



## How a strategic funding initiative helped turn small, grassroots nonprofits into impactful community organizations.



### Initiate

We implement a new grants program for small, grassroots nonprofits



### Innovate

We adjust it over the years to ensure it's having the greatest possible impact.



### Evaluate

We employ an expert evaluator to assess the program's successes and challenges.



### Evolve

We use the gathered data to stay in sync with grantees' needs and to improve the program in the future.

## Background

Founded in 1997, Quantum Foundation is a hospital conversion foundation based in West Palm Beach, Florida. It is Palm Beach County's largest health funder with approximately \$150 million in assets and 100% of grant dollars are used to support local communities. The foundation disperses approximately \$5 million each year through its traditional foundation grants program with the goal of improving the health of the county.

In 2011, the foundation's board invested in creating impact by embarking on a new strategy. They implemented the Quantum in the Community (QIC) initiative, a small grants program designed to support local, grassroots nonprofits that work to meet people's basic needs, including food, clothing, transportation, housing, financial assistance, etc.

This demonstrated an evolution: moving away from simply considering health philanthropy as access to healthcare and towards acknowledging that basic needs are the building blocks of health. In order to lead healthy lives, people's basic needs must first be met.

Examples of QIC grants include:

- Supporting a shelter for victims of domestic violence
- Offering free medical care for the homeless
- Providing travel and co-pays to children in cancer treatment
- Establishing community gardens at schools

## Creating the Report

The evaluator, Shelley Robertson, reviewed the application and award history of the 19 Quantum in the Community grantees who went on to receive traditional foundation grants.

She facilitated a feedback session with 15 of those organizations. Two additional representatives from QIC organizations were interviewed by phone.

The information was analyzed to determine what organizational growth patterns existed and to compare early grants and reports to later grants and reports.



Data was summarized according to themes based on responses to the following questions:

- How did a QIC grant impact organizational growth?
- How did a QIC grant help to build organizational capacity?
- What attributes were indicators of future success among QIC grantees?
- How did organizations grow and develop? What were their milestones?
- In what other ways did organizational capacity grow?
- What else can Quantum Foundation do to support organizational capacity?

# The Differences between Traditional Foundation Grants and Quantum in the Community Grants



## Foundation Grants

- Projects impact the health of PBC by providing access to healthcare, health education, etc.
- Multi-year grants
- Applications accepted year-round with grants awarded quarterly
- Comprehensive application process requiring Letter of Inquiry and full proposal submissions
- No specific annual operating budget limits
- No formal maximum award limits
- Detailed budget required
- Biannual reports for the life of the grant
- Must establish outcomes and measure results with demonstrated impact on the community



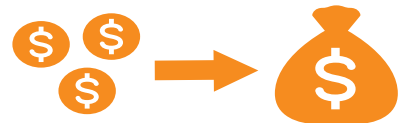
## QIC Grants

- Projects meet the basic needs that support health for people in PBC
- Single-year grants
- Applications accepted during a three-month window with grants awarded in November
- Streamlined application process of three questions requiring narrative answers
- Under \$500,000 annual operating budget
- \$25,000 maximum award
- Simple budget required
- One report required at the end of grant
- Must prove programs function as described and serve the stated number of people
- Required to attend two capacity building workshops to qualify for future grants

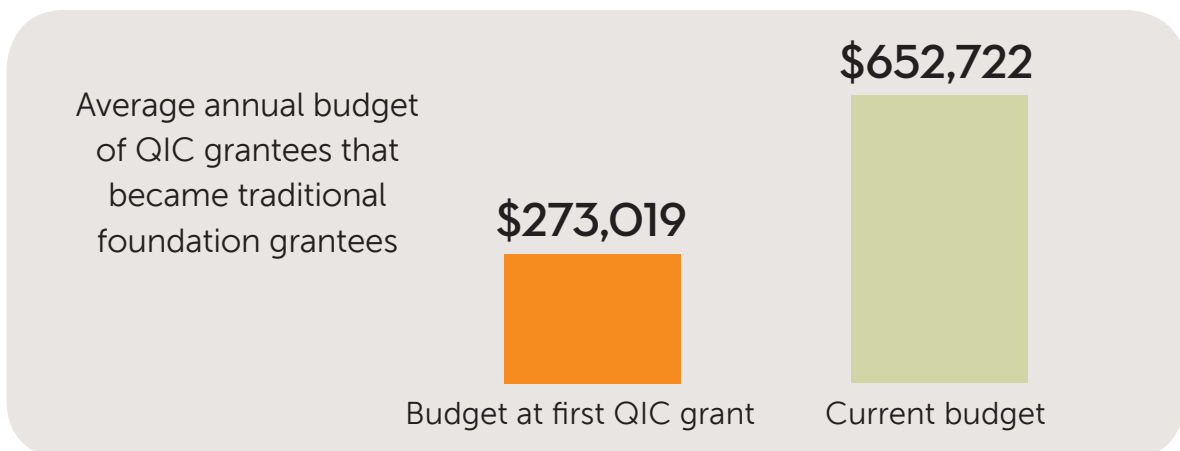
## Our Investment

Initially, Quantum Foundation supported this program with a \$500,000 annual investment.

By 2013, the committed amount had grown to \$750,000.  
The program has operated for seven years.  
The foundation has awarded \$4.75 million to 176 nonprofits.



With QIC now in its eighth year, Quantum Foundation decided to commission a report to explore the contribution it has made to assisting nonprofits in the county to mature into full, traditional foundation grantees with the capacity to create significant impact on the communities they serve.

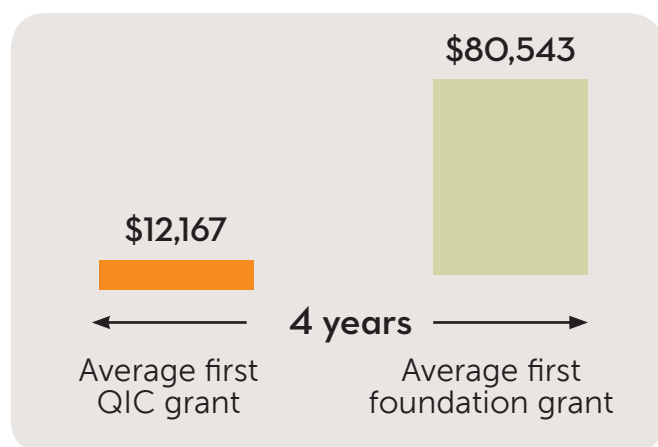


## Our Intention

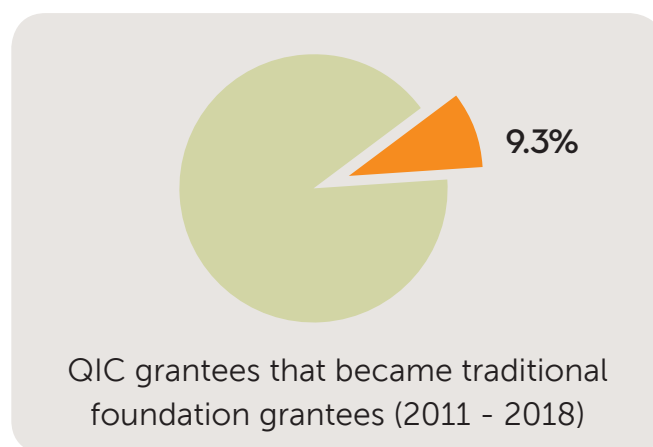
At the outset of the initiative, we understood that not all QIC grantees would grow to become traditional foundation grantees. That was never our goal or intention.

Small, grassroots organizations serve an important purpose in their communities.

Many do not wish to expand greatly and/or will simply never have the infrastructure, ambition, or capacity to do so. However, the QIC program did endeavor to help those nonprofits that were positioned to take the next step to grow their mission, their service areas, and the number of people they were able to assist with their programs.



The average time to mature to a traditional foundation grant is four years.



9.3% of QIC grantees advanced from their QIC grant to a traditional foundation grant.

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## The Shift in Thinking from QIC to Traditional Foundation Grantees



- A maturing approach to programs  
(From a 'number of people served' approach to multiple strategies with measurable results)
- A maturing approach to finance  
(From focusing on general operating support to plans for financial sustainability)
- Commitment to learning/workshop attendance
- Willingness to partner & collaborate

## Grantees Share the Value of a QIC Grant



## The Irreplaceable Value of General Operating Support

Also called core support, general operating support differs from traditional grants.

**IT IS FUNDING THAT SUPPORTS MISSION, NOT PROGRAMS.**

General operating support is working capital for day-to-day expenses. Companies generate profits to cover operating costs. Nonprofits have to work just as hard to secure dollars from grants and other funding sources to pay their bills.

*"Grantmakers must increase the share of foundation dollars provided as general operating support. They should supplement program support with core support to cover actual costs...They must identify nonprofits working in their issue ecosystem and trust them to operationalize their vision and mission. It's time to ensure that [grantees] have sufficient core support to achieve more impact, build capacity, and develop leadership."*

- Hewlett Foundation Program Officer

(The Hewlett Foundation commits 50%+ of its dollars to general operating support.)

### The Value of Flexible Funds:

- Offer a measure of freedom
- Alleviate immediate cash concerns
- Allow for focus on mission development

### Grantees Use It For:

- Salaries
- Administration
- Office Expenses
- Training
- Technology
- Programs

Awarding unrestricted funds does NOT mean forfeiting influence or losing track of outcomes. Reports are generated just as with any regular grant.

Among the 1,200 largest private and community foundations in the United States, only about **one in six grant dollars** are awarded to general operating support grants (approximately **16%** of funding).

# Attributes of Nonprofit Leaders

Many of the successful QIC nonprofits have leaders with distinctly identifiable traits. No single person has all these attributes, but they are qualities we can look for to evaluate the potential future success of small nonprofit leaders.

## Self-Starters

Great leaders are goal-driven and possess a high degree of motivation and energy. They are doers. They have a proven record of productivity.

## Passion for the Mission

They are driven by the importance of their work. They know and care for the people they serve.

## Accept & Motivate Others

They attract and inspire other people, including volunteers, board members, and staff. They are open to diversity of background and thought.

## Servant Leaders

They are more concerned about what they can give rather than what they are going to get from the organization and its status.

## Deal Well with Conflict

They handle adversity with grace and, when appropriate, humor. They do not take criticism personally. They maintain a balanced perspective.

## Think Strategically, Act Tactically

They see the big picture but can implement plans effectively in smaller, more manageable pieces to move the organization forward. They always have a well-thought-out plan.

## Financial Acumen

They understand finances. They know how to budget. They recognize and identify both financial opportunities and threats.

## Fundraising Skills

They have knowledge and experience in fundraising techniques, including major gift cultivation.

## Ability to Listen

They know how to actively receive input and listen to other viewpoints. They collaborate well.

## Sound Judgment

They can sift through alternatives, deliberate, and then arrive at a sensible, considered decision. They rely on the wisdom of past experience.

## Persistence

They do not let obstacles stand in their way and can persevere through difficult times.

## Stamina

They have physical and emotional stamina. They can tolerate long days. They maintain composure and dignity even after long days.

## Boundary-Setters

They protect themselves from burnout by setting firm but fair rules to separate their work and personal lives. They focus on being balanced.

## Delegators

They are used to playing many roles. However, as their organization grows, they trust their staff to proactively tackle their work and enjoy their own successes.

## Moral Compass

They stand up in times of crisis. They seek to offer leadership on social issues and current events. They take moral stands and hold fast on issues of principle.

## Barrier-Breakers

They always look for common ground and value the idea of partnerships. They are not proprietorial over issues or service areas. They want to collaborate.

## Embrace Succession

They know they will not always be in charge. Their organization's work is more important than their own egos. They plan carefully to ensure stability, trust, and a smooth transition when they pass the reins.



## Assistance Beyond the Grant

Through QIC, Quantum Foundation realized that small organizations need more than funding. They need help with their internal skills, structure, and processes.



### Capacity Building

Investing in the EFFECTIVE FUTURE and SUSTAINABILITY of a promising nonprofit.

Strategies can include:

- Connecting nonprofits to mentors and other grantees
- Teaching skills to leadership and staff
- Offering courses and training
- Finding and funding experts to assist nonprofits
- Helping leadership to connect and grow
- Facilitating peer education sessions between grantees

**This is not a one-off effort. It is an ongoing process of continuous improvement.**

Capacity building relies on self-evaluation on the part of nonprofit leaders. They must identify where they have weaknesses in their organization and where they see opportunities to learn.

*"Capacity building is whatever is needed to bring a nonprofit to the next level of operational, programmatic, financial, or organizational maturity, so that it may more effectively and efficiently advance its mission into the future.*

*It is a continuous strategy of betterment."*

- National Council of Nonprofits

In our fourth year of funding the QIC program, we added a condition to our contract that required all grantees to attend two capacity building sessions a year in order to qualify for future QIC grants. We offered 10 to 12 free sessions each year from which they could choose.

Topics we offered included:

- Budgets 101 and Basic Taxation Law
- Fundraising Tips and Techniques
- Attracting and Managing Volunteers
- Communications and Social Media

To ensure fresh and relevant material, we ask grantees (via a survey) what other topics they'd like.

They suggested future workshops on:

- Public Relations
- Handling Audits
- Funding Diversification
- Securing and Managing Major Gifts
- Basic Best Practices for Nonprofits ("must dos").

## How Do We Find New Grantees?

- Word of mouth
- Staff outreach
- Site visits
- Traditional media coverage
- Social media campaigns
- Geo-targeted advertising

### Do you make Palm Beach County stronger?

Does your 501(c)3 organization help people with basic needs like food, clothing, transportation, housing, or financial assistance?

You can apply for a grant of up to \$25,000.

There is \$750,000 available to make Palm Beach County a healthier place.



Apply online today for a  
Quantum in the Community grant  
[www.quantumfund.org](http://www.quantumfund.org)



Applications are open June 1 to September 15. Awards are made in November.  
Grants are available to small, grassroots nonprofits (under \$500,000 budget).  
Organizations must have worked in Palm Beach County for at least six months.

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## In Conclusion

All QIC graduates demonstrated a pattern of steady organizational growth.

They matured from their first QIC grant to a traditional foundation grant in an average of four years. During that period, they also developed comprehensive programs and built their infrastructure.

Quantum Foundation supported organizational growth by providing funds that were not just for programs but rather for general operations, as well as offering grantees the opportunity to build their internal capacity.

The capacity building workshops enabled nonprofits to develop competencies and skills that make them more effective and sustainable. This ultimately increases their potential to enrich the communities they serve.



**Our mission is for the people of Palm Beach County  
to enjoy better lives through quality health.**



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