

Arts Management &
Technology Laboratory

Grants Management Systems: Primer for Best Practices

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The following paper is an excerpt adapted from the research report *Benchmarking Study of Best Practices in Grant Management Software for State Arts Agencies*, conducted on behalf of the Pennsylvania Council on the Arts.

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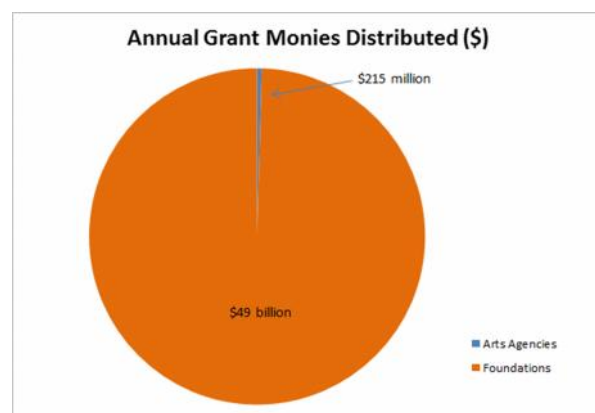
INTRODUCTION

In 2012, the nation's 62 state and regional arts agencies distributed approximately \$215 million in grant monies. Compare those figures to the nearly 82,000 grant-making foundations in the United States, which collectively distribute over \$49 billion annually. Assisting these arts agencies, foundations, and other money distributing bodies are grants management systems—automated systems that track a grant through its entire lifecycle, as well as store data for relationship management between the grantor and an applicant. Recognizing the complexity of grants management systems (GMS) and the relative lack of resources in the arts sector, best practices must be followed to achieve the maximum value of each dollar spent on a GMS.

The following best practices are culled from material presented through The Center for Effective Philanthropy, the Foundation Center, and the Grants Managers Network. While not an exhaustive presentation, they provide a framework of practices to guide the use of any grants management system, be it a web-based software or software that resides on an organization's local server.

STRUCTURE THE APPLICATION

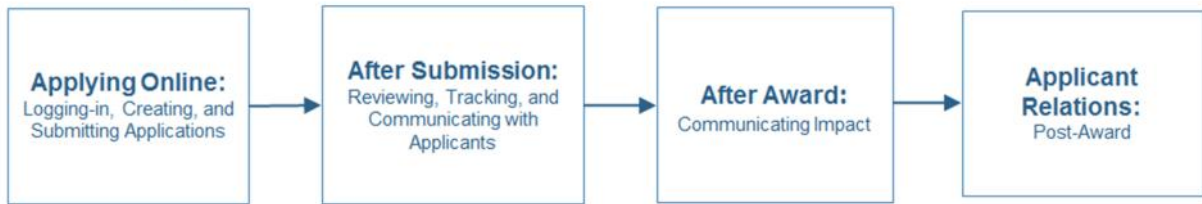
The grant management process begins for grantees when an application is submitted. But for arts agencies, the process begins in the grant program's design and the development and publication of corresponding guidelines. The book *Effective Grants Management* by



Deborah Ward recommends that organizations applying for a grant “build grants management into a proposal.” In other words, applicants should make a grant easy for funders to manage by including all necessary, relevant information in the application, especially in the following areas: solid methodology, clear objectives, qualifications of personnel, comprehensive evaluation plan, and a budget of all program expenses. However, because arts agencies determine program requirements and design application forms, they have the ability to give applicants an opportunity to provide this information in a clear and structured manner through a well-designed application process.

A report by the Center for Effective Philanthropy further illustrates the benefits that clear program guidelines provide to applicants and grant makers. “Clear, specific funding guidelines can help nonprofits assess for themselves whether they are likely to fit within a foundation’s grant making priorities and thus avoid wasting time writing proposals that are unlikely to be funded. With clearer guidelines in place, the proposals that applicants do submit are likely to be of higher quality and relevance” (Huang 2006).

Grant Lifecycle



It is oftentimes difficult for applicants to efficiently collect information required by funders. Project Streamline, a collaborative initiative of the Grants Managers Network and several fundraising associations, proposes four principles to make the grant making process more efficient for all parties:

- **Principle 1:**
Review information requirements
Begin with a rigorous assessment of what kind of information is really needed to make a responsible grant.
- **Principle 2:**
Right-size grant expectations
Ensure that the effort applicants expend to obtain a grant is proportionate to the size of the grant, appropriate to the type of grant, and takes into consideration any existing relationship with the grantee.
- **Principle 3:**
Relieve the burden on grantees
Funders can reduce the burden that grant seeking places on applicants. By minimizing the amount of time, effort, and money that nonprofits spend obtaining and administering grants, funders increase the amount of time, effort, and money devoted to mission-based activities.

- **Principle 4:**
Make communications clear, straightforward
Good communication is critical to a streamlined process and essential for fostering a mutually respectful relationship between grant makers and grant seekers.

While these principles are applicable to all stages of the grant lifecycle, for a funder to effectively apply them, they need to be considered during the initial stages of the process. For example, a useful way to approach the streamlining process when developing guidelines and building application forms is considering (and maximizing) the real value of any given grant. This concept, known as “net grants,” equals the award amount minus the cost (to the applicant) of applying and administering the grant (Buechel, Keating, and Miller 2007). Information on the award amount, as well as if the applicant is an individual or an organization, should be considered when funders request information from applicants.

CONSIDER QUALITY, NOT QUANTITY OF COLLECTED DATA

As data become increasingly necessary for art agency reporting requirements, great pressure exists among staff members to collect as much as possible, and as soon as possible. But

collecting data without a clear purpose places a burden on the applicants that have to gather it and grant managers who need to interpret it.

A report by the Cultural Data Project, *New Data Directions for the Cultural Landscape: Toward a Better-Informed, Stronger Sector*, explains, “Cultural data collection often skips over the process of articulating research questions —a step which usually comes first and helps guide data collection and analysis in other civic, policy, and commercial realms....And because the data often comes first, the field is less adept at identifying and framing good questions around which data could help move the field forward” (Lee and Linett 2013). Arts agencies should define the data that will help them with their research and reporting requirements before designing an application form.

Furthermore, it is not always necessary to require immediate submission of all data from applicants. Project Streamline recommends assessing the possibility of collecting it at different stages of the grant lifecycle: “Carefully consider every question asked in your application or report to ensure that (a) the information is critical to your decision making and (b) you’re asking for it at the appropriate time. For example, you might only need detailed financial information from grant seekers you are seriously considering funding” (2010).

Then, test it. All application forms should be tested before being made available to the general public. The software company Adobe gives a few tips to do so: “If you’ve added skip

logic, you might want to take the form for a few extra test spins, and vary your responses each time. After you’ve submitted a few test forms... see what your results look like as data. Check your spreadsheet to make sure you’ll be able to measure and report your results the way you want” (2014). Testing application forms before distribution is the best way to identify gaps and address them before they pose difficult challenges.

CONDUCT DIGITAL PANELIST REVIEWS THAT INCORPORATE FUNDING FORMULAS

With grants management systems, the whole process can be done online. To accommodate the needs of a diverse pool of reviewers, the system should allow them to view each application online and to access and download each application in a printer-friendly format. Grants managers should take full advantage of GMS panel review features by incorporating funding formulas (weight and average calculations) to the evaluation forms that reviewers fill out and then having reviewers input their final scores into the system. If set up correctly, the GMS will automatically compile the scores inputted by reviewers, weight the individual scores against the rest of the pool, and rank them. This ranking makes it easier for reviewers to get an accurate picture of the overall recommendations and amend scores, if necessary. Grants managers can then use these rankings to present their funding recommendations to those who make the final funding decisions.

BE TRANSPARENT IN COMMUNICATIONS WITH APPLICANTS AND GRANTEEES

To efficiently complete the application stage of the grant making lifecycle, arts agencies need to provide effective communication with applicants so that they understand the next steps, whether it be receiving grant funds or getting feedback on declined applications. Agency websites are often the first point of contact and should provide a concise FAQ section, using clear language to address application and technical issues. Further, arts agencies can post minutes of council and/or panel meetings where decisions are made. Information regarding how to contact the agency with any additional questions should also be easily accessible to applicants.

Project Streamline offers valuable recommendations for effective communication in its report *Drowning in Paperwork, Distracted from Purpose* (Bearman 2008). Among the report's suggestions for communication are seeking feedback from grantees and applicants, conducting a business process review, identifying redundancies, and communicating clearly and regularly with grantees.

Communication with grantees is further emphasized in a report by the Center for Effective Philanthropy, which provides a series of "practical steps" a foundation can take to improve its communications: "Gather staff to talk about their individual approaches to communicating with grantees and encourage internal sharing of practices, consider creating an internal guide explaining those practices—as

well as the foundation's underlying philosophy on communicating with grantees, provide orientation to new staff that includes standards on communicating" (Huang 2006). Keeping a communications log ensures continuity and efficiency in communications with stakeholders, especially over a long period of time. If multiple staff members are involved in different stages of the grant lifecycle, keeping that log within the GMS (or in a system that integrates with it) makes it easier for grant managers to access all relevant information and decreases the chance for data to be redundant or outdated. As the Center for Effective Philanthropy's report states, communication with declined applicants is also important to the overall success of any grantmaking organization (Huang 2006).

KNOW YOUR DATA

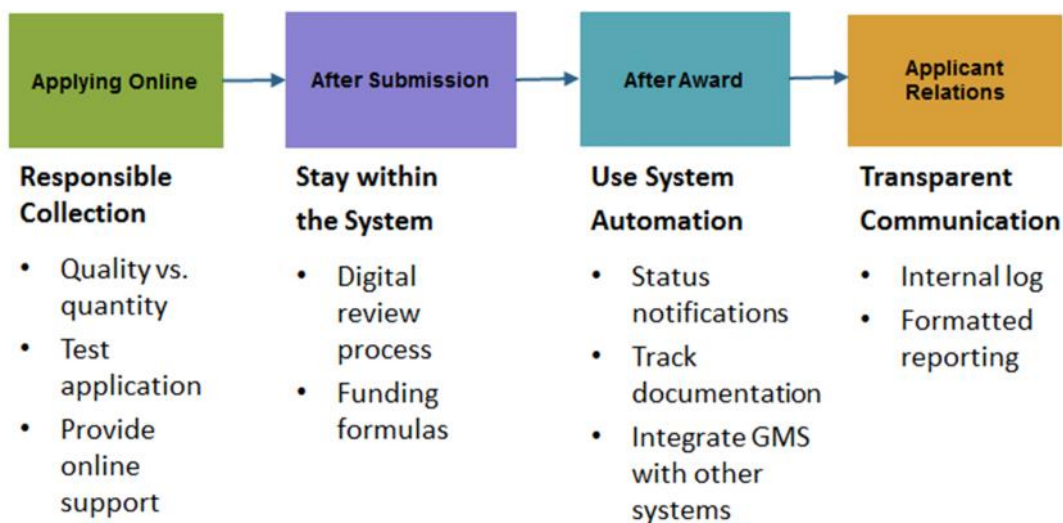
State arts agencies need to report not only to NASAA and the NEA, but also to other entities, such as state legislatures or the general public. These reports communicate impact to all stakeholders within the agency and across its jurisdiction. A GMS's querying and reporting capabilities impact how this information is accessed and, ultimately, understood. *A Consumer's Guide to Grants Management Systems*, published by Idealware in 2013, explains that for solid reporting capabilities, a GMS should "search or filter to find a particular set of grants based on status, program, and cycle, and view pre-packaged reports based on this customized set of grants; save reports that you create or modify; [and] support ad hoc reports, which can include nearly any field displayed to users."

INTEGRATE GMS WITH OTHER SYSTEMS

Because the grant making process is not isolated from other activities occurring within an arts agency, and often depends on software for other activities (such as fund disbursement), a GMS should be able to integrate with other platforms. Project Streamline’s *Guide to Streamlining Series* recommends choosing a vendor that offers an application programming interface (API), thereby allowing data “to be written to and from third party systems” (2011). It explains the advantage: “Grant makers could benefit greatly by taking the best parts of one system and marrying them with another system or creating their own programs to extend the capabilities of a grants management database.” For instance, when GMS systems integrate with, or are built on, customer relationship management systems (CRM), grantors have the potential to leverage the robust tracking of all communications to build strong relationships with applicants and grantees.

CONCLUSION

Arts agencies exist within a complex system that poses unique challenges and opportunities for their grants management processes. Among the components of this process are an agency’s constituents, funding sources, data collection history, and current grants management system. For this reason, the value of a GMS for a specific arts agency will depend not only on its technical capabilities but also on the implementation and adaptation of best practices. These practices pertain to every step of the grant lifecycle, from application through post-award relationships. Regardless of what GMS an organization uses, structuring program guidelines clearly, facilitating a smooth, online review process that accommodates reviewer needs, communicating clearly with applicants (both those that are awarded grants and those that are not), understanding data collected, and integrating GMS with other related systems will maximize the value of its grant-making process.



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