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WEDNESDAY, DECEMBER 12, 2007

A different point of view...

One of the most popular posts on this blog is one the earliest. It is also the one that seems to upset the most people. I'm referring, of course, to my posting on [nonprofit grant writing fees versus commissions](#). In that posting, I explained why I follow [the AFP Code of Ethics](#) and refuse to write grants on a contingency basis.

Many people have written to me, or commented on the posting, that they don't understand why contingency payment is bad, and I've tried to explain and re-explain the AFP position (see the links for details). It's not that contingency payment is illegal, it's just against the industry standard, considered an ethical violation by many, and (perhaps most important) frowned upon by the very funders that we're applying to.

But, so far, nobody has given me a compelling reason to question that position. Until last week...

Here's an excerpt from an email conversation I've been having (*since it involves a potential ethics violation, I'm keeping the author anonymous - if the author wants to take credit in the comments, that's up to them*):

I'll add some comments on the "ethics" of contingencies. Standards set up by grantwriting boards and societies are generally self-serving. Many of the ministries that I support cannot afford Ph.D level research and writing but their causes do merit funding. For example, I am working with a group

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building a rap studio for positive, drug-free support in one of the most crime ridden neighborhoods in Minneapolis. They don't have the money to risk \$50-75 per hour on grants that may not get funded.

Our resolution is to bill at \$20 per hour which they can afford, and then bill at \$75 for time after the award, if and when it comes. Quite frankly, the discussion of ethics that I have researched regarding these issues have all centered around putative issues of the appearance of integrity on behalf of the grantwriter (is it or is it not a kickback) and no dialogue has been forthcoming about the IMPACT our services have on the organizations we help support and the clients they serve.

Clients that can afford to pay full scale on the front end are billed in this manner, but those that cannot should not be ignored in the funding process because of self-serving billing practices developed by "grant writing professionals." If that is the standards developed by these societies then I will take the position of Groucho Marx, "I wouldn't join any club that would have me as a member."

I certainly cannot dispute the self-serving aspect of the AFP code; after-all, I need to pay my mortgage and bills and can ill afford to wait months on payment for my work - a payment that may or may not ever materialize.

But I certainly hear the point about the impact on our clients loud and clear. This is not something I've been blind to, and have felt guilty and shamed in times when my work for a client has not immediately resulted in grants that far exceeded my fees. This frustration is part of why I've lately been trying to minimize the amount of grant writing I do as opposed to other services.

I still feel there are valid points to the AFP prohibition against contingency fees, and until the funder community comes to a consensus to the contrary, the grant writers are not likely to change their practices.

But what about those smaller nonprofits that can ill afford to pay for fundraising upfront? How does a startup start up if they cannot raise those first dollars on a contingency? In a very real way, our insistence on the purity of our image is yet another roadblock that grassroots organizations face in their struggle to serve our communities.

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POSTED BY KEN GOLDSTEIN ON WEDNESDAY, DECEMBER 12, 2007 LABELS: COMMISSIONS, CONSULTING, CONTINGENCY, FEES, FUNDRAISING, GRANT



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WRITING, NONPROFIT



3 COMMENTS:

Dean Cowles said...

Amen to your email writer (I'd take credit if I could). We have worked for years for the very faith-based small start up NFP you are talking about and they ask me this question all the time. A question the Hebrews asked the slave owners "What you expect us to make bricks without straw?"

It is time for grant writers worth their salt and straw to have the same faith these dear passionate ministry folks do in "funding their dream". Now if the start up needs to shut down, that's a different discussion and maybe one a grant writer worth their fee should say more often. Or at the least point these new start ups in the direction of similar established ministries to combine forces and resources for the better good.

Dean Cowles

YouthPartnersNET.org

12/13/2007 11:29 AM

Rose said...

I have to tell you that I also get asked to do grant research on a "contingency" basis all the time and my answer is no simply because of the work that is involved.

I have countless articles and excerpts about why it is not prudent to take work on a contingency basis as far as grant-related work is concerned.

However a recent article has said that President Bush has allowed for the payment of grantwriters from some of the grant award proceeds.

I personally think that it is a lot of work involved and the grant worker should get paid for the work that they do.

1/01/2008 5:36 PM

Jay Katz - Colorado Grants said...

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My problem with the contingency fee, beyond the ethical piece (I do think that is a huge issue), is that we can write the world's best proposal ever for a nonprofit.

However there are way too many things out of the proposal writer's control:

- If their accountant flubs the financial statements that go with the proposal
- The executive director gives a funder a negative impression at a site visit
- The foundation doesn't think the board of directors is solid enough, - The organization applies during the wrong cycle, when the funder is bombarded with requests
- The funder doesn't like the organization's concept, even though it appears to be a fit

Beyond that, I have way too many clients approach me that haven't done the organizational development work. I am more than happy to give them a fee, because that weeds out the folks who are not serious about developing a solid nonprofit. The new nonprofits that have done the organizational development piece (and this can be done on a shoestring) are almost always fine with the fee. The folks that want a grant to magically appear just because they got a 501c3 approved are the ones that are not interested.

Getting off soapbox quickly before someone sets me on fire :) ...

Jay Kataz

www.coloradogrants.org

3/14/2008 8:24 PM

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opportunities (1) organizations (1) outreach (1)
overhead (1) **partnerships** (2) patents (1) Peri
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politics (1) presidential election (1) priorities (1)
processes (1) professional development (1) profit
(1) projects (1) promotion (1) protests (1) quotes
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research (2) restructuring (1) results (1) RSS
(1) rudy giuliani (1) sales (1) san jose (1) **sector**
(3) services (1) **social media** (5) spam (1)
sponsorships (1) staffing (1) stakeholders (1)
states (1) stimulus (1) stories (1) **strategic
planning** (3) success (5) supervision (2)
surveys (3) syndication (1) tagging (1)
taglines (5) tags (1) taxes (3) the pledge
(2) transparency (1) **twenty dollar** (2)
twitter (5) Urban Institute (1) vacation (1)
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volunteers (7) voting (1) web (1) **web 2.0**
(4) websites (3) widgets (1) Woodrow Wilson
(1) work (1) workplace (1) workshops (3)
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▶ 2011 (7)

▶ 2010 (29)

▶ 2009 (19)

▶ 2008 (17)

▼ 2007 (41)

▼ December (4)

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▶ November (1)

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- ▶ [May \(4\)](#)
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