased, Storahtelling became a desirable place for Jewish professionals to work. By 2007, 80% of the professional staff at Storahtelling had significant experience in Jewish education and communal work, as well as other fields. These professionals contributed a suite of honed skills and strengths to the organization that raised its level of professionalism. The team grew so strong that Amichai began relying on key company members to help manage the organization and represent Storahtelling at events with colleagues and funders.
- *Proven track record and demonstrated impact:* Storahtelling had gained wide recognition across a broad spectrum of the Jewish world for innovation, quality, and vision. External evaluations of programs proved both quantitatively and qualitatively that its work had a significant impact. Those trained directly by Storahtelling were able to have an impact on others, so that a ripple effect was being created.

RENEGOTIATING THE PROPOSAL

Weighing a Change in Strategy to Meet the Most Pressing Need

In the proposal, Storahtelling wrote—more than once—about the goal of hiring a development director. When KFF staff asked about this, Storahtelling staff mentioned that they were hard pressed to find donors who would contribute funds toward this end. In addition, as it approached its tenth year of operation, Storahtelling was finding it hard to make the case for this capacity-building need to donors who (1) were consistently impressed with Storahtelling programs and wanted only to fund programs and (2) thought the organization would have “figured out the development piece already,” since it was almost a decade old.

It was clear the organization was in a delicate stage of life. It needed to alleviate some of Amichai's burden; generate additional funds for programs that were growing in demand; and ramp up outreach, public relations, and communication efforts with key stakeholders to build for the organization's

future. KFF staff concluded that without an immediate, bold move to support the core of the organization, the entire structure was liable to falter and/or collapse.

Therefore, KFF suggested that Storahtelling's original \$50,000 proposal be redirected. It proposed making it a challenge/matching grant designated for the salary of a new development director.

Understanding that funding for this position was hard to secure, both organizations discussed an incentive structure that might successfully fulfill this need. A challenge/matching grant seemed like a good option. For Storahtelling, it would provide a "carrot" with which to go out and solicit funds for this purpose, the "carrot" being a one-to-one match for any grant given up to \$50,000. This challenge grant model would leverage a donor's grant by doubling it and by signaling to the donor that he or she shares part of the risk and reward of the grant. For KFF, the challenge grant model would enable it to leverage its grant, help bolster Storahtelling's fundraising efforts by engaging other donors as supporters of the organization, address a central need within the organization, and help build the organization's capacity by sowing the seeds for future sustainability.

For Storahtelling, this proposed grant redirection was a mixed blessing. It needed the funding and recognized that this kind of grant would afford it the opportunity to shore up its resources and get a step closer to the next level. But a challenge grant would mean a lot of work in the short term. During negotiations the organizations agreed the grant would be awarded only after Storahtelling raised the full \$50,000 match. With this requirement, Storahtelling understood it might have to contend with a short-term cash flow challenge. With severely stretched resources, Storahtelling staff was uncertain if it had the capacity to meet this challenge. Last, the proposed redirection of funds meant that Storahtelling would have to find another donor to cover expenses for its education programming. Nevertheless, Storahtelling knew it could not afford to pass up this opportunity. Storahtelling welcomed the challenge and opportunity of the proposal's renegotiated purpose.

KFF staff next deliberated with its board, asking for feedback and approval on the matter.

Foundation Board Room Deliberations

Overall, the KFF trustees expressed confidence in Storahtelling, citing its passionate leadership, steady growth, evolving programs, and increased recognition from prominent funders. Especially noteworthy was the organization's receipt of a Slingshot Fund grant, which trustees cited as affirmation of Storahtelling's good work. The trustees were familiar with the rigorous due diligence process the Slingshot Fund undertook in selecting its inaugural batch of winners and saw its decision as affirmation of KFF's assessment.

The trustees expressed an understanding of Storahtelling's overextended staff and need for core support. Having supported Storahtelling for a number of years, the trustees felt the time was ripe for a change in strategy—one leading to the organization's greater capacity and long-term sustainability.

The board also discussed and appreciated the many unknowns inherent in this matching grant process: What if Storahtelling was not able to meet the challenge/match? If/when the match was met, what if the salary/benefits package

proposed (\$100,000) would be too low to attract a development director of top talent and ability? What would the hiring process of this professional look like? What if donors were not receptive to someone other than Amichai interfacing with them directly?

With these questions and more out in the open, the KFF board nevertheless decided to move forward and approved the challenge grant.

HOW THE NEW GRANTING PARTNERSHIP UNFOLDED

In the end, it took six months to meet the match. Storahtelling approached current, past, and new donors with the challenge grant opportunity with mixed results. Some foundations, those that had funded Storahtelling's programs, appreciated the opportunity of the challenge grant but preferred to continue to fund educational programs. Other foundations were receptive to the development director idea and acknowledged Storahtelling's need for such a professional. Yet, since the strategy was so new, these foundations needed more information about the challenge to make a responsible decision. After all, each foundation has its own unique mission and set of goals; each operates on its own timeline and has its own proposal approval process. While this reality of differing processes was not lost on Storahtelling, there were times when the organization was frustrated by the slow pace of process.

KFF used its connections and other resources to help Storahtelling while it worked to meet the challenge grant. It kept the organization on task, checking in with Storahtelling on a weekly basis to get updates, learn about new developments, and see how it might play a role in helping move the process forward. To this end, KFF proactively reached out to other donors, briefing them about this opportunity and learning how best to expedite the proposal processes for several other foundations.

Ultimately, another foundation (a previous donor to Storahtelling who approved a grant at a higher amount because of the match opportunity) offered a substantial grant to meet the challenge, and the Storahtelling board made up the difference.

Once the challenge was met, Storahtelling and KFF collaborated on writing a job description for the development director. In a matter of weeks, Storahtelling was interviewing candidates for the position. One candidate came at the suggestion of a long-time Storahtelling supporter. She was interviewed by Storahtelling staff and board, who were very pleased with her skill, ability, perspective and contacts. At the recommendation of Storahtelling, KFF staff also interviewed this candidate. She was hired shortly thereafter. One of the first acts the new development director took was to invite the Storahtelling supporter who had nominated her for the position to serve on its board.

While collaborating on writing this article, the organizations came to realize that there was one inherent flaw to the challenge/matching grant they had devised: it was only for one year. Storahtelling and KFF could have discussed and built in more time for the new development director to get settled, gain her bearings, and begin building a sustainable base for the organization. They could have instead structured the grant using a multiyear model—perhaps in a tiered fashion—whereby, for example, in year one \$50,000 is granted for a development director; in year two \$40,000; and in year three \$25,000. Yet, almost immediate

action was needed to meet the need, and so the organizations jumped at the opportunity.

In December 2008, KFF approved another \$25,000 grant in support of Storahtelling's development director. And so, the KFF–Storahtelling collaboration continues. Throughout, the organizations have worked closely, communicated honestly and openly, and shared in the highs and lows of the grant-making process. This was, and continues to be, a true partnership.

LESSONS LEARNED

Constantly Assess Changing Organizational Needs

High-impact organizations are dynamic. Their progress and impact demand ongoing changes in strategy for them to stay relevant and achieve their goals. It is prudent for such organizations to constantly reexamine their operations as they grow and change. Storahtelling was a growing organization that had worked to hone and focus its mission and programs over the years. Early on, the organization's greatest need was to find investors for its as-yet untested educational programs. However, as the years passed, Storahtelling's business plan evolved, as did its focus and needs. The organization's leadership, so committed to its programming, had not noticed this shift in need. KFF, removed from the day-to-day work, recognized this shift and sought to work with Storahtelling to meet it. As a result, the organizations changed the paradigm of their relationship, working together to identify and meet the most pressing needs. Nonprofits and their investors should be encouraged to constantly assess the status quo and question their priorities. By simply asking, "what are we doing?" and "why are we doing it?" an organization may gain clarity about a strategy that is still relevant or one that is no longer relevant.

Take the Time to Cultivate Face-To-Face Relationships

A nonprofit is made up of people. Taking the time to get to know the people in charge of carrying out the organization's mission is as important as understanding the organization's programs and goals. This case study illustrates the value of nurturing deep relationships. Through a series of face-to-face conversations, KFF and Storahtelling staff were able to probe beyond the written proposal. KFF staff saw the circles under Amichai's eyes, which prompted the question about the organization's resources and plans for a development director. KFF staff also developed a connection with Storahtelling staff members mentored by Amichai. Because time was taken to meet, talk, and develop a relationship, this grant evolved into a different product than what was originally requested.

Recognize the Importance of Capacity-Building Grants

Supporting the people, infrastructure, and core of an organization helps advance its mission as much as funding programs directly. While they may not be as "sexy" as programmatic grants, capacity-building grants, such as the one highlighted in this case study, are essential to building stable, fiscally sound, high-impact organizations. By funding capacity building, donors invest in the foundation of organizations, ensuring that their infrastructure is in place for programmatic impact and success.

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Use Challenge/Matching Grants to Incentivize Nonprofits and Donors toward Innovation:

This case study demonstrates how challenge grants may be used to encourage nonprofits and donors alike to step outside their comfort zone and embark on a new path. There is a psychological dimension to the challenge/matching grant model. After all, it is scarier to try something new alone than it is to try something new with partners. A challenge/matching grant invites partners to join in on a common goal and distributes risk and reward among all stakeholders. It is a model of collaboration that may help forge new paths for nonprofits by encouraging donors to contribute to a new effort.

QUESTIONS FOR DISCUSSION

- Do you think this grant-making relationship has been successful? Why? Why not?
- What are your overall impressions of this relationship?
- What are areas of strength in the relationship between the two organizations? Areas that can be strengthened?
- Do you agree with the grant redirection the two organizations took? Why? Why not?
- How is this grant-making relationship different from / similar to other grant-making relationships with which you are familiar?
- What other lessons can be gleaned from this case study?

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